



Communications and Digital Committee

Corrected oral evidence: Digital exclusion and the cost of living

Tuesday 7 March 2023

3.55 pm

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Members present: Baroness Stowell of Beeston (The Chair); Baroness Featherstone; Lord Foster of Bath; Baroness Fraser of Craigmaddie; Lord Griffiths of Burry Port; Lord Hall of Birkenhead; Baroness Harding of Winscombe; Baroness Healy of Primrose Hill; Lord Kamall; The Lord Bishop of Leeds; Lord Lipsey; Baroness Wheatcroft; Lord Young of Norwood Green.

Evidence Session No. 4

Heard in Public

Questions 43 - 47

Witnesses

I: James Barford, Director of Telecoms, Enders Analysis; Ian Streule, Partner, Analysys Mason.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

James Barford and Ian Streule.

Q43 **The Chair:** I am very pleased to welcome our second panel of witnesses to today's hearing. I am conscious of time, so I ask you very quickly to introduce yourselves and the organisations that you represent.

James Barford: I am director of telecoms research at Enders Analysis telecoms and media consultancy. I have been working in the telecoms sector for over 20 years.

Ian Streule: I am a partner at Analysys Mason, a global consultancy firm. We have various confidential client engagements with stakeholders in the telecoms sector, but I am happy to be open with my opinions. I am not currently working in the telecoms sector in the UK, but I have 25 years' experience on the costing and pricing of fixed and mobile networks—in particular, wholesale services—from work a long time ago in the UK and in other countries in Europe and abroad.

Q44 **Baroness Harding of Winscombe:** How competitive is the UK telecoms market, and how well is competition serving consumers to make sure that there are both fair and affordable products? Before you answer, this is why in the earlier session, which I know you both listened to, I quoted the BT chief executive from an interview with the *FT* where he argued that there is going to be only one national network and questioned why you would need to have multiple providers, which is quite different from what we have just heard in our previous evidence session about the importance of competition. How important is competition to driving the right outcomes for consumers, and how are we doing on that?

James Barford: There are three parts to that. First, competition is extremely important, as well as having different characters of operators in the market: operators which are focused on different types of customers and different types of offers, and in particular operators, and sometimes sub-brands of the same operators, focused on lower-priced offers as well as higher-priced ones.

In terms of how the UK is doing, around Europe pricing is considerably lower than in the US. That is the easy target. There is not a lot of choice about networks in the US in a given area, partly because of the regulation there and its history. We are much more similar to European countries. It is difficult to compare prices like for like, but broadly we are at the cheap, efficient frontier of pricing across Europe on fixed and mobile.

It is a very creative pricing market. It has been intensely competitive over a number of years. Other countries have been more intensive over a period of time when a new operator has entered the market or something like that and you have had some disruption. The UK has been generally intensive for years and years. That leads to a lot of creativity with pricing, which leads to a lot of focus on headline price at the expense of other things, such as the price of add-ons, price increases at

the end of contracts or mid-contract price increases. To some extent, that structure is a function of creative competition, in a way. It can be a bit double-edged. It is also—we might come on to this later—partly a function of regulation.

On your last point, those are fairly firm words that you quoted from the *FT*. Where you have an intensely competitive market, there is sometimes not a lot of love lost between competitors. Sometimes they say things in newspapers that are a bit strong. Sometimes they say much stronger things in private. However, this is kind of a good thing; it means that it is an intensely competitive market.

Obviously, with a company as powerful as BT, there needs to be regulation. There is, and it is continuous. It is to make sure that it does not exclude others in this case and does not exclude viable competition in the fibre market, to make sure that it competes fairly and behaves competitively but not anticompetitively. It is a difficult job to distinguish between those two sometimes. Absolutely, regulation is needed.

Baroness Harding of Winscombe: Thank you. That is a fantastic answer. Do you have anything to add, Ian?

