



Environment, Food and Rural Affairs Committee

Oral evidence: [Rural broadband and digital-only services](#), HC 834

Wednesday 10 December 2014

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Written evidence from witnesses:

- [National Farmers Union](#)

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Members present: Miss Anne McIntosh (Chair), Sheryll Murray, Margaret Ritchie, Mark Spencer, Richard Drax, Neil Parish, Iain McKenzie, Roger Williams

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Examination of Witness

Witnesses: **Andrew Clark**, Director of Policy, National Farmers Union, and **George Dunn**, Chief Executive, Tenant Farmers Association, gave evidence.

Chair: Good afternoon, and welcome everybody. George Dunn and Andrew Clark, thank you very much for joining us today to help with our broadband inquiry. Would each of you like to introduce yourselves? George, you were here recently, so you might like to start.

George Dunn: Thank you. My name is George Dunn. I am the chief executive of the Tenant Farmers Association

Andrew Clark: And I am Andrew Clark. I am the director of policy at the National Farmers Union in Stoneleigh.

Q128 Chair: Thank you both very much. To start, what assessment have you made of current broadband coverage across England and Wales?

George Dunn: Rural or national?

Chair: Overall, but particularly the split between rural and urban.

George Dunn: Okay. Obviously, the initial commitment to have 2 mbps is probably about 97% achieved, but the 3% who have not yet got it are mostly in the rural areas of our

country. In terms of superfast broadband, we are well behind the curve on achieving anything near the targets that have been set by Government. Even where broadband is available, there is major concern about the extent to which you are close to an exchange and therefore able to get whatever speed is there. So it is pretty patchy in the rural areas still.

Andrew Clark: In terms of the patchiness, one of the experiences all our members have reported is that, even if you get a declared headline value, whether it is 2 mbps, 6 mbps or superfast speeds, it is rather like the fuel consumption of a car: you rarely find that you can actually achieve it. That is certainly the experience many of our members have. At the very times they want to use broadband, the capacity simply is not there, either because they are physically distant from the main exchange or, more likely, because the number of people using that wire, that exchange makes the figure impossible to achieve.

Q129 Chair: Last week, we heard in evidence that 500,000 premises will not have 2 mbps by 2015-16. That must be a source of disappointment to both of you, particularly with regard to farmers making applications.

George Dunn: Yes, it is a big source of frustration. Obviously, those individuals were always going to be difficult and expensive to get to, but we are almost in a state of digital apartheid. If you cannot use a digital service, you cannot access services that the Government are now saying are digital by default, yet there are people out there who do not have the access they need to use them. That is a great frustration to individuals who are looking to have that level of ability to interact with Government electronically.

Andrew Clark: I absolutely agree with George. In the past—perhaps even five years ago—broadband would have been something of a “nice to have”, but now it is absolutely essential for all businesses. It is not just an issue for the basic payment scheme and Government services; it is also an issue for other business services and diversified enterprises on the farm—for example, there are few farm cottages now that do not have some form of wi-fi or an expectation that they should have. Frankly, we need broadband just to keep up as part of the economy; otherwise, we are in a situation of digital apartheid, where we just cannot compete with other parts of the economy. We want to have a situation where the rural economy can play its fair part.

Q130 Chair: I have been lucky in that the perhaps rather erroneously named Superfast North Yorkshire has provided me with a map and the percentages. In my area, only 82% will have 2 mbps by next year, and 18% will not. I presume that that 18% will not be able to process a basic farm payment scheme application.

George Dunn: I think we need to distinguish between the availability of broadband and the ability to apply for a scheme online. The two things are connected but separate. The RPA tell us that the system will operate below 2 mbps: they are testing it at 0.5 mbps and 0.25 mbps, and they say that it works. I imagine it works pretty slowly at those speeds, but it does work, just about. But we also need to bear in mind that we are asking people who have a completely different skill set to get involved with a digital application that is quite a complex thing.

It is not like applying for a tax disc: we are talking about a complex piece of application software, which can, for most farmers, still be the difference between profit and loss for their businesses. It is a big ask. It is like sticking someone who can drive a car in a jet fighter plane and asking them to fly it. People cannot just acquire the skill set overnight, particularly when they have not been used to dealing with broadband and computers regularly. It is alien to them; they have a completely different skill set. Let's take some of those people who have been developing the computer system and stick them on a farm for a couple of weeks to see how they cope with it. They wouldn't cope very well, in my view, because their skill sets are different. The issues are connected, but they are separate.

Andrew Clark: There are two CAPs, in a sense, that we have to implement. One is a completely new set of rules, with greening and all the paraphernalia that comes with that, and we are trying to explain to our members how that works; but you also have the completely new way of actually applying online, so we have a double challenge here. We are not taking the SPS—in other words, a known quantity—and then operating it digitally; we are actually looking at a completely new scheme which we are operating digitally. That makes it a much longer job for farmers to do, so it will need a longer period online. One of the solutions, we think, is being able to apply offline and then to apply online. Unfortunately that is not available to us.

Q131 Chair: Can you think of any reason why BT persist in saying that 95% will be reached by 2018, although they are now admitting that that might not be the case? In rural areas it is not going to be anything like 95%, is it?

George Dunn: Is this for superfast broadband?

Chair: Yes.

George Dunn: I suppose if you are doing it on headcounts and street by street, you might get to that figure, but large parts of the country will be covered by that 5% of individuals who will not be reached, and those individuals will be in the sparsely populated rural areas. That is probably why BT is able to quote those figures. In terms of the rural roll-out, the figures are much bleaker, as you say, Madam Chair.

Chair: We are coming on to discuss that.

Q132 Richard Drax: I hope I am not jumping the gun with this question, but I was speaking to farmers of mine the other day in South Dorset about their concerns about registering online by the required date—I think it is 15 May. Their point was that if that is going to drag, and I think it probably is, then the date after which you can be penalised, which I think is some time in June, should also drag. I assume you would agree with that.

George Dunn: Well, 15 May is a fixed point in the sand that we need to comply with. We have been saying for a very long time that the RPA needs to have a plan B and we are drastically running out of time to have that plan B in place. I am not sure that 15 May will be moveable, and there could be quite a lot of carnage in terms of the amount of traffic that the

RPA is going to face in the first part of next year. I suspect that they will have to bite the bullet and have paper-based options available to individuals.

Chair: We are jumping the gun a little. We will move on to that.

Q133 Neil Parish: Good afternoon. You will see from the list of those who are getting broadband and superfast broadband that the only ones that have got less than Brecon and Radnor are Tiverton and Honiton. We have 8.6%. We are not getting it into the Blackdown hills or into Exmoor as fast as we would like. Have you any examples from across the country of farmers and other businesses that have contacted you directly about not being able to get superfast broadband or connections?

Andrew Clark: We have any number of examples that we could give you. What we find is that it is not just that people cannot get broadband, but that they cannot get the claimed speed or, as I said earlier, that when farmers try to apply they encounter what I believe is called latency—to you and me, it's the time it keeps going around, and nothing seems to happen. That is the greatest frustration. Of course, it is evenings and weekends when farmers actually have time to be able to apply—in any small business, you don't have time in the middle of the day. But then—well, certainly when my children come on—it is exactly the same at home: you can't use the broadband to the same capacity.

George Dunn: I don't think it is just the remote areas, Mr Parish. It is also areas that are quite close to major conurbations. We regularly have people who are, say, a few miles outside Birmingham and cannot get broadband because they are so far from an exchange. There is a real issue about those parts of the country where broadband roll-out has not been successful.

Q134 Neil Parish: We are having the Minister in later, and there is talk about the RPA setting up somewhere where farmers can go to have broadband access. Have you seen any sign of that and has either the Tenant Farmers Association or the NFU been saying when and where? That is very important, if it is going to happen.

Andrew Clark: We have had discussions already with the RPA and Defra—particularly with the RPA—about looking at digital support centres. We are aware that they are going to be opened in the new year, and some of those centres may well be NFU centres as well—for example, I know we were discussing one in Hereford most recently. We are very keen to help with support, because we realise that despite the fact that we spoke to 3,500 of our members in the last round of CAP briefings we ran this autumn, a lot of farmers have not yet engaged in this process and are yet to find out how the basic payment scheme works and what they need to do in order to register get on.

