

Rural Services APPG

**All-Party Parliamentary Group on Rural Services
Wednesday 3rd November 2010, 8:30am - 9:30am
Dining Room B, HoC**

Agenda

1. **Notes of the Meeting – 7th September 2010** – attached page 2
(Presentation from the last meeting have been sent in separate files)

2. **Comprehensive Spending Review**
To consider the ‘headline position’ and impacts on rural services including the CLG Consultation (now closed) on changes to the Local Government Finance Formula from 2011/12:

Presentation by Graham Biggs/Dan Bates - Rural Services Network

3. **Funding Formula Concerns relating to non Local Government Rural Services**

Brief Presentations:
 - (i) **Fire**
Peter Smith, Assistance Chief Fire Officer - Devon & Somerset Fire & Rescue

 - (ii) **Police**
Terry Neaves, Director of Finance and Business Services Derbyshire Police,
(relating to the impact of the damping mechanisms within the Police Funding Formula)

 - (iii) **Education - Further Education in a land-based and rural context**
David Lawrence, Principal - Easton College, Norfolk

4. **General Discussion including the possibility of the APPG conducting further ‘Inquiry Sessions’ into funding formulae**

5. **Next Meeting**

For further details concerning this meeting please contact:

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Rural Services APPG

Notes of the All-Party Parliamentary Group on Rural Services

Tuesday 7th September 2010, 18:00-19:00
Committee Room 12 - HoC

In attendance:

Members:

Graham Stuart MP – Chairman
John Woodcock MP
Dan Rogerson MP
Rory Stewart MP
Roger Williams MP
Peter Alstons MP
Andrew Bingham MP
Rt Hon Sir Alan Bleith MP
Philip Dunne MP
Thierry Kelaart
Louis Mosley
Patrick Carey

Rural Services Network(RSN) (Secretariat):

Graham Biggs – Chief Executive
David Inman – Director
Dan Bates – Director
Wendy Cooper – Administrator

Speakers:

The Federation of Small Businesses
Clive Davenport
Marie-Claude Hemming

NYnet Ltd – Broadband Transformation for North Yorkshire
David Cullen

Apologies

Baroness Gibson, Baroness Byford, Rt Revd Anthony Priddis, Lord Dear, Mark Simmonds MP, Mark Williams MP, Cllr Cecilia Motley (RSN).

1. **Welcome from the Chairman**

Graham Stuart MP (Chairman) welcomed everyone to the meeting which would be considering the issue of the provision of Broadband in rural areas. The Chairman then introduced the speakers from The Federation of Small Businesses and NYnet.

2. **Presentation 1 – The Federation of Small Businesses (FSB) (attached to the notes)**

Clive Davenport the Federation's Trade and Industry Chairman thanked the APPG for the invitation to speak at the meeting and made the following presentation:

In June 2009, the FSB carried out an online member survey (213,000 Members) on broadband speed. It received 6,656 responses, which were spread across the UK reflecting the FSB's membership. The results showed that small businesses, especially rural businesses, did not seem to trade as much online as they could because of a lack of reliable and fast enough for the purpose broadband speed with appropriate IP throughput. With small businesses dominating our rural economies – 27 per cent of England's enterprises are rural – this is a significant barrier to growth and breaking this barrier must be the priority for the Government.

Small businesses make up 99.3 per cent of all businesses in the UK, and make a huge contribution to the UK economy. They contribute 51 per cent of the Gross Domestic Product (GDP) and employ 58 per cent of the private sector workforce. In a recent survey by CISCO systems¹, the UK came 25th out of 66 in terms of the quality and reach of its networks. The UK was listed among countries whose broadband is "meeting the needs for today" – ranking third out of four categories. This means that Latvia and Bulgaria are better prepared than the UK for next-generation net access applications.

The FSB believes that guaranteed, fast and reliable broadband direct to the small business customer will play an important role in offering new opportunities for small businesses with Superfast Broadband capable of creating some 600,000 jobs.