Ian Streule: Competition in the market is definitely not homogeneous, and that is where some of the problems that we have been talking about come from. The UK has been very competitive for 10 or 15 years—that has been based on the existence of Virgin Media cable for 60% of the country—especially with alternative operators taking BT's wholesale products and putting their brand on it.

Virgin cable, of course, for many years has been targeting the higher end of the market—£30-plus for cable TV. The alternative operators relying on BT's wholesale products are effectively limited by that wholesale price. They generally would not price below that. That is where the regulatory angle comes in. That has been the case for maybe 10 years.

In the last five or six years, and particularly in the last two or three, competition has been shifting much more towards speed, which means the competitive intensity is at the higher end of the market where we are being offered faster products and fibre to the home. There is, as we heard from the two fibre operators here, lots of activity to deploy the advanced fibre networks so that they can offer the faster services for which we have been waiting for five or six years in this country.

That competition is not homogeneous. There is lots of competition, especially for higher-priced products where, if you are prepared to pay £30 or £40 a month, you will get free TV services or whatever is rolled into the bundle. There is competition at the lower end, but it is limited by the wholesale floor.

Lord Hall of Birkenhead: Let us go back to the altnets—what they are doing and how sustainable you think that is. I think the figure they used was that the last 10% is the difficult bit of getting the quality of fibre and megabittage that you want people to have. How sustainable is their business and what they are doing? Are they going to deliver what needs to be delivered in that final 10%?

Ian Streule: That is a really important question that my colleagues and many people have been thinking about for the past five or six years because, as we have heard, for £20 billion-worth of investment they will need a business case to back it up. The Government's Project Gigabit funding is really important for that because it allows in particular some of the smaller fibre companies to target communities that were, as they saw it, quite a long way from where BT was at the time—parts of Cornwall, urban housing estates or social housing, which are not the first place where BT would deploy. It is a question of how sustainable those alternative fibre providers are.

BT is currently focused on deploying in the cities, so it will be some years before it reaches out towards those areas. That is why there is a lot of discussion about the Equinox offer. That determines how competitive BT's fibre network is, and, of course, the smaller alternative fibre providers would like to get a first-mover advantage in their small communities for as long as possible.

Lord Lipsey: Will you just explain what the Equinox package is? It is the second time it has come up this afternoon.

Ian Streule: Equinox is Openreach's wholesale offer on its new fibre network. It is not strongly regulated by Ofcom, but it is effectively tested to see whether it distorts competition or anything like that. The Equinox offer is called Equinox 2 because they had one about a year ago. That wholesale price sets the price at which alternative retail providers can buy wholesale fibre, and it influences BT's retail fibre price. Ofcom has to assess that offer. That is important because, as we heard earlier, for about eight years the UK has had a strong policy towards encouraging fibre rollout, and as part of that Ofcom has had to think very hard about what to do about the old copper network.

Effectively, if you make services too cheap on the copper network, no one will move to fibre, so there has to be a higher price or level on copper that encourages people to move to the better fibre network. Then the wholesale price on fibre, which is the Equinox offer, determines how competitive the fibre market will be and what prices there will be in it. Sorry, that is quite a long answer.

Lord Hall of Birkenhead: We heard very powerfully from the altnets the notion that infrastructure competition should continue. Do you accept that? Is it open to debate and discussion, or is it firmly locked in?

James Barford: Some of the alternative providers such as Wildanet are targeting the more rural areas. Three large ones are targeting London. There are three alternatives just down the road. Large parts of Hammersmith and Westminster are covered by three alternative providers all targeting apartment blocks, which are quite cheap to serve, as you can imagine, because you do not have to dig a long way to get to an awful lot of homes in an apartment block. Most of their coverage so far has been across the larger cities. Rural areas are very difficult and take a lot of money and a long time. Even if you have the money, it still takes a long time.