Q135 Neil Parish: There will be a lot of smaller tenant farmers who might well be badly affected.

George Dunn: We are aware that the RPA has written to 12,000 individuals who do not appear to have any sort of digital footprint and we are aware that they have not had too

much of a great response to that correspondence. That is not surprising, because people do not really understand that they have a problem yet. They hope that it will all be sorted in the new year, and they are pretty busy doing lots of other things on farm as we speak. We are talking about moving people into digital centres to provide information to individuals, and we are going to key that information in on their behalf.

I have been in farm kitchens in March, April and May where the dining table is bestrewn with the papers for the SPS application, and woe betide anybody who moves any paper on that table for the weeks that the farmer comes in at night after a busy day to write the next bit of the form. How we will ever change that sort of bit-by-bit application process into a digital centre, I just do not know.

Q136 Neil Parish: Do you think it is right that the RPA and Defra should be contacting farmers more now in order to make them realise that they need to get this broadband access?

George Dunn: It is too late now. They should have been doing it years ago, when they made the decision that we would have a digital-by-default system. Yes, they have to be doing it, but we are running out of time to get a plan B in place. I fear that Mr Grimshaw's great statistics of what he has been able to deliver on 1 December this year will be smashed to pieces next year when we see how the system gets rolled out.

Andrew Clark: What we are expecting Defra to do—we would encourage the Minister to consider this—is to open the basic payment scheme up so that farmers can actually experience what it is like before Christmas. We need it available now. We have to have it available before applications are required. We cannot open the scheme in the new year or at the beginning of February when the scheme has to go live. We need to see it beforehand, get some experience and find out what it is like—lift the stone and see what the problems are. We could perhaps do it on a beta basis, which is how commercial companies operate, rather than waiting for perfection, which I rather worry will never arrive.

Neil Parish: We will try to put that to the Minister. Thank you.

George Dunn: The agents we are talking to who have access to the system at the moment are reporting to me that it regularly crashes. It is impossible to register employees of their business on to the system. They are finding glitches. The way in which you input field data is not intuitive. These people are used to dealing with computers day in, day out. How will we ever get farmers, who have a completely different skill set, to engage with this technology? I do not know.

Andrew Clark: Those glitches are the things that we need to learn about. We do not want to have those glitches when the scheme is opened in anger at the beginning of February. You find them out by testing it in public.

Q137 Sheryll Murray: Continuing on with this for a minute, Cornwall is quite good as far as overall coverage is concerned, but is there a problem with the not spots in the most rural parts of Cornwall? I am thinking of Bodmin moor and other areas, for example.

Andrew Clark: There certainly is. I do not have to hand any experience of Bodmin moor, but we can consult and find out whether there is good evidence there. However, as we have already said, this issue about applying for the basic payment scheme is not only about having broadband access, which is the substance of this sitting, but about ensuring that farmers can then use the basic payment scheme and become familiar with it. That means that you will have to take the farmers out of the area and into an area that does have access.

Q138 Sheryll Murray: That brings me on to my next point. I know that you have covered it a little bit by talking about digital centres, but I think the Government describe it as assisted access. Will the NFU be looking to assist those farmers by making offices and other centres available to those who do not have access, so that they can use your online facilities?

Andrew Clark: There are two issues here. One is registration, because you cannot get on to the basic payment scheme online application form until you have got through the Verify gateway. We know that there are already problems with that because of the type of questions that are asked of farmers—whether they have a credit history and when their last mortgage payment was. We think it is rather perverse that some of these questions are being asked, considering that there is already quite a well known relationship between farmers and RPA—they have been making SPS payments to farmers for quite a few years now, so we have SPIs and many other relevant tests for verifying identity. So there is that aspect to it.

We will help farmers to register. We will also play our part in helping farmers, and NFU members in particular, apply for the BPS. We have already started discussions with RPA about these digital support centres, and some of our offices might fit the bill. We need to do that, because when you look at some of these support centres, they tend to be in the centre of towns—not the most accessible place if you start from the middle of Bodmin moor. They should actually be in the local market town or in village centres.

Q139 Sheryll Murray: The Government are committed to ensuring universal broadband coverage at a speed of 2 mbps. Is 2 mbps an acceptable target for a universal speed?

Andrew Clark: In theory, yes, if you can actually have that level of broadband speed, but as I said at the beginning, although you get that headline target speed, in reality, because of other users on the line, you might well not get anything like it, particularly when you are going to be applying in the evenings and at weekends.

George Dunn: My view is that it is not an acceptable maximum speed to be looking at. It may have been a few years ago, but even the Ofcom infrastructure report published last week suggested that the average home now needs 10 mbps to cope with the various bits and pieces of equipment that are used, so there needs to be a reassessment of that limit. Ten mbps seems to us to be a reasonable figure; that is the average if you look at the infrastructure report for rural areas, which means that lots of people are below that. Andrew's points are very important: we need to look at attenuation of the signal along the line, as well as the extent to which people are on the line and how much that diminishes speed as well. It needs to be an obligation, not a commitment, that we have these figures in place.

Q140 Sheryll Murray: Are you saying that, leaving aside the new online CAP application forms, 2 mbps is not fast enough to deal with increasingly complex farming technologies?

Andrew Clark: In reality, it might not be. As George said, given the other uses now made by modern business of broadband, the Government need—Ofcom has looked at this—to look at that headline speed. We aspire as an economy to have world-class superfast broadband, but when you look at some countries, broadband speeds are 10 times the level you mentioned.

Q141 Sheryll Murray: From my fishing practices, I know that many farmers are now using GPS guiding, for example. Would a 2 mbps maximum speed be adequate for updates of the software covering that? For instance, I recently saw one of my farmers, and he had GPS in his tractor for ploughing.

George Dunn: I think if you had a very long time and there was nobody else on the line, you might just about be able to do it, but you don't want to be spending that much time on it. I recall downloading software on slow bandwidth, where the connection would drop out and you had to try about 16 times before you got the thing loaded. I suspect it is potentially possible, but it would be very frustrating and time consuming.

Q142 Sheryll Murray: I think you have answered this, but I am going to ask you anyway, just to be 100% sure: how future-proof is 2 mbps?

George Dunn: It is already an historical anachronism, which we need to move away from.

Andrew Clark: Yes.

Q143 Richard Drax: While I have you both here, what evidence have you gathered—I hear this occasionally—that farmers are getting together with landowners, digging their own trenches at no or very low cost and connecting up remote villages and farms? Is this catching on across the country?

George Dunn: There are schemes, and there have been very much publicised schemes—like the B4RN scheme, where a community share system was set up to establish rural broadband—that have been quite successful, but obviously they take time to administer and to put resources in place. There could very well be more of them and perhaps we need to be looking at the delivery framework within which we are trying to bring broadband capacity—

Q144 Richard Drax: I am sorry to interrupt, but there is a groundswell of opinion in the farming community, saying, “This is not good enough. We are not going to get it in time.

Let's all get together, put a lot of pressure on everybody and start to do it ourselves, if it's not going to come to us."

George Dunn: There is not a great movement in that direction, but there are certainly well publicised schemes where it has been successful.

Q145 Ms Ritchie: This is a question for Mr Clark. The NFU's written evidence expresses some concern about the new online CAP application. Does the RPA's confirmation that the forms will have an autosave function and will work down to a speed of 0.5 mbps address other concerns?

Andrew Clark: For the reasons that I have already tried to explain to the Committee, we have some reservations about whether the lower-speed capacity that the RPA suggests the system will still work at will be available, given the fact that other uses are made of that line and given the potential distance from the exchange to the farm office. While I am very pleased that Defra and the RPA have looked to see whether they can minimise the data requirements and the speed of the line, until we actually see it being used in anger, I do not think that any of us really know whether that is sufficient. I think that we should be planning for it not being so, seeking to increase—

Q146 Chair: How do you mean "used in anger"?

Andrew Clark: In the sense of a large number of farmers being online.

At the moment we have not seen the scale of testing that I think is necessary, which is why I am calling, via the Committee, for Defra and the RPA to encourage farmers to try out the scheme over Christmas and in the new year, because the earlier that we can see it with thousands of people trying this, rather than tens, then we can start to see, first, whether the system can cope, secondly, whether the sort of questions that it is asking can be answered by the system and, more importantly, whether the broadband can cope with that type of volume of use.

