

## **The Government and Ofcom Response to the BSG Third Annual Report and Strategic Recommendations (2004)**

On behalf of the Government I welcome the Broadband Stakeholder Group report as an excellent summary of the range of activities that have been undertaken by all stakeholders to make Broadband Britain a reality. I also welcome the new strategic recommendations made for further steps to be taken, which the Government and Ofcom accept in principle.

With the vesting of Ofcom now complete, matters regarding telecoms regulation and radio spectrum management fall to Ofcom and this document incorporates Ofcom's response to the recommendations the BSG made to it. Also contained within the annexes is an update on progress made against recommendations in previous BSG reports. Of the 54 existing recommendations from previous BSG annual reports, 36 were considered 'Closed' by the BSG, eight 'Fully Addressed' and ten 'Partially Addressed'.

Excellent progress was made during 2003 with a big increase in coverage, choice and take up of broadband in the UK. That is in large part down to the work of all stakeholders in first defining recommendations and then following through on their implementation. The Government has focussed its efforts on creating the environment necessary for the UK to have the most extensive and competitive broadband market in the G7 by 2005.

At the time of writing the UK is 3<sup>rd</sup> in terms competitiveness and joint 3<sup>rd</sup> in terms of extensiveness within the G7<sup>1</sup> and is following a trend of relative improvement. There are currently 3.5 million broadband connections in the UK, 2 million more than at January 2003, with over 150,000 new connections per month<sup>2</sup>.

The BSG has rightly highlighted broadband content in their report as a key focus area for 2004. Broadband content and applications are essential drivers of broadband uptake, enabling users to gain increasing value from using broadband. They have a key role to play in helping us to achieve our target.

During 2003, Government bodies have implemented a significant number of the BSG recommendations and I fully expect this to have a positive impact on the development of the UK broadband market. These include:

- The launch of the Broadband Aggregation Programme (July 2003) to manage the Government's procurement of £1billion of broadband services in England over three years;
- The establishment of a Rural Broadband unit (joint DTI / Defra) to rural proof policies and spread best practice for the take-up of broadband in rural areas;

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<sup>1</sup> Source: Analysys

<sup>2</sup> Source: Ofcom

- The successful auction of licensed radio spectrum (3.4 GHz, in June 2003), which may be used for broadband services and the release of radio spectrum under light licensing conditions for potential broadband use (5.8 GHz, announced in December 2003).
- A wide range of initiatives carried out across the UK by the English Regional Development Agencies (RDAs) and the Devolved Administrations to: increase awareness of the benefits of broadband; encourage demand registration; and address specific market failures.
- Measures within the Communications Act (2003) to allow non-telecoms companies to provide infrastructure for networks;
- The vesting of Ofcom the new combined telecoms, spectrum and broadcasting regulator with a duty towards high-speed data services (eg. broadband).

However, I agree with the BSG that there is more to be done. The widespread adoption and increasingly sophisticated use of broadband is key to further improving UK business productivity and competitiveness. The real benefits will be enjoyed once the technology is fully absorbed into the way people lead their lives, businesses operate and public services are delivered. We also need to start considering a new generation of broadband services beyond the current one, offering higher capacity still. The Government will continue to champion this transformation process.

Finally, I welcome the publication today of the BSG's Visions papers, outlining a range of possible scenarios for a future Broadband Britain. This will be an important contribution to the development of the Government's own thinking for the future of a broadband environment for the rest of the decade and beyond.

Stephen Timms,  
Minister of State for Energy, E-Commerce and Postal Services,  
Department of Trade and Industry,  
5<sup>th</sup> April 2004

## **Government and Ofcom Response to Strategic Recommendations (2004)**

### **1. BSG Recommendation**

The Government, in consultation with stakeholders, should set a new target for the next phase of the UK's broadband journey (post 2005) and the deployment of next generation broadband services and identify clear milestones to be reached before 2010.

#### **1. Government Response**

The Government agrees that the UK's broadband journey does not end in 2005 and indeed views the development of its broadband vision as an evolutionary process in the light of experience since 2001 when the existing target was set. As part of the preparation for the Government Spending Review 2004, the DTI is consulting stakeholders about the nature and scope of any future work for e-business and broadband within the wider context of the contribution that an online economy can make to increased productivity, competitiveness and growth for the UK economy.