To give you an idea of the scale, the altnets cover about 20% of UK homes at the moment. They have about a 3.5% market share in broadband. Uptake has not been going as well as they might have expected because the faster speeds that they can offer are not quite as popular as they expected. The big brands of the large providers, including Sky, TalkTalk, BT and Virgin Media, are quite powerful in the market. It has not been going quite as well as they might have hoped. Our best estimate is that they will be at about 10% to 15% of the market share by 2030, just to give you an idea of how big they are. There is quite a lot of uncertainty there. They are competitors. Professional investors have put in risk capital thinking that they can make money out of this.

Ofcom has set the general rule of regulation and the general framework for it. The important thing is that it stays consistent. They should not be wrapped in cotton wool and preserved. If they never had a good business plan to begin with, that is not the British public's fault, but equally they need to be given a fair shot.

The Chair: Do you see any analogies, with a lot of new entrants in this market, with what we saw in the energy sector? Are some providers and their customers now at risk, with any consequential impact on the rest of the market being among the larger providers? If the answer to that is no, the answer is no, but that is what struck me about this.

Ian Streule: I would say no, because the fundamental inputs are different. They are a telecoms network that is dug into the ground. It is a fact that, even if some of the altnets do not survive, they still have infrastructure that can be sold to something that will survive, so it is not the same market structure as energy.

James Barford: It is a slightly different market structure. In energy, there were a lot of retail providers renting from wholesalers. We are talking more about infrastructure providers in this case. There would certainly be an analogy if there was to be some dramatic retail price regulatory intervention, such as suddenly saying no inflationary price increases.

The Chair: A price cap-type thing.

James Barford: Yes, that would cause business failures.

Q45 **Baroness Healy of Primrose Hill:** I know you have heard the evidence from the first session. In your view, how important are social tariffs in addressing digital exclusion? If they were standardised, would they help or make competition worse?

Ian Streule: I think they are very important. They have come to prominence recently, but going forward they will need to be a permanent feature of the market. There will always be 30% of the relevant people¹

¹ *Added by witness:* Here, 'relevant people' are the digitally excluded, for which about 30% are considered to be digitally excluded due to cost/affordability.

who will struggle to afford the mass-market, full-price product, so it is going to be permanent.

I come back to my explanation that competition is not homogeneous. There is lots of competition at high prices. There is less competition at low prices, and there is not the same desire to attract the lowest-spending customers to your network or convince them to downgrade if they are currently paying [higher prices].

There are a couple of aspects of social tariffs that are unhelpful. I have looked at the BT website. It is the most obvious one to look at for the social tariff. It is £15 a month, but it has a £10 fee to have the router posted to you. If it is £15 a month, but it is £10 to get the device sent to you, that is quite a large barrier to signing up to the service. However, if you subscribe to a £30 service, they waive that £10 postage charge and will post you the router for free. It may be the case that customers do not even need a new router; they might just need a lower price and already have the equipment.

There are a few other things that do not help. BT is described as a 12-month contract with no exit fees. That, to me, is not a 12-month contract; it is a much shorter contract. If you are struggling with finances, you do not really want to commit to a 12-month contract, so you would probably be much happier with something that did not seem to tie you in that long. I looked the other day, and BT's home essentials social tariff said at the bottom "price rises CPI plus 3.9%". I am not sure if that applies, but it just does not help encourage people to have confidence in a service that they would need and would need to budget for very carefully.

James Barford: I would slightly differ on that, though they certainly play a role, particularly at the moment with price rises and the cost of living crisis. If overall digital exclusion is the main concern, surveys suggest that about 6% of households do not have access at home to the internet either through broadband or mobile. When they ask people why they do not have that, only about 10% to 20% of people say that it relates to cost. That is overall 1% of households who are socially excluded due to cost.

Lots of people mention that the big reasons are lack of interest and complexity. Eighty per cent of people who are digitally excluded are over the age of 65, which gives you some idea of the reasons. They live their lives perfectly successfully without the use of the internet, which is very impressive.