Q147 Ms Ritchie: What else could the RPA do to improve the system, over and above what you have already said?

Andrew Clark: We have already mentioned a number of things. Offline is one of the ways that could help. Frankly, in the time available, the only thing that we can look at is having digital support centres that can provide a substitute in well connected locations. As George has already said, this move to digital by default in Government policy is something that has been established for four or five years as a direction of travel, and that requires universal broadband capacity sufficient to cope with that, alongside the other demands for that type of system.

George Dunn: I say again, if you don't mind, Ms Ritchie, for the 12,000 people who do not have a digital footprint at the moment with the RPA, it is a frightening prospect that next year the only way in which they can be guaranteed to get into the system is through

some form of digital means, whether through a support centre or by relying on friends, neighbours or children to do this, when it is the difference between their making a profit or a loss. For those individuals, this is a frightening prospect. Despite the fact that there is a lower broadband speed in most rural areas, for them to be forced to make the application through a digital mechanism is causing them great stress.

Q148 Ms Ritchie: A further one: the RPA informed us last week that there would be a rural payments security system, run by the RPA, which will run alongside the Government's Verify system. Do you think that this overcomplicates the verification process?

George Dunn: It makes it simpler. Why do they not say for this year, "Let's forget about Verify and just use the RPA system"? Then we would have a much simpler framework for dealing with those people who are already engaged with the online world. The Verify system appears to be quite clunky. We are hearing that people are finding it difficult to get online. With Experian, which was the first provider, you had to have a viable mobile signal to get a one-time code to access the system. Let's forget about Verify for this year. I know that it is the future for Government Gateway services, but given all the other complications that we are dealing with and talking about today, let us just use the RPA verification system, which seems simpler and much more straightforward.

Andrew Clark: Removing as many barriers to accessing the system as possible has to be a sensible way forward.

Q149 Mr Spencer: Gentleman, what is your or your members' experience of how the RPA has engaged with the change to the CAP system? Do you think they are informed enough that the changes are happening?

Andrew Clark: From the NFU's point of view, the RPA has engaged sincerely with us on the changes to the system. It very much recognises that if the system is not right, there will be a deterioration in the quality of service that farmers receive. One criticism I might have is that the RPA would like to have a very black and white system. Sometimes, in trying to make a black and white system, it can be rather difficult to get an answer and a solution that reflects the flexibility in real life that many farmers have.

George Dunn: From the TFA's perspective, it is clear that we are falling over ourselves with stakeholder groups that we can regularly attend to hear about what is going on. The RPA and Defra appear to be confident about talking to us and wanting to talk to us regularly. Sometimes, however, there is lots of action but very little progress in meetings. You can tend to go over many issues over and over again. We are still trying to finalise some of the guidance for the new scheme. Another leaflet will go out next week, I hope, and it will explain more of the guidance. We are still developing the policy framework within which the scheme will operate. Today we are talking about the IT that will support that, but the policy is not even properly in place to understand how the IT should be operating within that. There is lots of engagement, but there are concerns that we have not got all the answers to the questions we are asking and that a digital-by-default system will be put in that many people are concerned about. But, yes, there is lots of talking.

Andrew Clark: It is worth making the point that one reason why we are still trying to understand some of the rules of the game is that the European Commission has only confirmed what those rules are in the past months. These are the detailed implementing rules that make the difference.

George Dunn: Perhaps if we were in another member state, we would be telling the European Commission what we think the rules say and that that is what we are going to do, rather than waiting for the European Commission to give us answers to questions that it is not skilled enough to give.

Q150 Mr Spencer: You are not aware of any of your members coming to you and saying, “I did not understand the rules. I have drilled my whole farm with a single crop, so I will not meet the three-crop rule.” If you are at that point now and your crop is all drilled, you will not be able to meet the greening points or change your crop.

George Dunn: The problems will occur for those who are on the margins of being able to use derogations or on the margins of the percentages for EFAs. Those are the people who will struggle. People who have been able to look at their farms and say, “I am well within the limits or the derogations,” are fine. It is those on the margins who are having the problems.

Andrew Clark: We put considerable effort into explaining to our membership, through a whole variety of different approaches, what we understand the rules to be. We are not the rule setters. We try to explain the rules and help our members abide by them. Having said that, in the last round we reached only 3,500 of our members with face-to-face meetings. That leaves many thousands of NFU members who have not yet had a chance to see the detail. The situation you describe of a potential technical breach on a farm would not be found until next year on inspection. Until everyone has had an opportunity to engage and see the rules, which needs that booklet out—we do not expect to see it until the beginning of February—we are all a little bit in the dark.

Q151 Mr Spencer: I am just trying to work out whether those people you talk about on the margins are the same people who are not IT-literate and who also have poor broadband. In effect, they are facing a triple whammy.

George Dunn: There will be a tremendous degree of crossover with those constituencies. People who are less engaged in the digital environment will have less information and will therefore be making decisions in a bit of a vacuum.

Q152 Chair: In response to Mr Drax you indicated that the alternatives were not that reliable. Do we know the cost of some of the alternatives, such as satellite broadband provision?

George Dunn: I understand that lots of our members are turning to satellite as an option. I don’t think you can get more than about 20 mbps on a satellite connection, and you

are looking at costs of between £50 and £70 a month for that type of provision, which is clearly quite expensive compared with what you can get from a fixed-line broadband system.

Andrew Clark: Although other satellite systems are available, the NFU has an affiliation with Avonline, which provides a rather more economic option than the one that George has just mentioned—it is about £20 or £25 a month. We can provide you with the details.

Q153 Chair: Does the absolute minimum have to be 2 mbps to fill in the form?

George Dunn: To fill in the CAP form? The RPA is saying that the system will operate below 2 mbps. The RPA has tested it at 1 mbps and at 0.5 mbps, and the RPA is now testing it at 0.25 mbps—the RPA thinks it is still doable at that level. Again, it comes back to what Andrew was saying about the extent to which you have lots of people on the line at once trying to access the broadband capacity. It is one thing to have the broadband access; it is another thing to have the skill set to use the software in the first place.

Q154 Chair: Do you think your members would like to see a reversal? Rather than making the 95% go faster, should the priority be focused on the 5%, or in my case the 18%, who do not have fast speed? Would you like to reverse the spending priorities?

George Dunn: I think we need both. We have been at this for such a long time that the Government must be culpable, and BDUK needs to look at the way it does business. For example, it would appear that there were nine contract bids for the broadband roll-out, seven of which were ineligible, and one was unsuccessful and decided not to rebid. Again, I would question whether the eligibility criteria have been set too strictly for us to have a viable, competitive marketplace. We effectively have only BT providing this service, so we need to look again at the mechanics of how this is working. Sadly, we need both. We need speed and universal coverage, and they should both be an obligation.

Andrew Clark: The Post Office's universal coverage obligation is 100%, and broadband is the modern equivalent of the postal service. We need to have 100%. We would not be satisfied if only 95% got the post, so we need to have a similar capacity and range.

Chair: Thank you both very much indeed. Mr Dunn and Mr Clark, thank you for your contribution. It is much appreciated.

Examination of Witnesses

Witnesses: **Chris Townsend**, Chief Executive Officer, Broadband Delivery UK, and **Andrew Field**, Superfast Broadband Programme Director, Broadband Delivery UK, gave evidence.

Q155 Chair: Gentlemen, welcome. Thank you for being with us and contributing to our inquiry on broadband delivery. Mr Townsend, would you like to introduce yourself and Mr Field? If you could just give names, who you are and what you do.

Chris Townsend: I am Chris Townsend. I am the new chief executive of Broadband Delivery UK, BDUK. I have been in this position for eight months, since April this year. I have spent the majority of my 25 years in the commercial world. My previous job was the commercial director of the London Organising Committee for the Olympic Games, where I was responsible for raising £2.4 billion to fund the organising committee and the operation of the games.

Andrew is the programme director—

Andrew Field:—for the superfast broadband programme, which is managed by BDUK.

Q156 Chair: Thank you and welcome. We are looking specifically at rural broadband and digital-only services. Mr Townsend, as you are relatively new, are you concerned about the way the criteria were set? Evidence we have heard today and earlier shows that there was not a great deal of competition in the number of bidders and those eligible for the set criteria.

