

Response to Interim Digital Britain Report

The Information
Society Alliance

EURIM



Introduction

EURIM, the Information Society Alliance, brings together politicians, officials and industry to help improve the quality of policy formation, consultation, scrutiny, implementation and monitoring in support of the creation of a globally competitive, socially inclusive and democratically accountable information society. It works across all boundaries to help set the agenda, stage constructive debate and report on progress.

EURIM greatly welcomes the attempt to produce a cross-departmental strategy to help prepare the United Kingdom for the Digital Age and would like to work with BERR and DCMS to help secure the necessary political and industry support, including from the other Government Departments whose co-operation will also be needed to make the UK a location of choice for the knowledge based industries of the future.

This submission focuses on those areas where we believe our current working groups may be able to assist, building on the work that they already have under way or planned.

1) Infrastructure: points made by the EURIM Communications Working Group

There is a need to bring together public and private demand at a local level to help expedite investment in resilient, access for all communities (geographic, business and social) to world class communications facilities at affordable cost.

Around the world, a wide variety of technologies are being brought together to give reliable and affordable access to the high resolution, inter-active, multi-media services that are at the heart of those communities (both geographic and non-geographic) which are leading the way into the Information Society.

The objective of a 2 megabit “universal service” by 2012 appears surprisingly modest, given the low cost and short timescale necessary to achieve this using radio and satellite (c.f. Macedonia where connectivity went from 15% to 90% in four months, by making available the spare capacity on a United Nations programme to install links, including alternative power supplies, to schools). The Group was told that a single UK-built Satellite service could provide 2 mb by 2012 to 2.3 million homes at an average cost of £300. Two could provide 50 Mb to 5% most rural.

Until last year, the main obstacles to investment were confusion over the scale and nature of demand, the fragmentation of funding sources (especially with regard to those in the public sector where pooling may be barred), confusion over procurement and state aid rules and the impact of business rates. To these problems has now been added the absence of risk capital.

Success depends on the removal of obstacles to pooling public and private sector demand: from interactive business content creation, design and delivery supply chains, through public sector education, healthcare and information services to mass market entertainment and consumer services.

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This, plus the use of up-front service contracts (e.g. 3 - 5 year fixed price) can enable speculative infrastructure investment to be turned into low risk leasing finance, including to cover alternative infrastructures, spare capacity, standby power supplies etc. to provide the resilience that is essential as society comes to rely on its communications infrastructure.

The current emphasis on infrastructure sharing (e.g. ducts and masts) risks compounding current vulnerabilities. The collapse of, for example, mobile phone networks within an hour of a local power failure during recent snow storms, (because always-on data mobiles drain the battery back-up much faster than when the systems were installed), is but one example of the risks already being run.

Investment in spare capacity is, however, punished by the impact of business rates. The valuations used for calculating these are based on formulae agreed over a decade ago, when fibre was mainly used for trunk traffic, (including for mobile operators and broadcasters), and both cost and revenue per kilometre were an order of magnitude higher than today. A direct consequence of the impact of business rates has been mothballing of networks that could be used to provide hot standby. It is also strong disincentive to private sector investment and leads to accusations of state aid with regard to public sector investment.

The groups therefore believe there is an urgent need for:

- **Authoritative guidance and case studies/exemplars covering the funding and procurement of networks, including vis a vis state aid, pooled funding across scheme and public-private boundaries and business rates.**

The guidance should include the need for resilience, security and quality of service and support to be integral to planning, procurement and performance monitoring. It should be produced, endorsed and disseminated via a co-operation that involves the Office of Government Commerce, Audit Commission and National Audit Office as well as bodies representing customers such as the Local Government Association, Communications Managers Association as well as those representing suppliers, like Intellect.

They would be pleased to help any exercise in this space.

- **Frameworks for identifying, stimulating and aggregating local demand: building on what was learned during the exercise done by BSG some years ago, including from the success or otherwise of previous aggregation initiatives.**

This could greatly reduce the risk element of investment and thus the cost of capital. In many part of the UK, where there are few, if any, medium or large employers outside the public sector (local government, health care, social and emergency services etc), authoritative guidance on how to bring plans and budgets together across different funding regimes will be essential to the business case for investment.

Debate over the scale and nature of demand is bedevilled by widespread failure to look at the demands of business, large or small. There is a need to collate information on current needs from those large enough to employ communications professionals, like the CMA and INTUG, and those representing the myriad of smaller businesses, such as the members of the British Franchise Association, the Country Landowners Association, the Chambers of Commerce and the Federation of Small Businesses. The exercise should involve groups like the Community Broadband Network and the equipment suppliers and well as service operators.

The EURIM Communications Group includes several members with relevant experience of past exercises (both successful and failed) and would be pleased to help an exercise which learns from these.

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- **Rapid action on Spectrum issues, involving equipment suppliers and users in the emergency response and transport/distribution industries as well as current service operator, to enable world class fixed and mobile services for 2012.**

The police still do not have routine access to the spectrum identified by the Radio Communications Agency before the formation of Ofcom. Emergency communications interoperability in London appears little advanced since the days of the King's Cross Tube Fire... The recently announced Ofcom consultation on Spectrum appears unlikely to be under way before decisions have to be taken on what the UK will have installed for the 2012 Olympics. Those decisions and the investment around them are likely to determine the future of the UK supply industry in this space and, therefore, what will be available for the foreseeable future.

The members of the EURIM Communications Group may not agree on the detail but do appear agreed that this should be seen as an urgent political, not regulatory or pricing issue. If the vested interests of the players are such that a consensus cannot be found, then the decision to take no political action will have significant consequences, including for UK employment in the supply of infrastructure technologies as well as the creation of content.

