



Department
for Business
Innovation & Skills

**HMG Review of Business
Broadband**

Call for evidence

MAY 2016

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Review of Business Broadband

In February 2016, the Secretary of State for Business, Innovation and Skills announced a joint Review into Business Broadband by the Departments for Culture, Media and Sport and Business, Innovation and Skills, to explore the barriers facing businesses in accessing affordable superfast broadband.

As part of that review, this Call for Evidence aims to learn more about the fixed broadband needs of British businesses, both now and in the future.

Issued: 13th May 2016

Respond by: 3rd June 2016

1. Executive summary

We know that high quality communications connectivity is essential for businesses to participate in and drive the digital economy. And we can be sure that the connectivity needs of businesses will continue to grow. The UK has 5.4 million Small and Medium-sized Enterprises (SMEs), constituting 99.9% of UK businesses, and accounting for 60% of private sector employment and 47% of business revenue¹.

Ofcom report that 83% of small businesses consider communication services to be fundamental to their business, and 78% use a fixed broadband connection. They also estimate that UK turnover would increase by £18.8bn if all SMEs traded online². In their report entitled 'The fourth utility: Delivering universal broadband connectivity for small businesses across the UK', the Federation of Small Businesses (FSB) highlighted that lack of broadband access reduces productivity, stifles innovation and restricts the ability of British firms to grow and compete in global markets. An FSB survey in 2013 found that as many as 14% of small businesses consider the lack of reliable and fast broadband connectivity to be their main barrier to growth³. And in a separate survey, 40% of small businesses said improved digital infrastructure in their area would encourage them to invest in new technology⁴.

In February 2016, the Secretary of State for Business, Innovation and Skills announced a joint Review into Business Broadband by the Departments for Culture, Media and Sport and Business, Innovation and Skills, to explore the barriers facing businesses in accessing affordable superfast broadband.

The announcement set out that the Review would look at:

- The broadband speeds that businesses need now and in the future;
- The barriers that exist for businesses to get the affordable, high speed broadband they need; and
- The issue of leased lines and the role they play in the market.

Since the announcement, Ofcom has published its Review of Digital Communications (DCR) and its Business Connectivity Market Review (BCMR), both of which will be taken into account alongside existing wider Government interventions, including the BDUK superfast broadband investment programme and the development of the broadband Universal Service Obligation (USO).

The Review wants to hear from businesses and communications providers. This call for evidence is published by the Departments for Business, Innovation and Skills and Culture Media and Sport to obtain a deeper understanding of the connectivity needs and choices businesses have. The Government will consider next steps in the light of the evidence

¹ Small Businesses and the UK Economy, House of Commons Library 2014 and Business Population Estimates, October 2015: <https://www.gov.uk/government/statistics/business-population-estimates-2015>

² Trends in ICT, UK Parliament, Oct 2015,

³ FSB 'Voice of Small Business' survey panel, Infrastructure survey, April 2013

⁴ <http://www.fsb.org.uk/frontpage/assets/fsb-intellect-april13.pdf>

received from this consultation as well as studies already available. We are encouraging contributions from all interested parties.

2. Background and context

In the Chancellor's Productivity Plan, the Government committed to support the market to deliver the internationally competitive digital infrastructure that businesses across the UK deserve by cutting red tape and barriers to investment. We also committed to ensuring that long term and transparent investment in the nation's economic capital, including in digital skills and knowledge, continued to remain a primary pillar of the Government's productivity framework and economic plan.

This commitment has brought real progress in delivery, speed and accessibility. In 2015, 10 million more homes and businesses had access to superfast broadband compared to 2011.

Almost 90% of homes and businesses can access superfast speeds of at least 24 Mbps – and we are on track to reach our target of 95% by the end of 2017. Superfast coverage for SMEs has also increased to around 68% of premises, and Ofcom anticipates that by the end of 2017, 82% of SMEs will have access to superfast broadband.

Whilst significant progress has been made, we are taking seriously the concerns raised about the access that businesses, particularly SMEs, have to affordable, high-speed broadband.

A recent survey undertaken by the Manufacturer's Organisation, EEF, found that 27% of firms felt their connectivity needs were not being met. That survey also identified a particular problem in business parks, previously highlighted by Ofcom, where almost half of the 128 businesses surveyed were unable to access speeds above 10 Mbps (excluding those using leased lines). EEF further noted that over a quarter of small firms and half of medium-sized firms are paying more than £5,000 a year for broadband connectivity.