Chris Townsend: No, I am satisfied that the bidding process was an open and fair one.

Q157 Chair: But if you hear that of the nine bidders, seven were immediately declared ineligible, one decided not to reapply, so we end up with one contractor for whatever reason, does that seem like a competitive bidding process?

Chris Townsend: I have been involved in hundreds, if not thousands, of commercial agreements over the past 25 years, and from what I have seen of the process and the contracts we have ended up with with BT, I am perfectly satisfied that it was a fair and open process. The contracts we have are very competitive agreements. We are managing those contracts very effectively to ensure that we have a smart contract management process in place, so I am satisfied with what we have at the moment.

Q158 Chair: What is your current assessment of the broadband coverage in the UK?

Chris Townsend: Shall I give you an update on phase 1, which is the current deployment of the BDUK programme?

Q159 Chair: It's behind, isn't it? You have fallen behind.

Chris Townsend: No, it is not. We are on schedule to deliver 90% by early 2016. We have made significant progress in the last six months. We are currently deploying roll-out at more than 40,000 premises passed per week. When I joined in April this year, the figure was somewhere between 15,000 and 20,000 a week. We have ramped that right up to 40,000. Some weeks we achieve 50,000. On top of that, BT is rolling out its commercial deployment. Two weeks ago we achieved 60,000, including BDUK and the commercial deployment. That is a significant difference from the position in April this year.

Based on the roll-out plans that we have developed and are working through with BT and, don't forget, the 44 local bodies—because these are deployed through the 44 local bodies—I am absolutely confident that we will meet our 90% target by early 2016.

Q160 Chair: Is there any particular reason why my constituency will reach only 82%?

Chris Townsend: The UK is very complicated in terms of geography, topography and all of the other critical issues. There is quite a wide variation from one local body to another. At the end of phase 1, some local bodies will be in the high 70s; others will be in the high 90s.

There is quite a wide variation for a number of reasons. We are looking at this in great detail with each of them. We are aiming to achieve, as a result of phase 2, which kicks off in 2016, a minimum of 90% in each of the local body areas. Our average by the end of phase 2 at the end of 2017 will be 95%. We are looking to have a minimum threshold of 90% for each of the local bodies.

Q161 Chair: I can speak only for my own area, where you are extending phase 1 until March 2015. That means that by the time that the window for basic farm payment applications opens in the middle February, my farmers will not be in a fit state to accept it. I understand that you have been following the evidence session quite closely. It is not easy for you to see, but the huge blank areas on this map are precisely where the farmers live. As you said yourself, it is obviously very challenging terrain. They obviously could not be further from the exchange, the cabinet or whatever infrastructure system is in place. Having said that, there are brown or orange bits, which you probably can't see, that should be completed in phase 1—by whichever date it originally was—and are still to be done.

I understand that this is a serious issue for BDUK, because it is not unique to North Yorkshire; it is a pattern that is developing. Some of my colleagues have constituents who have even less cover than mine—I am sure Mr Parish will make me feel embarrassed about my 18%.

We represent farmers in our constituencies who are going to face a double, if not a triple, whammy by next year. By the middle of May they are going to have to apply within a very limited window for basic farm payments. They also have to apply to the new system of delivering the common agricultural policy, known as CAP-D. Why aren't you giving them the tools to do their job?

Chris Townsend: We are working very hard under phase 1 to cover as much of the UK as we possibly can. As I said, we are on target to achieve 90% by early 2016.

Q162 Chair: Could you put the marketing to one side and actually look at rural broadband, which is what we are focusing on?

Chris Townsend: Would you like me to talk specifically about North Yorkshire as an example?

Q163 Chair: Yes.

Chris Townsend: By March 2015 we aim to achieve nearly 87% of North Yorkshire passed with superfast broadband. That is our current objective. By the end of phase 2, our current plan is to have achieved nearly 92%. BDUK will have invested in the order of £25 million across phase 1 and phase 2. By the end of phase 2, we will have achieved a significant difference to the figure you just quoted. In addition to that, we still have the universal service commitment, and we are still committed to that universal service commitment to provide premises with the option to go with a 2 mbps solution, if that is what they prefer, by the end of 2015.

Q164 Chair: I will challenge your figure, because 87% might be the average for North Yorkshire, but I have been told by Superfast North Yorkshire—I am sure it is keeping you in the loop—that Thirsk, Malton and Filey will have only 82%. If you want to talk about broadband more generally, how is it that internet speeds in London are some of the lowest in Europe? As reported in the *Evening Standard* yesterday, capital cities in Romania, Lithuania, Latvia and Slovakia are outpacing us. We are 26th across 33 European capitals.

Chris Townsend: BDUK is working on phase 1 and phase 2 in the rural areas. I don't have a direct responsibility for the broadband speeds in the cities.

Q165 Chair: You referred to the universal commitment. How would you define that?

Chris Townsend: It is providing access to 2 mbps.

Q166 Chair: And how can farmers living in rural areas, rural businesses, children doing their homework and people trying to pay their whatever it is online access those lines at speeds of less than 2 mbps?

Chris Townsend: At the moment, if they want to upgrade to 2 mbps, there are commercial options for them to purchase, such as satellite systems.

Q167 Chair: Do you know how much they cost, Mr Townsend?

Chris Townsend: Yes. They can cost several hundred pounds to buy and install, and then there is a monthly fee of £20 to £30. The prices have come down significantly.

Q168 Chair: Is it fair that they are asked to pay that when it is not as reliable a system as the fixed broadband that you are paying for?

Chris Townsend: There is an option for us in 2015 to subsidise that. We are putting a plan together where we can offer a satellite solution, for example, that provides a 2 mbps universal service commitment. We are developing the detailed plans in the new year, and we are able to roll that out, if required, through the local bodies at a national scale.

Q169 Chair: For our information, how would our constituents apply for that?

Chris Townsend: That is exactly what we are working out. We haven't decided yet whether we will manage that centrally or devolve it down to the local bodies, but it will most likely be delivered through BT, who have this commitment from BDUK to deliver the universal service commitment. The best solution for 2 mbps, particularly in the rural areas, is using satellite equipment. We are testing a number of options at the moment; the price of satellite equipment and the installation comes down significantly, so we are hoping by 2015 that there won't be a significant capital equipment cost and installation cost. Those could potentially be covered by BDUK. There is just the ongoing monthly charge, which will be in the region of £20 to £25. That will be comparable to superfast broadband.

Q170 Sheryll Murray: On that point, Cornwall, as you know, has its own scheme, because it receives European assistance. The scheme has been running quite a lot longer than some UK schemes. I recently expressed concern to the Secretary of State for Culture, Media and Sport because some of my constituents could not access satellite broadband, despite the fact that the Chancellor had announced that there was help for it and that I was told it would be available. My constituents were told they needed to ring Superfast Cornwall, but when they did, they were told that superfast broadband was not available. I do not know whether Superfast Cornwall come under you, but if they do, there is clearly a problem here, because the Government believe something is being delivered when it isn't.

Chris Townsend: I will defer to Andrew in a second, so that he can go through the detail, but phase 2 of the superfast programme for Cornwall is under our jurisdiction and the universal service commitment will come under that from 2015 onwards; but the first part was, as you say, unique, and maybe Andrew can answer you.

Q171 Sheryll Murray: So why, just a few months ago, did the Secretary of State tell me to tell my constituents to contact Superfast Cornwall to get satellite connection, when you are telling us today that you are working on it and it is not available yet?

Andrew Field: I think the Superfast Cornwall project has been run as a separate project from BDUK. As you said, they have had a lot of European funding for that project. It has been extremely successful in rolling out superfast broadband in Cornwall. As part of that project, they have had an offer to provide availability of standard broadband as well. I am not sure whether that is fully available to all premises which are not currently within the fibre superfast roll-out in Cornwall or whether, at the moment, they are piloting it or trialling it in part of Cornwall before fully rolling it out. As Chris said, when we come into phase 2 of our project, Cornwall will be part of that programme and if, at that point, Cornwall has not provided complete coverage of Cornwall with standard broadband, that will come within the

scope of the BDUK plans, along with everywhere else. But at the moment, the Cornwall scheme is being run completely independently of us, with their sizeable European funding.