2 Universality: points from the work of the EURIM Public Service Delivery Group

There is a need to ensure socially (as well as geographically) inclusive access, including for that 30% or more of the population who need genuine multi-media access devices because they cannot use a conventional screen and keyboard.

Universality does not just entail geography, education, class or wealth. An ageing population means that a *rising* proportion of the population is unable to use conventional mass-market screens and keyboards (whether PC, laptop or mobile) at the same time as needing home access to enhanced communications links for emergency as well as social contact. This area has, however, long been neglected because funding for such devices is has long been fragmented over medical, welfare, social services and charitable budgets. It is not seen as the main means of electronic communication with those most dependent on public services and with most of the population for their last years.

The devices concerned are increasingly akin to the latest generations of pictographic and multi-lingual games controllers and mobile communications devices and are being rolled out in other parts of the world for mass market use but the failure to directly consult end-users and front-line service deliverers hampers their effective use in the UK. Also the bandwidth to enable audio-visual contact with elderly relatives needs to be synchronous (to see what is happening or exchange digital family photos/videos etc.) and is akin to that used by teenagers to exchange video-gossip.

In looking at the issues in this space there is an urgent need to learn from existing good practice in socially inclusive consultation methods, rather than jumping to conclusions as to how universality could and should be achieved.

- **The plans of DCMS and BERR with regard to the universality of provision need to be linked to the social/digital inclusion exercises of Cabinet Office and DCLG and the service delivery plans of central and local government, including with regard to guidance on socially inclusive consultation processes.**

This is probably best achieved by working with those engaged in current service delivery, at all levels, including the voluntary and community sector, to identify and publicised examples of good practice and how it was achieved. The members of the EURIM Public Service Delivery Group are currently planning work with Cabinet Office, DCLG and the Audit Commission in this space and are already in touch with relevant officials in BERR but the actual organisation of consultations that reach and involve the target audiences still leave much to be desired.

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3 Legal Frameworks:

EURIM is one of the few organisations with a membership that straddles the divides between those whose business and organisational models are based on forward planning, including to pre-empt potential problems, and those who believe in open markets and reacting to problems only when they prove to be serious. There are few areas of consensus among EURIM members with regard to significant changes to existing law, as opposed to clarification and the application and enforcement of the same law on-line as off-line. Intellectual Property Rights is not one of them - although there is support for action to make it easier for individuals and small organisations to establish and exercise their rights as part of the means of addressing the erosion of public support for enforcement.

There is a wider problem with the overall erosion of confidence in the security and resilience of the on-line world. Leadership in addressing the issues of confidence (from on-line child protection, through spam, impersonation and cyberbullying to denial of service) may be a less difficult way of positioning the UK as a location of choice for knowledge based businesses than the attempt to find consensus on a new regime for intellectual property rights. It should have at least equal priority.

- **EURIM members strongly support the creation of the UK Internet Governance Forum and very much hope that support for this will be a central part of the Industrial Strategy for Digital Britain.**

The formation of an E-Crime Reduction Partnership in the context of the UK-IGF, working as part of a three-way partnership with the police central e-crime unit and fraud authority is the main current activity of the **EURIM E-Crime Group** and we believe that action in this area is essential to sustain and increase UK business and consumer confidence in the safety and security of the on-line world, and to establish UK leadership in Internet policing/governance in line with the position of London as the leading global hub for international financial services, trade, commerce and disputes resolution.

In parallel there is a need to address the current jungle of conflicting guidance and regulation with regard to information governance: from requirements to retain communications and transaction contents for law enforcement and consumer protection reasons to requirements to delete that not required for stated businesses purposes. The resultant confusion and cost does not enhance confidence and has caused reputable businesses to move information hubs outside the UK and EU.

The **EURIM Information Governance group** is working on a succinct, high-level, paper covering the elements that constitute good governance (clarity of accountability, responsibility, ownership, quality, security, availability, people processes etc.) with links to the guidance that already exists and comments on what still needs to be addressed. The aim is to support the creation of credible policy frameworks against which suppliers can deliver transparently, thus enhancing client and customer confidence in their products and services.

Has HMG considered emulating the new US Administration in linking policy on new communications networks to the need to reduce the threats posed by cyber-terrorism and crime? A EURIM sub-group on "**Security by Design**" is bringing together major suppliers and some of their largest users (both public and private) to try to change market behaviour by agreeing common frameworks which can be mandated by customers (civil or military) in the knowledge that those suppliers can and will supply products and services that will fit together. Other sub-groups are working on Data **Valuation** and **Quality and Identity Governance** (including the five Rs of responsibility, registration, repair, revocation and redress). We believe that all of these will need to be addressed for the Digital Britain strategy to achieve its objectives.

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4 Content Creation: EURIM Knowledge Economy Group

The changing economics of the mass-market content creation industry, with the previous indigenous recycling of press and broadcasting advertising revenues replaced by off-shore pay-per-click fees, with no obvious return path, is only one of a number of fundamental challenges to those who wish to see a healthy UK knowledge economy.

The EURIM Knowledge Economy Group (members include BT, CISCO, IBM and Microsoft) has no easy recommendations and is focussed on organising a programme of events for the new intake of politicians, currently prospective parliamentary candidates or political advisors, as to why the issues are so important that they have the potential to make, or break, their political careers.

We hope that you, or you Secretaries of State, might be willing to introduce such events as part of the programme of explaining why the Digital Britain strategy is so important to the electorate at large and not just to those with an ICT or Media background.

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