

**BDUK Urban Broadband Fund – Consultation on Connection Vouchers
London First Response
July 2013**

London First welcomes the opportunity to comment on the Government's proposals for a connection voucher scheme as part of the Super Connected Cities Programme.

London First is a business membership organisation with the mission to make London the best city in the world in which to do business. We represent the capital's leading employers in key sectors such as financial and business services, property, infrastructure, ICT, creative industries, hospitality and retail. Our membership also includes higher education institutions and further education colleges.

General comments

Twenty first century world cities require fast and reliable internet access for businesses and homes. Network operators continue to make good progress in extending high quality fixed and wireless broadband coverage, at higher speeds - though local planning issues around cabinets, masts and aerials can often be a significant obstacle. However, there will remain a number of areas in the country, both rural and urban, where the costs of broadband provision are uneconomic for private providers. Actual or perceived costs of securing a reliable broadband connection – together with a weak understanding of potential value - can also be a barrier to take-up, particularly for smaller businesses.

London First supports action to address all three of these constraints – planning, areas of uneconomic provision and connection cost. The Government's proposed voucher scheme is clearly targeted at the third of these, but could potentially help address the second if the scheme allows demand from multiple users to be aggregated. Some detailed comments on this follow below. In parallel, we continue to urge the Government to pursue State aids clearance for potential supply side interventions that would enable the extension of network coverage into otherwise uneconomic areas.

Specific responses to consultation questions

Question 1: What methods do you consider most useful and practical in the context of stimulating awareness and demand for a broadband connection scheme?

Effective leadership will be required from participating cities (in the case of London this will be there through the Mayor and GLA), underpinned by strong partnerships with suppliers and small businesses and their representative bodies (such as local chambers of commerce and the FSB). Other intermediaries such as managing agents, landlords and business advisors also have a role in raising awareness.

Question 2: If you are an SME, ISP or network operator: (a) would you be keen to participate in the voucher scheme on the basis that we have set out in this consultation? (b) In addition to the elements described in this consultation document, what further steps, if any, would BDUK need to take to ensure your participation in the scheme (e.g. broadening the categories of eligible end-users)?

n/a

Question 3: Does BDUK need to place any conditions or criteria on the vouchers to ensure effective take-up by end-users?

The consultation states that "this is a broad based, technology neutral intervention intended to assist those SMEs whose connectivity needs require a step change in their current capability". This is an important principle as SMEs have a range of differing needs, which include reliability, mobility and flexibility as well as absolute speeds. Eligibility criteria should therefore focus on realising a "step change" in connectivity recognising that this might take different forms for different users.

More generally, the simpler and more flexible the scheme, the higher the likely take-up. Complexity will doom it to failure.

Question 4: Which costs do you consider should be eligible for funding by the connection voucher?

The consultation states that "vouchers will fund (or part-fund) the one-off connection charge associated with the provision of enhanced connectivity". In order to maximise the scheme's potential to increase access to and take-up of broadband services, we would like to see eligibility cover larger groups of customers, on say a business park for example. This could be done by allowing demand to be aggregated by multiple users to deliver a common or shared solution. Allowing landlords or managing agents to participate in the scheme on behalf of multiple users would be one way of achieving this. A similar principle could valuably extend to other digitally excluded groups, such as residents of social housing associations. We would be happy to explore this further.

Question 5: Do you think the current value range proposed for the connection vouchers (£250 to £3,000) is appropriate?

As per our answer to question 4 we would like to see scope for aggregating demand from multiple users to deliver a common or shared solution.

Question 6: Should a contribution to the connectivity costs be required of end-users or should the scheme support the total costs of connectivity? If you consider a contribution to be appropriate please explain why and confirm which end-user should be required to contribute (e.g. SMEs, residents etc.), and what the minimum contribution should be.

Given the additional value of enhanced connectivity it seems reasonable to seek some contribution, even if at the lower end.

Question 7: Do you agree that a 'portal' (web based interface) providing is the best mechanism to enable end-user's to meet potential suppliers? If so, what information do you consider should be provided on the 'portal'?

As per our answer to question 1, there is an important role here for small business representative bodies, as well as other intermediaries such as business advisors.

Question 8: Other than the use of a portal, what steps could be taken by BDUK to maximise the effectiveness and efficiency of the scheme for suppliers and end-users?

See answer to question 7.

Question 9: The measures that BDUK is proposing are designed to stimulate the take-up of high-grade connectivity demanded by SMEs. These measures and the voucher scheme in particular have been formulated to work with the current regulatory framework and State aid rules. Please confirm:

Whether and how you consider these measures might result in a distortion to competition and what, if any, adjustments to the scheme might serve to correct for such distortions; and

Whether the operation of the proposed scheme is likely to give rise to any regulatory concerns.

No comment

Question 10: What methods do you consider might be most useful and practical to monitor the Voucher Scheme and evaluate its outcomes?

No comment

Question 11: Are there any other aspects that directly relate to BDUK's proposed demand-side measures that you would like to raise?

We would emphasise the need to avoid complexity and bureaucracy, including in the billing process which currently looks cumbersome and non-standard.

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