Cost is perhaps a narrower but deeper problem. As other people have asked: does a small discount solve the problem for that 1%? Probably not. That 1% might be eligible for benefits, but are they on benefits? Are they caught between the cracks? Do they have other issues? Social tariffs may play their part, and for some operators they are a good solution—in particular, BT and Virgin Media are default operators. BT is quite a default brand; its normal prices are fairly full, and you get a very good saving on social tariffs. Some operators' social tariff is the same

price, but sometimes new customer offers are actually cheaper than the social tariff, because you have competition working well.

Although a social tariff may play a role, there is an issue with take-up, which I could go on to, but there are other solutions, such as data banks and the jobseeker's voucher scheme, which may be better targeted towards the particular problem of digital exclusion. As I said, it is perhaps a smaller problem than you might think, but a tough problem to solve.

Lord Lipsey: While I quite understand that price is not the only obstacle to take-up, equally, a lot of people say that they are not taking it up because they are frightened of it, do not want to learn it, or whatever, who may in fact be thinking of price but do not want to admit that it is price that puts them off.

Looking at our papers today, it strikes me how small the gap is between some social tariffs and some bottom-of-the-range, ordinary tariffs. With BT, I think it is £13 versus £18. I can understand people not thinking that that makes a difference. Looking at the economics, we have all these fibres going past people's doors, so it should be cheap to connect everybody individually. If they are poor, why not give it to them for free or for very much lower prices, instead of continuing to charge prices that are not very different from those that the rest of us pay? Why does no one go down that line?

Ian Streule: As you said, that gap is quite small, but the mass market—the millions of households who are subscribing—is in general paying higher prices. Some of them, as we might talk about, will be affected by a CPI increase as well, so they will pay higher prices through that. Earlier, the lady from BT in effect said that, to deploy fibre, BT needs to be sure that it would get enough revenue, so it comes down to its business cases. In the end, a fibre network is built on the millions of households that are paying the mid to top prices, because that is where most of the revenues are. I am not sure whether that answers the question.

James Barford: If you are going through Openreach, the wholesale cost is around £14 or £15 a month, to which you have to add VAT. The social tariffs are bouncing along the bottom of no margin and, given the structure of the market, it is difficult to see how somebody would want to lose money on a customer other than for CSR purposes.

Lord Lipsey: That is because the wholesale price is set for everybody. You could perfectly well say to the households that are getting a social tariff of, say, £0, "By the way, we're not going to charge you for the wholesale". It is the wholesale price that is preventing competitive social tariffs, by that argument.

Ian Streule: Yes. As we heard, Openreach does not offer a social wholesale tariff that you could buy as a wholesaler and then sell as a retail social tariff. It waives some of the connection fees, but the monthly fee is not reduced.

The two alternative fibre providers are in a different situation. They have built their own fibre network, so they are not buying wholesale broadband from BT. They have built their network and can connect a new customer for whatever fee they like, but they also have the same problem that they need some revenue from somewhere, so if they give all the connections away for free they will have no business. They have to do a cross-subsidisation between those willing to pay more for a faster speed and those who may be prepared to pay much less for a slower speed—which is probably slower than what fibre will deliver, because fibre will deliver you a gigabit if you want it.

James Barford: If Openreach offered a wholesale tariff, there would be a question about who would fund it. It is not a terrible mechanism, if that is the policy aim, but it could be the Government funding those individual tariffs or, in effect, everybody else funding them through a rebalancing of the prices. Some people are asking or expecting BT shareholders to fund it, but I do not think that is a likely outcome. In the end, Openreach is very tightly regulated on a return on capital, so, whatever the approach, it would come out in the wash. Openreach is not making excess returns on capital; at the moment, it is making below cost-to-capital returns on capital because it is rolling out full fibre.

Funding wholesale broadband costs for all households eligible for social tariffs—about 4.2 million—would be expensive and quite a blunt instrument to try to attack the problem. It is not necessarily bad to use public money for this, but it could be much more targeted than that.

