

Intellect lunch

Claridges, 4 November

I am delighted to be here. It is one of the very positive aspects of my return to this ministerial brief, for the third time, that I am able to work again with Intellect, and with a number of those around these tables.

When I first took up this responsibility, seven years ago, we had about half a million broadband connections. Today we have 18 million. I was on the receiving end of the first ever official 3G video phone call. What a long way we have come in seven years.

I wanted today to speak about government strategy for supporting the work you do, and for helping you all succeed in a fiercely competitive global market place.

Digital Britain

***Digital Britain*, published in June, is a comprehensive strategy for the sector. It was a major piece of work. And I'd like to thank everyone in the industry who helped us shape it.**

It goes beyond challenges on broadband to solutions. On inadequate broadband service, there are parts of the country

with no service, or very slow speeds. *Digital Britain* identifies a programme and the resources to fix that.

On next generation broadband, we know some parts of the country won't get it in our working lives on the basis of market-led investment. *Digital Britain* identifies a practical way to enable a faster rollout in areas that are more expensive to reach.

And on mobile broadband, *Digital Britain* puts together the package we think will break the logjam that has threatened our opportunity to get the full use of the spectrum in the years ahead.

Let me say a little more about each of those three aspects of the challenge of how we make the most of the potential of broadband in Britain over the coming years.

We said in *Digital Britain* we would ensure homes in all parts of the country had access to a line capable of delivering 2 Mbit/s – our Universal Service Commitment. It is about creating a basic level of service. We are interested in establishing a floor, so that many homes can get a decent basic service for the first time.

That doesn't mean we will engineer a network so that nobody, anywhere, drops below 2 Mbit/s at any time. We need to deliver

good value for the taxpayers' investment that will be involved, and aim as high as we can.

There may be examples where a large number of homes currently unable to get a decent service are clustered around a small number of cabinets, and a fibre-to-the-cabinet solution is the best means to give them a basic service. Then we can take the opportunity to give them a next generation service.

The second part of the challenge is widening availability of next generation broadband. Virgin Media already offers NGA to 50% of UK households. BT has committed to providing NGA to 10 million homes by 2012. So, within three years, half the population will have a choice of NGA provider. Total availability could be wider still.

This competitive market will be the basis of next generation broadband in the UK. But we think its crucial for UK competitiveness that we go further.

The 50p per month levy on phone lines will enable us to do so. No new tax will ever be popular. But as we emerge from the worst global downturn for seventy years, being ahead on next generation broadband is going to be very important for the prospects for the UK economy.

Ofcom figures show that fixed line monthly telephone bills for an average household fell by more than 50p per month just in the last year. And people on social tariffs will not have to pay for it.

We are on course to set out detailed plans in the next month, ahead of implementation in the Spring. There is absolutely no backing down on our part. I know of course there have been threats from the Conservatives, but I trust that – as on the Lisbon treaty – wiser counsel might prevail.

Finally, on spectrum, the package is currently out for consultation. It is a real chance to take a big step forward. The next generation of mobile broadband is almost with us, but it requires the spectrum to deliver it.

After years of discussion and analysis, the package is designed to be balanced in terms of treatment of existing licence holders and opportunities for others to acquire new spectrum. When the responses to the consultation come in, we will look very carefully at them, both for technical and commercial matters. But the national interest won't allow a long delay.

ICT and the environment

This weekend I shall be attending the G20 finance ministers meeting in St Andrew's – the last ministerial meeting of the successful UK Presidency of the G20. And finance for tackling climate change will be high on our agenda.

And ICT will be one of the key enablers for environmental sustainability. Gartner estimates that ICT accounts for 2% of the global carbon footprint, but the Global eSustainability Initiative estimates that intelligent use of ICT in smart metering in buildings, in power, transport, manufacturing and teleworking could reduce overall global emissions by 15%.

And the global imperative of sustainability is creating new commercial opportunities. We launched our Low Carbon Industrial Strategy in July, aimed at equipping UK businesses and workers to maximise the economic opportunities and minimise the costs of transition to a low carbon economy.

We already have strong advantages in low carbon electronics design, particularly in power management devices that reduce costs and increase efficiency. The emerging field of plastic electronics has great long term potential to deliver new low carbon market growth in applications like low power displays, ultra-efficient organic LED lighting, and organic photovoltaic

solar cells. And we will be publishing a Plastic Electronics Strategy in a few weeks, setting out how we will seek to build this new industry in the UK.

We have launched *Greening Government ICT: Efficient, Sustainable, Responsible* with two aims:

- to make energy consumption of our ICT systems carbon neutral by 2012; and**
- to make them carbon neutral across their lifetime (including manufacture and disposal) by 2020.**

The Technology Strategy Board has a range of activities – including Knowledge Transfer Networks in *Grid Computing, Digital Communications and Electronics*, and Innovation Platforms in *Intelligent Transport Systems and Services*, and *Assisted Living*. Its *Low Impact Buildings* and *Low Carbon Vehicles* Innovation Platforms are also stimulating substantial ICT innovation.