Q172 Mr Spencer: Is the priority to get everybody to a basic level or 95% of us to a superfast level?

Chris Townsend: Our priority for all of the 47 local bodies is to get them to a minimum of 90% by the end of 2017. That is our absolute priority. There are two parameters: 90% as a minimum cut-off level and an average of 95% across the UK for the 47 local bodies in phase 2 by the end of 2017.

Andrew Field: But also to deliver the universal standard availability of at least 2 mbps broadband.

Q173 Mr Spencer: Which will you hit first?

Chris Townsend: The universal service commitment is to provide the 2 mbps solution to those households that would like it by the end of 2015. We are in a position to provide that if required.

Q174 Mr Spencer: What I am trying to get to is: is that your priority because it is the most achievable or is that genuinely what you want to achieve?

Chris Townsend: No, what we really want to achieve is to get superfast broadband delivered by fibre to as many premises as we possibly can, because it is the best future-proof technology there is available at the moment. Ideally, we would like to achieve more than 95% by 2017. We are working on the last 5% as well. In addition to phase 1 and phase 2, we have phase 3 under development, where we are looking at different technologies, which include additional fibre technology, called fibre to the remote node or fibre to the premises, where there are other fibre solutions. But most technically competent people will tell you that fibre is by far the best solution, and that is what we are working on as our priority. However, if from 2015 onwards people decide they can't wait until 2016 or 2017 for the fibre to be passed to their premises, we will provide them with an option to go to the 2 mbps solution, typically through a satellite provision.

Q175 Mr Spencer: It is great if you are in the 95%, but you must recognise the frustration of people when they hear people in central London complaining that they can't download two movies and play on a game at the same time, when they can't even download a photograph over a 15-minute period. You must recognise that.

Chris Townsend: I do recognise it. I have spent a day a week in the last 20 weeks visiting these local bodies and businesses, including SMEs. I visited Durham recently and over 90% of employment there is through the SME sector, and it's absolutely critical for these businesses to have access to superfast broadband. We are absolutely committed to this; I am absolutely totally committed to providing superfast broadband to as many premises as

we can, as quickly as we can. But as Andrew said, in parallel with that we are absolutely committed to the universal service commitment, too, and we'll make that subsidised offer available, particularly for the rural farming communities, in 2015.

Q176 Neil Parish: Good afternoon, gentlemen. BT told us that the 2017 target for 95% superfast broadband coverage may now be pushed back to 2018. Do you agree? Or is it going to be pushed back further? And what are the reasons for this?

Chris Townsend: No. Our current delivery schedule is that by the end of 2017, we will have delivered 95%. We are working on all the phase 2 contracts as we speak. We will have all 47 contracts completed by mid-2015. We will have nine of those contracts signed by the end of this year; and as I said, we will have all 47 completed by the middle of next year. Those specifically talk about the roll-out schedules and how many premises we will be passing, and what percentage that will take us to. At the moment, based on the current plans we are confident that we will get to the 95% figure.

Q177 Neil Parish: Madam Chair, I now want to be a little parochial, if I may. My seat is Tiverton and Honiton. You say you will be at 95% of coverage by 2018. At the moment, I have got 8.6% coverage. Therefore, I have got nearly 92% not covered. Okay? So, those figures are completely the reverse. We have had a Connect Devon and Somerset package for superfast broadband, and money from Government, councils and Broadband Delivery UK has all been put in. I have lots of villages being excluded. They are in the Blackdown hills: Upottery, Smeatharpe—a whole load; I could name them all for you.

We are just totally fed up—I personally am fed up—with the way that BDUK is delivering, because you had a confidentiality clause in it to start with, which Devon county council, in its wisdom, signed—it should never have done that. People don't even know whether they are getting it or not. Finally, we have got to the situation now where lots of my villages are not getting it. So what is the point of putting all this money in if you are just going to go off and pick the easy cherries off the tree and leave all the rural broadband areas that are difficult to get to not being provided for? Are we going to see this programme pick up? It's no good you talking to us about 95% coverage; I'd be laughed out of court when I go to my local villages, when 95% of them haven't got it. Where are you going? You've got all the cables, you've got all the cabinets, you've got all the ace cards in your hand and you're just not delivering.

Chris Townsend: I am very sympathetic to the point you make, and may I just simply say we are most definitely delivering against phase 1 and phase 2? There is a phase 3, which we are developing at the moment. If I could just explain what phase 3 is, phase 3 is looking at that last 5%—

Q178 Chair: I think you are going to lose the Committee if you go down that path.

Chris Townsend: I'm answering the question, because phase 3 will—

Chair: I think Mr Parish would like to know why phase 1 hasn't been—

Q179 Neil Parish: Phase 1 and phase 2. It's no good taking us into phase 3. Why are we putting in all this public money from Government, from councils, if we are not getting—? This is about delivering broadband to the rural areas, and all you're saying is, "Oh, they're harder and harder to reach," but I thought that was why we all signed up to the money to put it in the first place. Am I wrong?

Chris Townsend: Some of these rural areas are very, very hard to reach through the BT network.

Q180 Neil Parish: Yes, but that is what your contract is there for. That is what you are there to deliver.

Chris Townsend: And that is exactly what we are doing.

Q181 Neil Parish: But you're not.

Chris Townsend: We are delivering against 95%. The last 5% that we are looking to cover is 75% of the geography, which puts it in context. It is extremely difficult to get to some of these hard-to-reach villages and rural areas. I have every sympathy with what you say.

Chair: Are you using the right technology?

Q182 Neil Parish: That's the point I want to make. In France, instead of using large cabinets, they are using smaller cabinets on electricity and telegraph poles. I just think that you sit there delivering it with these large cabinets and saying to villages, "Well, your cabinet is not in the right place," or, "It won't deliver that service," and you're not using the best technology to get into the rural areas. That is what is frustrating everybody. Are you going to change your tactics and roll it out faster to those hard-to-reach rural villages? Otherwise, there will be a complete riot on our hands.

Chris Townsend: That is exactly what I was about to say. We are developing technologies at the moment with third-party suppliers. We have eight market test pilots out in deployment at the moment that specifically address the issue that you just outlined—that is exactly the point I was about to make. We have wireless solutions, satellite solutions and other fibre solutions, which are all being tested out in the marketplace. I am absolutely committed to finalising that last 5% by 2020 at the very latest, if not sooner. We have developed—

Q183 Neil Parish: Hang on. No, sorry; 2020 is no damn good at all. We are now supposed to have this broadband by 2015, 2016 or 2017, now you're talking about 2020. Why haven't you been piloting these schemes before? How long are you going to pilot them for? The idea of a pilot is to see whether something works. If it works, you roll it out. I'm

sorry, you're talking about 2020, then it'll be 2021 or 2022. This is crazy. Why do we put public money in? Are we wasting it with BDUK or what?

Chris Townsend: You're not wasting it with BDUK, because—

Q184 Neil Parish: Why not? You are not delivering.

Chris Townsend: We are delivering. As I said, we are on schedule to deliver the 95% by the end of 2017, which is—

Q185 Neil Parish: The 95% does you no good. I would like to take you to parts of Yorkshire and to my villages, where 95% of them are not getting it. It's no good you standing up in a room in Upottery and saying, "95% coverage," when 95% of people do not have it.

Chair: We want to hear your answer in full, so it had better be good.

Chris Townsend: We are working very hard on these alternative technologies. We are now very positive about the additional satellite technologies that are being made available, which we can deploy from next year onwards. That will address the issue that you have just outlined—these very, very hard-to-reach areas and the deepest rural areas. We also have some wi-fi, wireless solutions that we are currently testing in the market. The money was announced in April when I joined, and the pilot results came through in September this year. We are deploying them on a small scale at the moment; we will have the results in the new year. We will have a business case that I will take to the Secretary of State by the end of March. We will also be looking for additional funds in order to roll out some of these further technologies into the harder-to-reach areas.

Q186 Neil Parish: I welcome that but, in my view, it's always that you need more funds to roll it out when you have already had funds to roll it out. Also, you talk about 2020, so do I have to go and tell these villages that they might get it by 2020, but they might not? Otherwise, there ought to be other companies out there that can deliver.