Baroness Harding of Winscombe: I know that it is technically not a current interest, but it feels wrong not to point out that I was the chief executive of TalkTalk for seven years, so in that sense I have a historic conflict of interest on all this pricing stuff.

I am very taken by your thoughts about more creative ways of enabling the poorest people, for whom it is genuinely about cost. When we say it is “only” 20% or 30% of people, that is still a really meaningful proportion of people. I am about to mention TalkTalk, which is why I felt that I should remind everyone that I used to run it. I think I am right in saying that TalkTalk has been running a pilot with DWP for jobseekers, where it gives completely free broadband for six months. I wondered whether either of you knew about that and whether you think that things such as that, rather than a social tariff that covers 3 million people, might be a different way of providing more targeted, genuinely affordable—in other words, free—broadband for those who really want to get online but cannot.

James Barford: Yes. That has moved out of the pilot stage into the live stage after a successful pilot, as I understand it. A voucher code is given by the—I am not quite sure—

The Chair: Jobcentre Plus, or something like that.

James Barford: Yes. It is given by their council, or the person the jobseeker talks to at the jobcentre. It is completely free, including the equipment and everything. It has to be returned, but it is free at the

point of getting it. It is free for six months and then they can just stop it or carry on with a paid service. The other initiative is data banks, where you get free data—normally mobile data—distributed in a similar way to food banks, which helps people who fall between the cracks.

Baroness Harding of Winscombe: Our witness from BT said, rightly, that we are really trying to focus on people who are in extreme poverty, not just digital poverty. It is worth lodging that distinction.

The Chair: Yes, that is important.

James Barford: I agree.

Q46 **Baroness Fraser of Craigmaddie:** I am very conscious that we are looking at digital exclusion and the cost of living. There are people who are not connected, for whatever reason, and there are those for whom the quality of connection might be an issue. What was considered acceptable connectivity a few years ago may not be any more, which is causing the providers to invest a huge amount in fibre installations and so on.

There are pressures in the market, but we have heard a lot about mid-contract and end-of-contract price increases, which may cause people to fall out. Those people might not currently be in your figures as digitally excluded, but a mid-contract price rise or a very large exit fee might cause someone to fall out. Do you think these price rises are justified, and what is your view about where this all fits in?

Ian Streule: I went to look at how much Openreach has raised its wholesale prices and found a statement saying that its prices had gone up by less than inflation last year and will go up by less than inflation this year. If you are a retail provider buying wholesale from Openreach to sell it as your own service, its prices are not going up by as much as inflation, which is important.

The other parts of the costs are going up in different ways. Regarding the new network, construction has gone up by more than inflation because of labour shortages, materials and so on. There is a whole mix of things in the cost base of an operator, including staff, equipment and assets, which are already in the ground and have not changed in price at all—they are depreciating. There are a lot of factors in the cost mix.

It is also worth talking with industry. Effectively, telecoms is a long-term business; fibre networks are being dug in the ground and will take 20 years to pay back. Customers, in any case, join networks for one to five years as a provider, so the industry is very good at recovering costs over time. Yes, we are in a period of investment and lower returns, but they have to take a long-term view. It feels as though what you are looking at right now with inflationary price rises is quite a short-term effect that is being directed at a very short-term situation, but, actually, the industry has a much better understanding of long-term cost recovery than just raising prices in one year.

James Barford: The thing about the price rises is that they are inflation plus about 3.7% or—

Baroness Fraser of Craigmaddie: They seem to be the same for everyone.

James Barford: There are some subtle differences, but they are quite similar. Not every company is applying them, and there are some differences in the rate, but it tends to be around 14% overall.

It is not as though the total amount spent on telecoms, or industry revenue, is going up by 14%. The price rises are not universally applied. They are not applied to every customer or people on social tariffs—BT talked about the number of people excluded—and they are not consistently applied over time. The new-customer pricing has not been going up at all; it has remained flat, so you get this slightly odd effect whereby when you are in contract you get these price rises, and when you come out of contract you can re-sign and be right back at the price that you began with.