### **2. BSG Recommendation**

The Government and Ofcom should work with industry stakeholders to set an appropriate regulatory and policy framework to stimulate future investment in next generation broadband infrastructure and services and publish this framework. Where necessary this should enable the appropriate use of public / structural funds for un-economic areas; to which end further clarification of the application of state aid rules may be applied.

#### **2. Government Response (Policy framework)**

The broadband market will continue to evolve and develop and there will undoubtedly be a demand for more advanced broadband services. These services will require considerable further investment. We believe that a vibrant, competitive market provides the best environment to encourage companies to invest in the development of these new services. This policy has been highlighted in the UK National Broadband Strategy submitted by the Government to the European Commission as part of the eEurope Action Plan. ([www.dti.gov.uk/industries/telecoms/downloads.html](http://www.dti.gov.uk/industries/telecoms/downloads.html)).

Whilst we have been helped by the advice of the Broadband Stakeholder Group to date, and have developed a sound policy framework (e.g. through the Communications Act 2003) we also acknowledge that the industry may face new challenges in investing in the deployment of these services.

To this end the DTI will work with all stakeholders to ensure that, as far as possible, the regulatory and policy frameworks support the further development of the broadband market, taking account of Ofcom's Strategic Review of Telecommunications. The Government will publish a renewed broadband strategy later in 2004. The regulatory framework is a matter for Ofcom and its formal response is contained below.

The Government recognises that the State Aid regime can lead to unwelcome uncertainty for broadband infrastructure investors. The DTI, as lead Department in this area, is available to offer advice to public authorities considering making interventions. The DTI is planning to issue by end of April 2004 written guidance on the application of the EU's State Aids rules to broadband infrastructure deployment for UK public authorities and agencies and companies based on its current understanding of EU case law.

## 2. Ofcom Response (Regulatory framework)

Central to Ofcom's Annual Plan (2004/5) will be its Strategic Reviews of telecoms regulation and the spectrum framework, through which it will be seeking to deliver a clear strategic framework for the promotion of broadband competition which recognises the underlying cost structures, the scope for increased competition and new technologies in the market. The aim is to create an environment in which companies in the sector will have appropriate incentives to invest.

In relation to the telecoms review, Ofcom aims to publish an initial consultation document and research in spring 2004.

## 3. BSG Recommendation

Ofcom should recognise the strategic importance of wireless broadband for extending broadband coverage and increasing infrastructure competition and implement the recommendations set out in the BSG report on 'Options for accelerating the development of terrestrial fixed and wireless broadband services' (published in November 2003).

## 3. Ofcom Response

One of Ofcom's core projects, set out in its 2004/5 Annual Plan, is to advance broadband market development. The objective of this project is to promote effective and sustainable competition in the broadband market and encourage the investment necessary for continued rollout and upgrading infrastructure. Part of this will be to consider the role that wireless can play in extending coverage and competition. Ofcom is examining alternative strategic approaches to meet market demands for broadband spectrum access.

With regard to the specific recommendations contained in the BSG's November 2003 report:

- Ofcom is examining the practicability of allowing higher power in the 2.4 GHz licence exempt band for fixed links in rural areas. It aims to complete its examination by summer 2004.
- Ofcom is considering responses to the Radio Communications Agency's consultation on the 2010-2025 MHz and 2500-2690 MHz bands, which may be suitable for broadband applications. It aims to complete its examination by summer 2004.

- Ofcom is also exploring further access to the 3.6-4.2 GHz band for fixed wireless access. It aims to complete this work by the end of 2004.

Ofcom has also published proposals for the implementation of spectrum trading and the liberalisation of conditions attached to spectrum use. These proposals are intended to help ensure that spectrum is used in the most efficient manner, and should help to ensure the introduction of new technologies offering significant benefits to users.

Ofcom plans to launch a wider Strategic Review in 2004/05 to address the spectrum management framework, including issues such as the balance between licensed and unlicensed use. It will aim to ensure radio spectrum is made available as effectively as possible to facilitate competition in communications markets. It will also aim to expand on the work undertaken for the Independent Review of Spectrum Management (the Cave Review) in order to reflect recent technological advances and market changes. The potential outcome of the review is a long-term framework for the development of spectrum management, which maximises the benefits to be obtained from a range of different approaches. The review is projected to start in summer 2004 and an initial consultation document is planned for early 2005.