Public Services

Online public service delivery has enormous future potential. Contrary to popular myth, we have a growing set of successful examples to point to:

- **almost 6 million people filed their self-assessment tax returns online leading up to 31 January this year – that’s 73%. It saves time for taxpayers, it reduces effort in HMRC – and it also reduces the carbon footprint of each return;**
- **“*Tell Us Once*” is enabling people to provide us with a piece of information just once – and then have it passed on to numerous different services which previously had to be informed separately. Customer feedback has been extremely positive, giving a good insight into the value people place on personalised services.**

We must build on this, and ensure that all public services are built round the needs and wants of the citizen – which already points the way to online processes. This is something I hope we will be saying more about in the coming months, as the process of identifying candidates for public service switchover continues.

We also need to think about the life blood of the digital economy – data. Traditionally, governments have been assiduous in collecting data, but much more reticent in making it available. But we recognise that, alongside a democratic prize, there is a

real economic prize in enabling innovators to use government data sets to develop their own applications.

That is why the Prime Minister asked Sir Tim Berners-Lee to advise on how Government can best use the internet to make non-personal public data as widely available as possible. We are aiming for a single online point of contact for government data, and to extend access to data from the wider public sector. The first data sets are now available on data.gov.uk, and about 1000 developers are signed up to access them.

We're not alone in this – it's a flagship initiative for Barack Obama, and colleagues from Australia and New Zealand were in London recently to outline their plans. But we want to be world leaders. We want this project for “*Making Public Data Public*” to put UK businesses and other organisations at the forefront of the new *semantic* web, and to be a platform for developing new technologies and new services.

Innovation and Skills

Finally, I should stress that there are issues many of you are interested in which are firmly on our radar.

Skills – how can we ensure the supply of skills that the ICT industry demands and the wider economy needs. Globalisation is radically changing the UK’s digital skills needs. Global competition is fierce. The UK is now only one element of a global digital workforce.

Improvement is needed if the UK is to meet the competition head on, retain its lead in providing business solutions capability, technology innovation, internet exploitation, games and R and D – which are primary instruments in attracting the large and mobile inward investors that dominate the IT sector. We must aim to become the hub of the global knowledge economy, with 21 century knowledge workers who constantly reequip themselves with the IT and communications skills needed to earn that enviable reputation.

We have to create the right frameworks. We know that our future prosperity depends on having people with the right digital skills at the right time. Without structures and support in place, businesses will simply be unable to make these transitions; they will be left without the right skills, and we will be adrift in the international job market.

So, we are laying the foundations for the future digital environment. We want business to help shape the future of

education and high-level skills so that we can respond to changing needs. We will soon be publishing the Higher Education Framework and the Skills Strategy and if we are to forge a system that is more targeted towards delivering the specific and general skills that employers need we must look to business to support it financially and strategically through greater collaboration with universities and colleges.

We need to deliver the right calibre of training and services to make the UK world-class. That is why the Government is looking to invest £8.5m for a brand new National Skills Academy for Information Technology, with a similar level of employer investment over a three year development phase. Once up and running later this year, the Academy – currently being shaped by e-skills UK - will put employers at the heart of digital skills training. It will be a centre of excellence for both IT professionals and those aspiring to be IT professionals. address its IT professional skills needs and expects to train 10,000 IT professionals in its first three years.

The UK SME segment is a vital component; it is where innovation will help ensure competitive advantage. Many large companies engage with SMEs in their supply chains, and the application or use of “digital” or ICT within SMEs are key generators of overall economic growth and

employment. SMEs are often the fastest growing part of most developed and developing countries; they are often, more dynamic than large corporations because they are driven and owned by entrepreneurs.

For the UK to leverage competitiveness and productivity benefits, it is essential for those strategically influential business people – including in SMEs and the UK’s four million leaders and managers – to have a solid grasp of the strategic implications of technology and to be able to deploy the skills (themselves and within their workforce) to realise its potential. SMEs, in particular, need targeted business support to help them understand the potential business benefits of ICT. That is why BIS, in collaboration with the Regional Development Agencies, is spending up to £23m over three years piloting a range of business support interventions for SMEs to assist them to exploit advanced ICT to transform their business processes.

And innovation – how do we support the next wave of British innovation so that the real benefits of future ICT are enjoyed by this country?

And we need to be looking further ahead – about the opportunities which Web 3, the Internet of Things, and the Semantic Web will open up. The European Commission has

**been right to recognise the potential of the Future Internet.
And it is telling and encouraging that five of the six
workstreams for the EU Future Internet Assembly are being led
by experts from Britain.**

Thank you.