In an increasingly digital world, broadband has the power to transform the way in which businesses reach their target markets and interact with their consumers over time. It is therefore vital that the UK is able to keep pace with that technological change on a national and local level to support SME growth and harness that potential.

Ofcom's analysis of future deployment plans also finds that by 2017, when 95% of all UK premises will have superfast broadband, 18% (270,000) of the 1.3m SMEs with at least 1 employee⁵ will not have access to superfast broadband. Whilst these figures do not include those SMEs using dedicated leased lines, this represents a significant number of businesses and demonstrates the importance and timeliness of this Review.

⁵ SMEs are defined as businesses with fewer than 250 employees and there are approximately 5.2m SMEs in the UK, of which around 3.7m are sole traders. Ofcom's figures focus on the approximately 1.3m SMEs with at least one employee.

3. Call for evidence

The aim of this Call for Evidence is to learn more about the fixed broadband needs of British businesses, both now and in the future. The connectivity needs of businesses will inevitably vary greatly depending on the size of business, their pattern of internet usage, and the sector they are in, and as such, it is important that the Review and any resulting action properly reflects these differences.

We also want to explore the extent to which the needs of businesses are being, or could be, met by the products and services already available. We are keen to hear from businesses based in a range of geographical areas – from rural to more urban locations, and from business parks to multiple occupancy offices – to learn more about the extent to which location may impact on the connectivity options available. We would also welcome input from communications and digital infrastructure providers so that we can form a comprehensive picture of the price, reliability, availability and take up of superfast business broadband products across the UK.

In calling for evidence, we ask that you focus your response on the areas set out below:

About your business

- What sector/industry is your business in?
- What is the type and size of your business in terms of the number of FTEs?
- Where in the UK is your business located? Please also state if you are in a predominantly urban or rural area, and whether you are based on a business park.

Current and future business needs

- What do you consider your business broadband requirements to be and why? It would be helpful if you could consider upload and download speeds, price, reliability and any other relevant issues in your answer.
- Do you anticipate your broadband requirements to change in the future? If so, why and in what way?
- Are you confident in determining what your current and future broadband needs are and deciding what products you should choose? If not, please explain why.
- What further information would help you in determining your current and future broadband requirements and which products may be suitable for your business?

Availability and effectiveness of current provision

As a business:

- Who provides your current broadband, what product do you have and how much do you pay per month?
- Do you use a dedicated leased line service? If so, please indicate whether this was a business decision based on your requirements or whether no suitable alternatives were available.
- Are you satisfied with the speeds you receive, the amount you pay and the service you get from your provider? If not, please set out why.
- What do you consider to be the main challenges or barriers to accessing the broadband provision for your business needs? Do these challenges include insufficient choice of provider or technology, and knowledge of the market?
- What impact do these challenges have on your business?
- What changes do you consider Government could make that would assist you in overcoming these challenges?

As a communications or infrastructure provider

- What business specific products do you offer and where are they geographically available? What other products are commonly used by businesses?
- What are the price/service levels of the packages offered?
- What are the levels of customer satisfaction for the products/services you offer? Have you received any feedback from business customers?
- What are the trends in levels of product take-up? It would be helpful if you could consider the relative popularity of leased lines and other broadband products, and how these are changing over time.
- What more can Government do to support businesses in getting the broadband services they need?

4. How to respond

We would prefer respondents to send responses to the following email address:

businessbroadbandreview@culture.gov.uk

Written submissions should respond directly to the questions set out in the Call for Evidence. We would strongly encourage those making submissions to provide details of the evidence and data which support their arguments.

Responses to this call for evidence should be limited to 3,000 words in total and responses must be received by 3rd June 2016.

Representatives of DCMS and BIS are happy to meet with interested parties during the Call for Evidence period. Please send an email to the address above in the first instance.

5. Confidentiality and data protection

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). There is also a statutory Code of Practice issued under section 45 of the FOIA with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

If you want information, including personal data, that you provide to be treated in confidence, please explain to us what information you would like to be treated as confidential and why you regard the information as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

6. Help with queries

Questions about the issues raised in the document can be addressed to:

Infrastructure and Materials Team
Department for Business, Innovation and Skills
1 Victoria Street
SW1H 0ET



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Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000

Email: enquiries@bis.gsi.gov.uk

BIS/16/267