#### **4. General BSG Recommendation**

In order to further develop the UK's Digital content sector the government should:

**4(a)** Accurately map the current scale of the digital content and applications sector in the UK and assess the dynamics of change in the market as they are catalysed by the arrival of broadband, digital TV and increasing bandwidth to mobile devices.

**4(b)** Systematise a knowledge base of information for key policy makers and service delivery bodies (such as RDAs) on digital content and creative industries and their role and application in realising Broadband Britain.

**4(c)** Undertake an in-depth investigation of innovation in the broadband content market to complement the DTI Innovation review.

**4(d)** Identify a policy-owner within the DTI for promoting the development and use of electronic payment and billing systems.

#### **4. Government Response**

The Government welcomes the clear recognition of the crucial role to be played by content, applications and media in making the case to business and consumers for broadband. The DTI intends to continue working with partners from industry, the regions and nations and others to take this work forward. In regard to the particular recommendations under section 4:

4(a) The Government agrees that there is a real need to map accurately the digital content and applications sector so that we can track the effect of the changes suggested. The DTI proposes to discuss with industry how this might be achieved, possibly in the context of a wider sector competitiveness analysis. There is, though, strong competition for the finite resources available for this kind of work.

4(b) The Government is already doing a good deal in this area, and will continue to do so. The DTI has been working closely with RDAs and the Devolved Administrations as well as the BSG and the Digital Content Forum (DCF) on developing a structure and the supporting tools. We have concentrated on helping the regions and nations to work collaboratively on broadband content projects, and have been working with them on aligning broadband content with their wider economic strategy. The DTI, the regions and nations and the DCF have also been examining ways, including a directory of projects and case studies, in which a central resource of information on what is happening in this area may be held by the DCF. The DTI will work with the DCF on the creation of this directory, which we expect being owned and maintained by the DCF, and available as from Q4 2004.

4(c) Although the Government does recognise that there may be some benefits to such an investigation, the pervasive nature of digital content is likely to put a comprehensive study out of reach of current resources. However, the DTI is discussing with the digital content industry to understand how they might take advantage of the DTI's new Technology Strategy, including the take up of Business Support products, which is a significant part of the Innovation Review implementation.

The DTI is also evaluating how public sector procurement of broadband content could contribute to the Government's Innovation agenda for intelligent procurement by contributing to best practice across Government departments, in terms of the way such content is commissioned.

4(d) For the purposes of content, the Digital Content & Publishing Unit will hold the lead within the DTI. However, it should be noted that the lead for negotiation on the Directive in the area lies with the Financial Services Authority.

## **5. BSG Recommendation**

With a significant number of large and small companies now exploiting new flexible broadband enabled work practices, the BSG recommends that the government undertake a detailed study of the implications of remote teleworking for the UK's communications, transport, housing and planning policies.

## **5. Government Response**

The Government recognises the growing importance of flexible working generally and teleworking specifically to meet the changing needs of

organisations and individual employees. To this end Government has undertaken a number of actions to facilitate its introduction in the Public sector and implement EU guidance. The DTI is considering the need for further research into this area during 2004/5 and will consider the opportunity for embracing this recommendation within this work.

The DTI has facilitated with the CBI and TUC the implementation of new EU teleworking guidance last year and intends to undertake research into the growth of Teleworking during 2004/5. The DTI encourages its adoption to the benefit of both organisations and individuals and has produced guidance with the CBI, TUC and CEEP UK [www.dti.gov.uk/er/individual/telework.pdf](http://www.dti.gov.uk/er/individual/telework.pdf).

#### **6. BSG Recommendation**

The Government and stakeholders should consider how the full value of the BBC (which is a unique national asset) can be leveraged appropriately in support of the Government's broadband target. The BBC can have a significant role in growing the UK broadband market for the benefit of all stakeholders by both:

- Promoting the broadband value proposition: and
- Using its content to enhance the broadband value propositions for users (taking care to avoid unacceptable distortions of competition in the value chain).

This should be done in the context of the current review of BBC online and the forthcoming review of the BBC's charter.

#### **6. Government Response**

The Government accepts this recommendation in principle and within the above mentioned reviews will seek to provide some clarity on the BBC's current role in the UK Broadband market and what role the BBC may play in new media markets, such as broadband, in the future.

## ANNEX I

### 2. BSG Annual report (2001) - Update to Outstanding Recommendations:

Recommendations are listed by number as they appeared in the BSG annual report 2001. BSG status is as per the BSG 2004 report. Other recommendations, unlisted here, have either been considered 'Closed' by the BSG or are not matters for the Government or Ofcom.