Chris Townsend: Don't misunderstand me. We are hoping to roll out these alternative technologies from next year onwards. We are simply trying to work through the right technology and the right business model, and to develop a business case, which I am looking to submit in Q1 next year.

Q187 Neil Parish: So how quickly can we expect those villages to—

Chris Townsend: I am certainly hoping to get as many as I can with these alternative technologies from 2015 onwards. How fast we can deploy them? I do not know yet. That is exactly what we are looking at.

Q188 Neil Parish: So you just plucked 2020 out of the air.

Chris Townsend: No, I said that that was the end date. I am hoping that it will be some time from 2015. Some of these areas are very, very difficult to reach.

Q189 Neil Parish: They are, but that is what the money is there for at the moment.

Chris Townsend: Exactly. The money that we have in place at the moment will take us up to the 95% figure.

Q190 Neil Parish: You have a long way to go in my area; of that I can assure you.

Andrew Field: We understand that the rural areas are the most challenging. The other pilot projects to which Chris referred are all being undertaken by suppliers other than BT, so we are not looking only at the BT capacity in the market.

Q191 Neil Parish: You have the contract for rolling it out in Devon and Somerset—you, BDUK, has that contract—so it is no good passing the buck to someone else.

Andrew Field: Devon and Somerset have a contract with BT to cover as many premises as possible within Devon and Somerset, and that is exactly what they are doing. We and the county councils are pushing BT to deliver that as fast as it can, but it is a very challenging project—the rural areas are extremely challenging in some cases.

Q192 Neil Parish: But that is what the project is for.

Andrew Field: We have been set the target of maximising coverage—getting to 90% and then 95% of premises—and that is what we are doing as fast as we can with the funding that we have available.

Q193 Neil Parish: Are you prepared to meet people from these villages to discuss this, as the chief executive of BDUK?

Chris Townsend: We are doing this afternoon. We are doing that in Luxborough in Somerset this afternoon. We are presenting a satellite solution to a community in Luxborough. We are offering a trial of 50 premises that can be connected to one large satellite dish—they are connected via a central hub to hubs in their premises. That trial will be up and running very soon. We are absolutely committed to this. The one message that I want you to take away today is that we are absolutely committed to resolving these outstanding issues.

Q194 Mr McKenzie: I have a question about your relationship with local government. It seems a bit complex with BDUK, BT, local government, all the delivery and the targets that you are setting. When you set local government a target of 90% or 95%,

perhaps you introduce further stipulations that there must be diversity in delivery in geography; or do you just say, “You must bring 90% back to the table?” If I was in local government, I would be looking at what we have just heard about: the low-hanging fruit—the easy ways to get to that 90%. What other direction do you give? How much are you driving local government towards meeting the diversification in geography while delivering that 90%?

Chris Townsend: We are working hand in hand in partnership with each of these local bodies to maximise the funds that we have available to roll out the fibre network as far as we can within their territories, so it is a partnership between us and each of the local bodies to maximise the use of the funds that they and we have available.

Q195 Mr McKenzie: Do you review the work of local government? Do you look at where they are delivering? For example, do you sit down and look at the map that we have already seen and say, “Okay, you have delivered 90%, but we can easily see how you have managed that. What about here, here and here?”?

Chris Townsend: Absolutely, and as we are drawing to the end of phase 1, we are already reviewing the success that we have achieved to date. We are looking at the additional savings that we are making, because as we are working with BT—I mentioned earlier that we have the smart contract management process in place—we are monitoring all BT’s expenditure and we are already receiving significant savings from the first deployment of phase 1, through the smart contract management. We are already deploying those additional funds to extend phase 1 further into deeper rural areas. That is going on with each of the local bodies—we are planning that. Once we finish that further deployment, we are hoping to go seamlessly into phase 2 so that there is not a break between them.

Q196 Mr McKenzie: So are you reviewing the contract at the end of each phase, or in between?

Chris Townsend: No, we review the contract at least monthly. In most cases there is a quarterly board meeting. I have started to attend a lot of these board meetings on a regular basis. We have project directors, programme directors, who report to Andrew and his team. They are responsible for the contracts with the local bodies and monitor them on a daily basis—and I do mean a daily basis, because it is their responsibility to do that. I don’t know whether you have anything to add to that, Andrew.

Andrew Field: We have very close relationships with all the projects through the team that we have. We know in quite a lot of detail what is going on on the ground, and we review progress on delivery with the local authorities and BT very regularly.

Q197 Ms Ritchie: Moving on to the universal service commitment, why was 2 Mbps chosen as the speed that the Government committed to rolling out universally? I must say that I represent a rural, partly mountainous constituency in Northern Ireland where there is no real

access to UK broadband. Local farmers and their families have been unable to access broadband, so their businesses have been inhibited.

Andrew Field: The 2 Mbps objective was set as part of the Government's strategy effectively when BDUK started on the programme. The reason for setting an objective of getting above at least 2 Mbps was that that is the level at which there is functional broadband availability in terms of the services that people can use. For example, things like the BBC iPlayer will operate at a speed of 2 Mbps, and that was regarded—I think it still is—as a basis from which functional broadband usage can be achieved.

Q198 Ms Ritchie: In an ideal world, would you prefer a higher standard national speed?

Andrew Field: It is fairly clear that the Government's objective is to get as far as we can to almost universal superfast broadband speeds of more than 24 Mbps.

Q199 Ms Ritchie: Looking to the future, why was 24 Mbps chosen as the definition of superfast broadband when definitions for superfast in Europe are often 30 Mbps and above?

Andrew Field: The above 24 Mbps level was set as the objective, because that cannot be achieved by the previous generations of technology. The non-fibre approaches that have been used to deliver broadband over the copper network can achieve only up to 24 Mbps, so above 24 Mbps requires what is called next generation access technology, which normally involves a fibre broadband network. Why the European Commission decided on a 30 Mbps target is not apparent. There is no logical basis for setting a number of 30 Mbps. In reality, almost every premises that can get 24 Mbps will be able to get speeds above 30 Mbps in any case, so there is very little difference.

Q200 Ms Ritchie: In that respect, why are copper wires being used in the roll-out of broadband when fibre optics are considered to be significantly more effective and cheaper, and when the Government plan to upgrade to fibre optics in the roll-out of superfast broadband?

Andrew Field: Essentially, most of the delivery that we are engaged with at the moment has used what is called the fibre to the cabinet solution. Fibre is rolled out as far as the street cabinets, and then the existing copper network is used to transfer the signal from there to the end-user premises. That is capable of delivering speeds of 24 Mbps and above for most of the premises that are connected to those cabinets.

To deliver fibre to the premises would cost a significant amount more than the cost of the programme that we have at the moment. In the long run, that may be where we end up—who knows?—but at the moment 24 Mbps and above will be more than adequate for most users, and it is far more readily achievable and affordable, given the situation that we are in at the moment.

Q201 Ms Ritchie: Following on from that, why did the definition of superfast broadband change from 24 Mbps to 30 Mbps?

Andrew Field: The 30 Mbps definition has been used by the European Commission. Ofcom has adopted that as its basis for its measurements. We have stuck with our definition based on speeds of more than 24 Mbps, so we have not changed our definition.

Q202 Richard Drax: I think that's about the only time I have agreed with the EU. I am glad that that is on the record.

Mr Townsend, on superfast coverage, when is your figure for the south Dorset region going to reach 95%? It is currently 39.1%.

Chris Townsend: For Dorset, the threshold that we have stated for all the local bodies will be 90% by the end of 2017.

Q203 Richard Drax: By the end of '17. Okay. I look forward to that.

Broadband coverage, as you know, has moved on enormously in the last four years, but is the current infrastructure capable of meeting broadband speeds of 30 Mbps and above in the next 10 to 20 years?

Chris Townsend: BT maintains that the current network that it is building with BDUK investment is achieving anything between 30 Mbps and 70 Mbps.

Richard Drax: Depending on where you are.

Chris Townsend: Yes, and depending on contention ratios—how many people are using the system.

Q204 Richard Drax: So there is no problem.

Andrew Field: The difference between the numbers who will be able to get more than 24 Mbps and the numbers who will be able to get more than 30 Mbps will be very small. There is very little difference.