When you look at the operators, you see that the total amount that consumers are spending is not rising as fast as inflation. The total amount is rising, but not as fast as inflation. If you forget about the mechanism, the industry as a whole is having to pass on some of its inflationary cost increases to consumers. That is the same as pretty much every other industry in the country—there is nothing special about that. It is not a great thing, but they did not start the war in Ukraine; they did not cause these things.

The mechanism might seem a bit sharp, and perhaps some people were not aware of this, or at least were not aware that it was coming. The reason why this has come about is that, again, in an intensely competitive market, consumers tend to focus on the headline price. If you put this in, it allows you to offer a lower headline price when people first sign up. Obviously, these mechanisms and pricings are overlooked—let us say—by Ofcom. There are certain conditions of service, certain things you cannot do, and certain things you have to make very clear to consumers.

A couple of years ago, Ofcom developed a fairness agenda to try to get people to cut down on end-of-contract price increases whereby, when your contract is over, the price goes up a lot. Some operators responded to that—it was not a regulation, just persuasion—and some did not. In an intensely competitive market, that creates a difficult situation, and the mid-contract price increases were in some ways a replacement for the end-of-contract price increases.

In other words, you have to be very careful in regulating this. It is like playing whack-a-mole: you stop one thing and something else pops up. You have to be very careful about unintended consequences, and Ofcom is now doing so. I am not saying that Ofcom has done a bad job; it has an incredibly difficult job, which most of the time it does brilliantly well, but, occasionally, there is an unintended consequence.

Essentially, your question was: will this shock throw some people off? Is it something that the operators have to manage very carefully? Absolutely. I think and I hope that they are. To some extent, they have committed to doing so, in allowing people to move on to a cheaper plan.

Obviously, if you are eligible for a social tariff, you are allowed to move on to that. There were some discussions with the DCMS that led to certain commitments with the larger operators. They want to manage that carefully because there are economic reasons to do so: they do not want to lose a customer completely. They said that they will, and I hope that they will.

Lord Foster of Bath: Perhaps you could write to us to explain why, despite all your comments about creativity in pricing—James in particular referred to the huge variation—BT and Vodafone came up with exactly the same price increase of 14.4%. I fail to understand how that can be.

My question picks up the point you made about the role of the regulator. I absolutely get competition and the whack-a-mole concern about variation and so on, but do you think there is a role for Ofcom to look at exit fees in circumstances where there is a mid-contract price increase? For somebody with six months left, for example, there is up to a 600% exit fee in comparison to what it would cost them to stay. They are not going to move because of that, so it reduces competition, does it not?

James Barford: Yes. There are a number of things that are good to do to let competition work, as it were. Exit fees are regulated. Making it easy for people to leave can be quite challenging, mechanistically, in terms of what you have to do. That is regulated. Ofcom is currently looking at whether inflation should be allowed to be included in a mechanism, given consumer understanding of it. Changes are quite unlikely to take effect before 1 April, when this set of price increases comes in. In terms of priority, it is probably more about dealing with what we have than about making those longer-term changes. I find it difficult to speak to the detail of that but—

Lord Foster of Bath: If you have any thoughts later, we would welcome them.

Ian Streule: In some ways, it may be underpinned by Openreach price rises happening on a certain date, so there is a stimulant for the retail market to respond. But, as James said, Ofcom is looking into mid-contract price rises and whether, as you pointed out, this is a competitiveness issue, in that it all seems to have converged on one thing. I guess that Ofcom will come up with some views, but not before April.

James Barford: You asked why there was precisely the same price rise among a number of operators. It is CPI plus 3.9%. CPI is obviously the same, and companies often copy each other's prices; it is just copying.