### 3. BSG Recommendation. Ensuring competition in the Local Loop [BSG status: Fully Addressed]

#### 3. Ofcom Response

Ofcom will continue to publish periodic status reports on LLUB (local Loop Unbundling). Ofcom has started a Review of the LLUB market. Ofcom aims to publish an initial consultation in spring/summer 2004 and a statement in winter.

### 5.2 BSG Recommendation - Broadband Content, Beacon Projects [BSG status: Partially Addressed]

#### 5.2 Government Response

DTI's implementation approach to the beacon and pilot projects has focused on working actively with the regions and nations on broadband content by disseminating the Atos KPMG Consulting report's findings. DTI has supported the regions in localising the broadband content pilots tailored to their own digital strategy, and in particular contributed to achieving a joined-up and cohesive approach on broadband content across and between Regions/Nations. Examples of projects underway:

- **North West:** The Liverpool Digital project is designed to lead to economic regeneration and prosperity in the region, a key element of which involves a version of the content commissioning pilot, the Broadband Channel.
- **Highlands and Islands Enterprise:** Evaluated broadband-enabled collaborative working for the creative sectors, which is pending availability of funding.
- **Northern Ireland:** Making a tangible financial commitment using the UK Broadband Fund to refocus the Fund towards broadband content and applications through commissioning and part funding of bids to develop innovative content and applications.

### 12 BSG Recommendation - Maximising efficiency gains in Public sector [BSG status: Partially Addressed]

#### 12 Government Response

The Government's target for electronic service delivery is to have 100% capability by 2005, with key services achieving high levels of use. The Office of the e-Envoy published the following in its progress report on this area:

- 66% of the 599 services identified are now e-enabled and we remain on track for delivery by the end of 2005. (Source: Office of e-Envoy).
- 50% of the internet population (29% of the adult population) have visited a public sector web-site in the last 12 months (Source: ONS).



Specific examples of services moved online include Curriculum Online which covers the schools sector and the National Learning Network Online, which will cover post 16 learning, is due to commence its first phase in April 2004. The DCMS Culture Online and the National Electronic Library for Health (NeLH) have also been launched.

**15.5 BSG Recommendation Building regulations to mandate cable ducting [BSG status: Fully Addressed]**

**15.5 Government Response**

The Office of the Deputy Prime Minister (ODPM) has received inputs to its consultation paper on building regulations regarding ducting to the buildings. It is reviewing the results and is expecting to announce a position in spring of 2004.

**15.6 BSG Recommendation MPT 1570 [BSG status: Fully Addressed]**

**15.6 Government / Ofcom Response**

No immediate action is required. The DTI and Ofcom will continue to monitor progress in this area.

## ANNEX II

### 3. BSG Annual report (2002) - Update to Outstanding Recommendations:

BSG recommendations are listed by the number as they appeared in the BSG annual report 2002. BSG status is as per the BSG 2004 report. Other BSG recommendations, unlisted here, have either been considered 'Closed' by the BSG or are not matters for Government.

### 5. Digital Rights Management (DRM) issues [BSG Status: Fully Addressed]

#### 5. Government Response

The DTI responded to the recommendations in BSG DRM in December 2003 (See Annex IV). The BSG has also recognised that industry has a significant role to play in addressing DRM issues.

### 6.1 Broadband Interoperability issues [BSG Status Partially Addressed]

#### 6.1 Ofcom Response

Ofcom published a paper in 2003 on this issue for consideration by the BSG. Ofcom looks forward to greater clarification from the BSG on the issues that need to be considered going forward, and will be happy to contribute further to this issue.

### 7. Ofcom continue to monitor Broadband Quality of Services [BSG Status: Fully Addressed]

#### 7. Ofcom Response

Ofcom recognises the importance of broadband quality of service and will continue to monitor this issue. Ofcom aims to produce a second quality of service report for the BSG in summer 2004.

### 11.1 Prioritise more radio spectrum for broadband [BSG Status: Partially Addressed]

See response to 11.2 below.