Q205 Richard Drax: I understand from previous people whom we have interviewed that updating the copper network is one solution to meet faster speeds in future years, but is that a long-term solution for improving broadband, or will you have to replace the copper at some point to meet the new high speeds and demands?

Chris Townsend: The ideal solution is to get fibre to every single one of the 28.8 million premises in the UK, but that would cost tens of billions of pounds. So, given the funding that we have available, we are making the most cost-effective solution available as quickly as we possibly can. As Andrew said, we are providing fibre to as many cabinets as we can. Then, typically, you have the copper going from the cabinet to the premises.

We are working on new technology with BT, which is fibre to the remote node, which takes a node further from the cabinet and you have fibre going from the cabinet to the remote node, which will allow us to go further into rural areas. That is part of our phase 2 solution. It takes fibre nearer to the premises, which is our ideal solution.

Q206 Richard Drax: So, in English, a remote node is in effect a mini box that is nearer to the houses that are furthest from the box.

Chris Townsend: Yes, houses or business premises. That is correct.

Q207 Richard Drax: Will it be necessary to replace all the copper cables with fibre optic cables if higher broadband speeds are needed, or will you just go on upgrading the copper? Will copper outlive its usefulness at some point in the future?

Chris Townsend: My view is that, at some point, copper will be replaced by fibre, when it can be deployed cost-effectively.

Q208 Richard Drax: But only when it is cost-effective.

Chris Townsend: Yes. It is very expensive to do it at the moment.

Q209 Chair: Just before we release you, Mr Townsend, you said that you were developing technologies with third-party suppliers: wireless, satellite and other fibre. Who are the suppliers that you are negotiating with?

Chris Townsend: I can read out the list of eight if you wish. They are available on our website at the moment.

Q210 Chair: Are they mobile phone operators?

Chris Townsend: No, they are not. These are infrastructure and technology providers, and it excludes BT and Virgin.

Q211 Neil Parish: Are they in the public domain?

Chris Townsend: Yes, they are on our website. We are putting together a business plan and business cases around all these ready for March for me to present to our Secretary of State.

Q212 Chair: I do not think that you quite answered Mr Parish's question about why you are so late piloting these new technologies.

Chris Townsend: No, we are not so late. We were provided with the funds in April, we started a procurement process shortly after and then had the pilots in place in September, which is quite a short period of time, certainly in my experience, for procuring eight market-test pilots. In fact, we had 32 applications for the funding and we selected eight projects that cover these different technologies.

We had the initial results bang on schedule in October and we are now working through the next stage, which is a mini deployment. We are on schedule for that and we will have the results of it in early 2015, ready for us to develop our business case.

Q213 Neil Parish: So where those pilots are successful, will you roll that out quickly?

Chris Townsend: Yes, very quickly—as quickly as I can. More importantly, I am hoping to roll out at least two of them on a national scale.

Q214 Chair: Should the Committee and the public be worried that BT is seeking to take over either O2 or EE?

Chris Townsend: I cannot comment on that.

Q215 Chair: On the provision of broadband, as opposed to wi-fi, is that something that we should be worried about?

Chris Townsend: No, it will not affect the BDUK programme.

Chair: Mr Townsend and Mr Field, thank you very much indeed for being so generous with your time and for answering the questions we put to you so fulsomely.

Examination of Witnesses

Witnesses: **George Eustice MP**, Parliamentary Under-Secretary of State for farming, food and marine environment, Defra, **Sara Eppel**, Head of Rural Communities Policy Unit, Defra, and **Liam Maxwell**, Government Digital Service, Cabinet Office, gave evidence.

Q216 Chair: Welcome, Minister and your team. Thank you very much indeed for being here to give evidence to our inquiry into the provision of broadband. Minister, would you like to introduce those you have brought with you?

George Eustice: First, it is a pleasure to be back here for the second time in two weeks—almost the third time in three weeks. On my right is Liam Maxwell from the Government Digital Service, who has just been assigned to help us on the CAP-D system that we have to bring in—the computer system to cope with CAP. On my left is Sara Eppel from our rural communities team, who leads on broadband.

Q217 Chair: You are all very welcome. Thank you very much indeed for being here. Are you surprised that the current state of broadband coverage seems to leave so many rural areas without any coverage?

George Eustice: Obviously, through the work of BDUK, the aim is to get superfast broadband to 90% of areas by the end of next year, and to 95% by the end of 2017. Good progress is being made on the first target. You are right that there are always going to be rural areas where there are gaps, but we should also bear in mind that around 97% of households already have access to standard broadband—at 2 Mbps. Even below that, those who don't have access to standard broadband in most cases have access to dial-up services.

Q218 Chair: Which of course are much more expensive. To get behind the marketing message, as I call it, we heard last week that 500,000—half a million—premises will not have 2 Mbps. Obviously, they are most likely to be in rural areas. In my own area, 18% of rural areas will not have access even to 2 Mbps before March 2015.

George Eustice: The Government recognise that and that is why, in addition to the £780 million put through BDUK to develop superfast to 95% of households by the end of 2017, there is the £10 million fund set up through a competitive tender to pilot different technological solutions to deal with the remaining 5%. Eight pilot projects were launched in June and we are looking at a range of different options, from the use of satellite, to fibre to the property in some cases, or in others using wireless technology for the final area, or using other technologies such as 4G. In some cases we are looking at using wireless technologies from nodes on existing telegraph poles. A range of different technologies are being piloted through that fund, and once we have the results, which we expect by the end of next year, we will be able to put a plan in place to get high-speed broadband to the remaining 5% of properties.

Q219 Chair: But of course in rural areas they are not going to have that by that time, yet the whole thrust of the Government—this is not just Defra—is, for obvious reasons, to proceed through the digital revolution. It almost looks as though there is discrimination against rural areas.

George Eustice: I do not really agree with that. That was why we set up the BDUK fund and it is why that fund is focused very much on getting access to those rural areas. It is

also why we set up the £10 million pilot to work out how we can get superfast broadband access to the most remote areas, which do not have it at the moment and will not be able to have it under existing plans by the end of 2017.

Q220 Ms Ritchie: Minister, are you disappointed that universal broadband coverage of 2 Mbps and 95% superfast broadband coverage have not been achieved at a faster rate?

George Eustice: About 3% of homes do not have standard broadband at the moment. As I said, by the end of next year, we will have 90% coverage for superfast at 24 Mb and above. In fact, the indication at the moment is that that could come earlier than the end of next year, and we could possibly get to that 90% target early next summer. We will get to the 95% by the end of 2017. That was always the plan—that was what BDUK set out to achieve, and it is on course to achieve it.

Q221 Ms Ritchie: If the digital divide between urban and rural communities is to achieve a greater balance, by which I mean greater accessibility for both farmers and other rural dwellers who participate in businesses in rural communities, what can the Government do, working with BDUK, to ensure that internet access is not just a luxury, but a necessity for doing business?

George Eustice: If you look at the evidence of investment in broadband, you see that most of the benefits accrue outside the south-east in more peripheral areas, and in rural communities you get examples of businesses that want the lifestyle of not being in a city and want to be based in a more rural location, but also want to have the ability to run really high-end businesses with the support of broadband. The investment that we are making in BDUK and rural broadband is vital. Once we have got all of this in place, it will help to close that divide.

Q222 Ms Ritchie: If you had known that roll-out of broadband would be delayed, do you think you would also have pushed back the roll-out of digital-only services, such as the new online-only CAP applications?

George Eustice: No, I don't think we would because the reality is that we have a new CAP starting from next year. It is very complicated, as the Committee will be aware, and contained within it are some quite complex greening rules, which require, for instance, environmental focus areas. That means that certain crops, such as leguminous crops and broad beans, do not count for a full hectare for their EFA—one hectare of those counts for 0.7 of a hectare—whereas hedges can count for anything up to 10 times the area that they actually occupy. There is quite a complicated system with greening and I think that to make sense of it, we need to have this done solely digitally.

The other benefit for farmers of doing this digitally is that as they proceed through their application, enter the data and submit it, the digital system is able to flag to them “You do not have enough environmental focus area in your application” and that can require them

to think about it again. Or it can say, “Did you know that you do not actually satisfy the three crop rule when you need to? Until you have worked out how you are going to do that, we will not allow you to proceed to the next level.”