The FSB found that 29 per cent of UK small businesses were promised less than two Megabits per second (Mbps) and 27 per cent between two and 4 Mbps per second. However, 94 per cent of FSB members felt that their service providers' offerings were failing to match their advertising claims.

The FSB would like to see an infrastructure inventory, the sharing of infrastructure, would expect all those involved in implementing broadband policy to have proven, professional and relevant technical and practical experience of IT, transmission or communications network telecoms and good engineering practice across the service.

The Government will be forced to make difficult decisions as it plots a course to recovery and ensures the UK retains its competitive edge. A fast, reliable and guaranteed broadband service direct to the UK small business customer will play a vital role in the UK's economic recovery. Based on expert opinion, extensive research and survey data, the proposals outlined in the "Broadband – Steps for an incoming Government" document are realistic and achievable in the current climate. The FSB calls on the Government to accept our recommendations to help small businesses thrive in the digital age and seek in future a strategic, future-proof solution.

3. **Presentation 2 (attached to the notes)**

David Cullen, Chief Executive of NYnet (Broadband Transformation for North Yorkshire) thanked the APPG for the opportunity to make a presentation to them. David gave background information with respect to North Yorkshire, this being a sparsely populated area. The problems facing the area with respect to broadband included:

- Highest density of areas below the USC (BDUK indicative figure of 15%- actual testing has revealed 18%);
- No private sector incumbent commitment to rollout superfast broadband beyond York Harrogate (and Scarborough?) until at least 2013;
- Clear risk of economic and social deprivation without intervention.

The Network went live in November 2007 and now aggregated nearly all Public Sector customers with over 700 sites connected. NYnet is now a sustainable company; EBITDA positive next financial year (after 3.5 years of trading).

Examples of the improvements made since the programme began included:

- Max average speeds at Newton and Stape previously: 500KBps;
- 50Mb of NYnet backhaul provided from secondary school in Pickering;
- 120 homes & 20 business now have access to 5Mbs and 10Mbs;
- >50% take-up from local Service Provider after less than 8 weeks.

It was noted that the economic focus up to now had been on NGA (next generation access) to Business Parks. However the next stage was to gain State aid approval to extend NYnet to provide open access NGA to the Market Towns using backhaul from public sector sites to reach not spots and to use backhaul from public sector sites to provide NGA to business parks.

David highlighted the lessons learnt during the programme and these included:

- Aggregating public sector demand is the only way to sustainably stimulate the rural broadband market;
- Needs public sector intervention- won't happen without- but has to be an 'arms length telco' for credibility;
- It all starts with BACKHAUL in rural areas, and then enabling Access;
- Incremental- but strategic- approach gets faster results.

4. Questions

A number of questions were raised by Members with the following clarification being given:

- a. The Private and Public Sectors still had a choice as to who provided their broadband service but it was noted they were choosing NYnet.
- b. A map of the current fibre network did not appear to be available.
- c. The Broadband service was provided to schools via microwave and wifi technology.
- d. The NYnet service will use whatever is the best/most cost effective means, eg wifi, microwave, backhaul.
- e. NYnet advised that a lot of the fibre structure was already in place which local areas could access. They were happy to give advice on this.
- f. The cost of microwave provision was £2,000 per annum including maintenance costs.
- g. NYnet were the sole communications and open access provider. The service was sold wholesale to local businesses or individuals who could then sell access to others.
- h. MP's can contact the local authorities in their area to encourage them to use their budget in a different ways to establish a similar set up in their areas. It was noted not to get drawn in and distracted too much by local communities making a case for their specific area but to concentrate on the bigger picture.
- i. It was noted that BT were the significant owners of the network, their engine was the de-facto platform and this could present a risk in the future. However no other national service provider had the investment capability to establish another platform and therefore all providers had to use BT for the foreseeable future.
- j. In Broad terms in the North Yorkshire area 6 business parks with 50 businesses had been connected together with 400 homes. The future target was to reach 150,000 homes.

5. Future Business

The next meeting would be held on 3rd November 2010 and would concentrate on the first reflections on Comprehensive Spending Review and what it meant for rural areas and also the funding formulae for some non local authority services.

The Meeting closed at 7.00pm