### 11.2 Spectrum assignment process (grey & red areas) [BSG Status: Partially Addressed]

#### 11.1 & 11.2 Ofcom Response

Ofcom is looking at a number of bands that might be suitable for further broadband access and how they might best be offered for development:

- **2010-2025 MHz and 2500-2690 MHz bands** have been identified for 3G services but may be suitable for other broadband access. It aims to complete its examination by summer 2004;
- **3.6-4.2 GHz band** currently accommodates, alongside fixed links and satellite services, the Pipex fixed wireless access operation and there

may be scope for further access to the band. It aims to complete this work by the end of 2004;

- **28 GHz band** - there are many regions still unlicensed and Ofcom is exploring the options for making the spectrum available for broadband fixed wireless access;
- **11.7-12.5 GHz band** offers an opportunity for broadband access by satellite and if feasible by terrestrial means, that Ofcom is exploring.

### **11.3 Government to look at ways to improve use of backhaul [BSG Status: Partially Addressed]**

#### 11.3 Government Response

The creation of RABs (Regional Aggregation Bodies) in England may provide sufficient demand to encourage innovative solutions for backhaul (radio or otherwise). It should also be noted that one RDA, Seeda is in the process of tendering for contractors to build a South Coast Superhighway, which will involve the provision of backhaul infrastructure. Over and above these activities the Government has, within the Communications Act 2003, made amendments to the Communications code that may permit the creation of civil infrastructure providers for Telecoms networks, including backhaul.

### **11.5 Ensure Planning rights of way to not impede Broadband roll out in rural areas [BSG Status: Partially Addressed]**

#### 11.5 Government Response

The ODPM has conducted a consultation on the relaxation of planning rules regarding the siting of satellite dishes and other antennas. An announcement is expected in spring 2004.

### **11.6 Strategic plan for wireless broadband [BSG Status: Partially Addressed]**

#### 11.6 Ofcom Response

Ofcom is examining alternative strategic approaches to making spectrum available for extending broadband coverage and competition in the delivery of broadband. A long-term framework for the development of spectrum management is one of the key potential outcomes of Ofcom's Strategic Review of the spectrum framework.

### **13.3 Government to work with industry on street works issues [BSG Status: Partially Addressed]**

#### 13.3 Government Response

The Department for Transport has begun consultation on the implementation of the Traffic Management Bill with stakeholders including representatives of the Telecoms operators and also the BSG.

**13.4 Government to review current property tax regime  
[BSG Status: Partially Addressed]****13.4 Government Response**

The DTI has commissioned a study into this issue (with terms of reference agreed by the BSG), the results of which will be considered by the Rating Agency in spring 2004.

**14 Government to encourage Public sector Broadband Aggregation [BSG Status: Fully Addressed]****14 Government Response**

Following the announcement in July 2003 of the Government's intention to proceed with the Broadband Aggregation Programme, the nine Regional Aggregation Bodies (RABs) in England have been established (as Limited Liability Partnerships) and the key staff recruited. The staff of the National Aggregation Body (NAB) similarly recruited. See Annex V for the Government's response to specific recommendations of the BSG Aggregation report.

**15 UK Broadband Taskforce to work with RDAs / Devolved Administrations and Local Authorities to encourage public / private partnerships [BSG Status: Fully Addressed]****15 Government Response**

In November 2003 Stephen Timms invited all parties to redouble their efforts to make available broadband to 100% of communities by the end of 2005. BT and other industry players have responded positively on a partnership basis. The joint DTI / Defra Rural Broadband Unit held a workshop in March involving a wide range of industry players, intermediary organisations, central, regional and local government players. They were asked to consider the options for partnership and other strategies to address the final 10% of broadband reach and the impact of demand drivers on take-up. The Rural Broadband unit will now take forward the results of this event.

## ANNEX III

### 4. Education Report (2003)

#### **Government Response to the BSG recommendations**

The Department for Education and Skills has recently completed a major consultation exercise in the development of its e-Learning strategy for England. It has received a significant level of response to its consultation document and plans to publish a summary of the responses before Easter and publish its final strategy in summer 2004.

In the meantime contained below is an update to the BSG recommendations in its Education report (2003). BSG status is as per the BSG 2004 report.

#### **1. BSG Recommendation [BSG Status: Fully Addressed]**

Government should clearly communicate its vision for the use of broadband within education and the wider learning agenda

##### 1. Government Response

The Secretary of State, DfES will include his vision for the use of broadband within education and the wider learning agenda in the Department's e-learning strategy, which is being developed through a consultation process.