Lord Griffiths of Burry Port: I want to thank these gentlemen for making the rest of us aware of the complexity of the problems that we have to get to the bottom of in the coming weeks. For me, this particular discussion—and subject—is about trying to look at the problems that ordinary people are facing, such as maintaining their homes, looking after their health, eating and heating, food banks galore and debt, which has accumulated to an extraordinary degree. The internet is the key through which access to many of the services that they need must be

provided. You two have clearly told us about the forces that compel you to act in certain ways and to arrive at certain conclusions. I am a theologian. John Calvin talked about predestination, and it feels a bit like that. I am looking forward to next week.

Q47 Lord Kamall: We all know how complicated the market is, and we know about unintended consequences. I am interested to know what tackling digital exclusion means to you in reality. Given all the complex reasons—some people do not feel they need it, for others it is the cost, and so on—what more do you think that companies, civil society and the Government, in that order, could be doing to address digital exclusion?

I break the Government down into two bits: one is convening or putting pressure on Ofcom or the companies themselves by bringing them together, and the other is spending taxpayers' money. I would almost like to consider spending taxpayers' money as a last resort and to start with business and civil society, with the Government convening or knocking heads together.

The Chair: That is a huge menu to get through, and we are already running well over time, so I urge you to be very brief in your responses and understand that you can follow up in writing with any specifics that you are not able to cover that you might want to if you had more time.

Ian Streule: The point about what companies can do has been touched on in terms of making them [social tariffs] more visible and a bit easier to understand. That would solve some of the problems, for sure. Society has a more important role to play, perhaps in the elderly segments and where price is not the direct issue. A lot of work can be done to improve skills and digital hubs; we heard about that. James, do you want to speak on those points? I will come back on the Government as well.

James Barford: Yes. There are also the tech giants, Google and Facebook. Google has done some work with education and helping people to gain digital skills and, in general, they have all done work in simplifying the use of the internet. Particularly when it comes to improving interest, let us say, and helping people have the skills, all those bodies can help. I would definitely include the tech giants. They can also supply devices and help on that side. It is probably micro-initiatives. There are a lot of things that sound like a good idea, and probably are, that you try out and then expand.

Lord Kamall: Ian, do you want to come back in on the Government?

Ian Streule: Ofcom and the Government are, probably rightly, focused on the much bigger, longer-term digital needs of the whole country, and that is why there is such a strong focus on fibre. Perhaps there are some obligations that can be attached in the longer term around supporting harder-to-reach communities or community hubs, or the like, as part of a much bigger national digital solution.

In the end, we would like fibre to reach 100% of homes, so we may be talking about the last 5% of society again in 10 years' time when they do

not have fibre. The Government and Ofcom are looking at the longer-term solutions and problems.

James Barford: In terms of availability of speeds, there are still a few tens of thousands of homes that cannot get 10 megabits per second, but BDUK has addressed that brilliantly. That is an example of fantastically successful government intervention, particularly compared with how you thought it might work out before it started. It is going well so far with the fibre; it is an example of an approach that can work extremely well.

Ian Streule: One of the key benefits of fibre is that the speed is not distance related. If you can get fibre to a [remote] cottage, it can get a gigabit service because it does not matter if it is 10 miles down the road, whereas the copper network cannot.

Lord Kamall: If you do write to follow up, perhaps you could look at spending taxpayers' money, if there is a need to spend it somewhere.

The Chair: I was going to cover that. That is fine. Thank you both very much. I am sorry that we kept you waiting before we started, that we have run over time and that we rather hurried you at points. I am very grateful to you for all your contributions.

To pick up on what Lord Kamall said, as there are a couple of areas on which I would be interested to receive your thoughts, the team here will write to you with a few supplementary questions. I am sorry to have to impose on you further, but it would be really helpful if you were able to provide us with written answers to some of the specific questions that we did not get to today. As Lord Kamall said, if you have any thoughts supplementary to those that you have already offered, to provide a bit more detail, they would also be very welcome. Thank you very much.