#### **2. BSG Recommendation [BSG Status: Partially Addressed]**

Government and stakeholders should (a) provide a central online resource that would provide guidance and information on how education institutions can fully integrate broadband into their strategic education targets and related processes, and (b) should extend the remit of Curriculum Online to catalogue educational content that can be delivered over broadband as opposed to narrowband and make it visible via the portal.

##### 2. Government Response

The DfES will include guidance and information on the integration of broadband into existing well-used websites. The Department will consider whether cataloguing broadband content can be built into the new portal for post-16 content.

#### **3. BSG Recommendation [BSG Status: Partially Addressed]**

Government should develop guidelines for Regional Broadband Consortia (RBCs), Local Authorities, LEAs and educational institutions (including higher and further education) on how to aggregate funding streams for individual projects in a sustainable and efficient way. In addition, the UK interpretation of State Aid needs to be re-visited and incorporated within these guidelines.

##### 3. Government Response

The DfES has agreed to participate in the Broadband Aggregation Programme with other key delivery Departments to gain cost savings from installing broadband. It is envisaged that within the Broadband Aggregation Programme

process, guidelines will be developed for the aggregation of public sector demand on a regional basis.

The DTI intends publishing a briefing note in Spring 2004 to advise public sector players on the application of State Aid rules and Services of General Economic Interest in this area.

**4. BSG Recommendation [BSG Status: Fully Addressed]**

The remit of the Technical Support Advisory Service should be extended to undertake research into ICT support structures with a particular focus on how economies of scales could be achieved for ICT support in smaller institutions. This research will need to address the informal support provided by: LEAs, RBCs, parent/teacher organisations, individuals and small businesses, as well as the formal support offered by regional support centres, RBCs and LA/LEAs.

4. Government Response

Becta is currently carrying out research into the Total Cost of Ownership, which will address these issues and consider different ways for schools to support the technical infrastructure. The DfES encourages collaboration amongst schools and post-16 institutions where appropriate so that they gain economies of scale.

**5. BSG Recommendation [BSG Status: Partially Addressed]**

New education “projects” should not be approved without a committed means of sustainable follow through for at least three years and all LEAs should provide case studies to all educational institutions on how to build-in sustainability.

5. Government Response

The DfES recognises the importance of sustainability and is addressing this issue as part of the e-learning strategy. Case studies on sustainability will be collected and made available centrally.

## ANNEX IV

### Digital Rights Management (DRM) report, 2003

#### Government Response

The BSG DRM Report was published in June 2003 and the DTI responded to the recommendations in December 2003 as indicated below. The BSG has recognised that industry also has a significant role to play in addressing DRM issues.

BSG recommendations are listed by the number as they appeared in the BSG 2004 report. BSG status is as per the BSG 2004 report. Other BSG recommendations, unlisted here, have either been considered 'Closed' by the BSG or are not matters for Government.

#### **1. BSG Recommendation [BSG Status: Partially Addressed]**

DRM tools and systems should be regarded as falling squarely within the inventory of online security measures.

##### 1. Government Response

The DTI has been actively involved with those who define and operate such processes and systems, to employ and embed best information security management techniques, and build security measures for DRM solutions. The DTI will continue this work at all appropriate levels, including European.

#### **2. BSG Recommendation [BSG Status: Partially Addressed]**

Government should urgently consider the formulation and adoption of "effective measures for enforcing intellectual property rights".

##### 2. Government Response

UK law on enforcement of intellectual property rights, which has been TRIPS-compliant for many years, has been considerably strengthened by recent legislative changes. In addition to legislation harmonising and rationalising several provisions relevant to the fight against counterfeiting and piracy generally, the framework for dealing with online piracy and other illegal activity in an online environment has been addressed. The Government believes that these measures need to be tested over a period of time to judge their effectiveness and further measures at this time would not, therefore, be appropriate.

#### **4. BSG Recommendation [BSG Status: Fully Addressed]**

Government should actively promote the development and spread of global DRM-related standards.

##### 4. Government Response

The DTI will work closely with industry and at European level, to promote DRM related standards as well as other industry related standards at the international level to contribute to achieving global level standards. Of course, industry will be the main driver but it may be appropriate to work in partnership with the BSI

under the national standards strategic framework that promotes the strategic use of industry standards.

**6. BSG Recommendation [BSG Status: Partially Addressed]**

The UK content industries and public sector beneficiaries of copyright exceptions should work together to create frameworks for use of content, employing DRM systems to enforce the agreed scope and terms of use.

6. Government Response

The Council for Museums, Archives and Libraries has agreed to bring together a cross-sector working group to investigate the issue further. This group will bring together key representatives from industry and the public sector.

**8. BSG Recommendation [BSG Status: Partially Addressed]**

The Government should implement a number of pilot public service broadband offerings, deploying DRM applications and e-payment systems.

8. Government Response

An inventory will be compiled of projects in development in the public sector that are aiming to deploy DRM or e-payment solutions. Once completed, this inventory will identify areas where DRM and e-commerce are already being deployed, and recommend areas where additional work will be required.

**11. BSG Recommendation [BSG Status: Fully Addressed]**

Industry and Government must work together to bring relevant DRM information to all stakeholders in the content value chain.

11. Government Response

DTI is involved with raising the profile of DRM and related issues on content through the participation in content events and assistance in developing the BSG DRM Report. The BSG and DTI will continue to promote DRM and its related issues, and provide the necessary information to all stakeholders in the content value chain.



## ANNEX V

### 6. Broadband Aggregation Programme Report (2003)

#### 6. Government Overall Response

Following the announcement on 31 July 2003 of the Government's intention to proceed with the Broadband Aggregation Programme (BAP) in England, the nine Regional Aggregation Bodies (RABs) have been established (as Limited Liability Partnerships) and the key staff recruited. Members of staff for the National Aggregation Body (NAB) have also been recruited.

The RABs and NAB have been working with the NHS to be ready to take part in the procurement of first bundle of circuits that are to be procured under the N3 programme. On 15th March 2004, the Government announced the list of the 17 suppliers with whom framework contracts for procurements arranged by the RABs and NAB are being concluded.

#### 1. BSG Recommendation

Processes for aggregating departmental and agency service delivery spend on communications should be included within the review being led by Peter Gershon, to improve value for money and performance at the same time as making major network builds worthwhile for operators.

##### 1. Government response

The BAP is in active discussions with officials working on the Gershon review at senior level with a view to the NAB/RAB model being used as an example of good procurement practice.

The NAB is also assisting the ODPM in its response to the Gershon Review, particularly relating to rural issues and to technology savings and efficiencies. Contributions include data from the Hampshire Case Study, which demonstrates the financial benefits of the BAP approach across government departments.

#### 2. BSG Recommendation

There is a need for greater clarity and communication on the role of RABs and assessment of impact on suppliers, including:

- the publication of the objectives, targets and success criteria for RABs to enable performance measurements;
- the creation of an independent body to monitor and scrutinise performance against those objectives and cost-effectiveness
- cross-industry and government agreement on definition of layer 1

##### 2. Government response

The role of the RABs has been clarified extensively since the publication of this report in December 2003, in meetings with both suppliers and customers. The 17 suppliers within the BAP Framework Agreement should benefit from more streamlined customer relations as demand is aggregated and channelled through the NAB/RABs.

There is a much better understanding now both within industry and the public sector customer base of the core objectives of the BAP (which are increased

broadband availability and value for money in the public sector procurement of broadband). Key Performance Indicators (KPIs) are also being developed by the BAP against which the NAB/RAB model will be evaluated. These are in the process of being finalised and will be made publicly available.

An independent body will be appointed to monitor the NAB/RABs against those KPIs. The performance of individual RABs will also be measured by their RAB board in relation to regionally specific targets. Both the DTI and the relevant RDA are key members of the boards.

There is a 'Layer 1' definition, which is specific to the agreement with the NAB/RAB anchor customer – the NHS N3. For other public procurement of broadband a specific definition of layer 1 does not appear to present a problem.

### **3. BSG Recommendation**

There is a need for commitment from government on embracing initiatives eg. flexible working, that support broadband take-up and at the same time will widen the availability and triggering of operators' registration schemes.

#### **3. Government response**

The BAP is working with central government departments to enable and encourage them to implement the broadband aspects of the Government's modernisation agenda. In particular, the NAB is working with the DWP and DTI to support their homeworking schemes with a low-cost, high security offering. A cost-effective solution should enable extension of the scope of these schemes.

The RAB business model of aggregating public sector demand on a regional basis should in itself effectively broaden the broadband 'footprint' by enabling innovative new geographic routes to broadband connectivity.

With specific regard to flexible working, the DTI encourages its adoption to the benefit of both organisations and individuals and has produced guidance with the CBI, TUC and CEEP UK ([www.dti.gov.uk/er/individual/telework.pdf](http://www.dti.gov.uk/er/individual/telework.pdf)). The Employers Organisation for Local Government has published guidance jointly produced by employers and trade unions on flexible working (September 2001) which includes working from home and covers practical considerations about the use of ICT at home. This follows a study conducted by the organisation into Teleworking in 1999 [www.lgemployers.gov.uk/od/flexible/guidance.html](http://www.lgemployers.gov.uk/od/flexible/guidance.html).  
[www.lgemployers.gov.uk/publications/fullpublications/tele.html](http://www.lgemployers.gov.uk/publications/fullpublications/tele.html)

### **4. BSG Recommendation**

The 'Best owner' principle means that networks are normally best built and owned by operators, with services provided to public sector clients. Publicly owned networks rarely achieve 'best value'. RABs should therefore act only as intelligent customers and not get involved with the running of networks.

#### **4. Government response**

Recommendation accepted. The RABs are built on the "best owner" principle, which is fundamental to their constitution and operation. They are not geared towards running networks.

### **5. BSG Recommendation**

Where the RABs mix procurement and subsidy they need to be absolutely open and transparent over the sources and application of funds so that it is clear that any subsidy is for public sector or 'social' uses which are fully compatible with state aid rules.

#### 5. Government response

The NAB/RABs will not be in a position to provide a subsidy. Guidance is being developed by the DTI (which is the lead department on state aids) to minimise the likelihood of conflicts with state aids legislation – both for the generic NAB/RAB procurement model and also for individual procurements where appropriate.

### **6. BSG Recommendation**

Government / DTI should publicise sources of information on precedents (EU/UK) with regard to state aid, aggregation, EEJ notices etc. and whether these have the extension of the broadband footprint for the private sector.

#### 6. Government response

As noted above, guidance is being issued by the DTI to the RABs on State Aid issues.

### **7. BSG Recommendation**

There is need to assess how public sector aggregation will affect the extension of the broadband footprint for the private sector.

#### 7. Government response

The DTI is currently developing measures in this important area and this is expected to be available later this year.

## ANNEX VI

### 7. BSG Rural Report (2003)

#### 7. Overall Government Response

The Government welcomes the analysis offered by BSG in their Rural Broadband Report. In 2003, The DTI and Defra established a joint Rural Broadband Unit, with ministerial sponsorship from Stephen Timms and Alun Michael.

The Rural Broadband Unit has progressed a number of important areas addressed by the BSG Report. It has also undertaken a number of actions to improve the availability, awareness and adoption of broadband and in rural areas. It has:

- Launched its Rural Broadband toolkit to offer advice and spread best practice across the UK at a community level. This has been sent to all Parish councils and other interested parties and is available at [www.dti.gov.uk/industries/telecoms/downloads.html](http://www.dti.gov.uk/industries/telecoms/downloads.html);
- Helped the Local Government Association (LGA) to produce an Advice Notice to all Local Authorities that addresses broadband access, content and applications issues;
- Arranged broadband demonstrators at eight English County Shows (May, June and July 2004) which will concentrate on the significant "drivers" for broadband in a rural setting coming from, for example, Local Authority online procurement, European Grants online, whole farm management databases and mapping, and export documentation;
- Worked with the Council Museums Libraries and Archives, a DCMS Agency to deliver ten pilots on Library 'wifi hotspots' to improve usage of broadband resources.

#### **Government Response to Specific Observations in the BSG Rural Report requesting Government action**

##### **1. Guidance on State Aid and SGEI**

Following the Altmark judgement by the ECJ, a briefing note will be produced in Spring 2004 to advise public sector players on the application of State Aid rules and Services of General Economic Interest (SGEI). Production of this guidance has been delayed pending the result of notifications of two major projects delivered by RDAs.

##### **2. Partnerships Models**

The Unit has held a workshop in March 2004 involving a wide range of industry players, intermediary organisations, central, regional and local government players. They are being asked to consider the options for partnership and other strategies to address the final 10% of broadband reach and the impact of demand drivers on take-up.

**3. Mapping data**

The Rural Broadband Unit has built up a series of national and regional data maps, a complete set of which has been provided to each RDA to help inform policy priorities and direction using comparable data.