The difficulty is that if you did not have a digital system, you would probably have lots of farmers making errors on their application because it is so complicated. They would then have penalties, fines and, in the worse cases I have seen, lose their entire payment. It is clearly in the commercial interests of farmers to do this digitally, and it will help them get things right in this incredibly complicated new CAP that we all have to live with.

Q223 Chair: We heard from the RPA last week that there are 12,000 farmers who are not digitally linked up. We heard from the Tenant Farmers Association and the NFU today that many of them are busy doing other things and they have simply not focused on the fact that the window for basic farm payments opens, as the RPA told us last week, in the middle of February. They just won’t be digitalised. Are you not worried about that?

George Eustice: There are a number of things that I would point out. First, the RPA wrote to around 13,000 farmers who had previously—

Q224 Chair: It was 12,000, Minister, but the fact that I just put to you is that people only focus on something that is going to happen to them tomorrow. They are busy on the farm at the moment, as you know, and they are not hooked up. It is 13,000, I apologise; I thought it was 12,000. Of that 13,000, I think only 41 of them asked to make an appointment, which probably means that they haven’t focused on it.

George Eustice: Of the 13,000 that they sent it to, roughly 4,000 replied to say they would like to discuss things, which I think is actually quite a good response rate. Of those, the RPA have been telephoning people and discussing with them the type of support they might want.

I have been quite surprised as we had expected that there would be a high number who would actually want the assisted digital support that we are offering, but in most cases, the majority, they are saying that they are going to use professional support, such as an agent, or, in some cases, they have family members—sons or daughters—who are going to help them do it; others actually think that they will be able to cope and do it online anyway, even though they have traditionally done it on paper. Our evidence at the moment from that—we have deliberately targeted the 13,000 who do not normally complete online, but from what we have seen so far, the majority of them are telling us that they think they will be able to cope.

The other thing I would say—coming back to the availability of broadband, we are testing the new CAP IT system to ensure that it can work at low speeds of 0.5 mbps, which would be your old-fashioned dial-up line. That will obviously be a much slower service and not as good as having 2 mbps, but we are keen to make sure that we can get it to work even at those very low speeds, so that farmers who still have a very old-fashioned dial-up internet connection through a phone line will be able to complete their application, even though it might take a little bit longer.

Q225 Chair: Just to save you any embarrassment next year—we would not wish that on you—9,000 of those 13,000 farmers are not online and have not responded. They are out there and are probably not going to be in a position to fill in their basic farm payment within that window. The evidence we heard in the first session this afternoon is that there will be a big scramble for that two-month window.

George Eustice: That is exactly why from the new year we will be encouraging farmers to get on and start the process of registering online. It is also the reason that we are putting in place 50 digital support centres around the country. They will be particularly targeted in those rural areas where we know that there will be difficulties getting broadband access and where we know that there have previously been problems in terms of farmers having a propensity to fill their forms out on paper. We will have those digital support centres there to help people.

Liam Maxwell: The historical situation here is that there have often been a number of people who have left this to the last minute. That is one of the reasons why there has been a tremendous amount of encouraging people to get on to the system, but we have planned in case there is a surge at the end, and we have built systems so that they can cope with a surge. The fundamental component of this is that it is not a service which is built around the convenience of the Department. This has to be a service which is built around the convenience of the farmer, and they need to be able to apply when they need to apply.

We are already planning for the fact that there may be a surge, but we would encourage there not to be. We are introducing an ability for people to have their claim fed back to them, so that, rather like the tax system, you can have a confirmation of what you are doing at that point if you submit early. We are also making a strong push to get as many people registered as early as possible when we go to the full system.

Q226 Neil Parish: On that final point, I welcome the fact that you will hopefully be able to get the system to work down the phone lines, though it is very slow. I buy the fact that it needs to be done digitally, but just make sure that you keep contacting the farmers and keep helping them. Otherwise, not only will the farmers get in a mess, but the Government will end up with huge penalties from Europe if we are not careful, like the last Government did. That is the last thing we want.

George Eustice: I agree. The reason we got Liam Maxwell in Government Digital Service involved is that we are developing this system through what GDS describe as the agile approach to developing software. Historically, big IT projects went wrong—we all know that IT is a challenge—when you had one single supplier doing one big project in a very rigid way with a single launch date. If there were teething problems or difficulties, it used to cost an absolute fortune to get consultants in to sort it out, who basically had you over a barrel of a gun.

What we are doing with this one is a sort of iterative process. You launch various versions. You get users on there. At the moment, we are encouraging lots of land agents to get on and start using the system and provide us with feedback. I have been on the system myself and used it, and I have provided feedback to the team. We had one version launched

in July that was tested internally; another version was launched at the end of October. We have had around 100 key stakeholders testing it; we want to broaden that out in the new year and accelerate it quite quickly. The more feedback we get and the quicker we get it, the closer we are to getting an end product that really works for people by around March.

Liam Maxwell: One thing on communication is that we are making the engagement with farmers much clearer and simpler. For a lot of the time, we have been projecting a lot of complexity out about the scheme, but the farmers are coming back to us and saying that they would like to submit their claim and make sure they can get the payment, and what happens in between those two things is something for the agency to do. We are building it on that basis. It is rather like Amazon: you submit your order when you want to get a book, and it gets delivered. We are building it on that principle.

Q227 Neil Parish: Following on from the point that the Chairman made, I would suggest that you keep contacting them, because they may have just been burying their heads.

I want to carry on with the broadband. The Government set aside £100 million for an urban broadband fund, and £20 million of funding was set aside for rural community broadband. In the autumn statement, the Government announced an extra £40 million of available funding for the broadband connection voucher scheme, which helps businesses in cities. Do you think that the split of broadband delivery between urban and rural areas is correct? Do you feel that businesses in rural areas perhaps could have a voucher system for those who want to use satellite? One of the problems that we have had with BDUK and Connecting Devon and Somerset has been that we have not known where they are going to connect, and people who want to do their own schemes have not been able to come in and do them. I think we could perhaps do more with the voucher scheme.

Chair: Could we just allow the witnesses time to answer the question?

George Eustice: I am going to say something briefly, and then I will ask Sara to come in on the detail. The reality is that we need to do both those things, so we have got a big focus on trying to get superfast broadband rolled out in rural areas. We have put aside money to try to find solutions for the really hard-to-reach rural areas. Alongside that, if we are serious about making our economy world beating and getting growth back in our economy, we have got to make sure that in our urban areas we do not start falling behind other European countries. That is why we need to look at ways of getting even faster speeds and even better infrastructure in some of those urban areas—on our industrial estates and science parks—where we want to have world-beating companies. That is one of the objectives through the voucher system. Sara, you will be more familiar than I am with exactly how that is structured.

Sara Eppel: The urban scheme and the rural scheme, which is basically superfast roll-out beyond where the commercial sector will go, are slightly different. As the Minister said, the urban scheme focuses on extra support in dense areas, whereas the superfast roll-out—the main £780 million programme—is going from the edge of where the commercial roll-out went to and beyond. Of course, to start the process you start at a telephone exchange and then you go beyond that, and those are always in towns. A criticism has been that there has been a focus on towns first and not out to the rural areas, but it is a bit like building a spider web. You start from the middle and you build out, going from the exchange to cabinet to cabinet.

That is why there is that kind of network approach. The further we get along with the delivery, the more rural it gets and, as you know, the more challenging it gets technically.

Q228 Neil Parish: What about a voucher scheme for rural businesses?

Sara Eppel: It could be something that we look at in phase 3. At the moment, we are trying to get as far as we can with the fibre network, and phase 3 is the testing of the different technological solutions for where fibre is too difficult. We can certainly look into other solutions further along the line, because there will be the 5% still to be filled.

Q229 Chair: May I get an answer to the question about the cost and reliability of satellite alternatives?

George Eustice: Perhaps Sarah can add to this, but my understanding is that the cost of satellite solutions has actually come down quite a bit and they are pretty much universally accessible. Provided you can see the sky and you are not in a deep valley, generally you can get quite reliable satellite coverage. I am told that the cost varies for schemes. Usually there is an initial connection charge of about £150. For some domestic properties you can get packages for as cheap as around £25 a month. Most business packages are closer to £50 a month or a bit more, depending on the degree of use that you have of them. The drawback of the satellite-based systems is that they tend to be slightly less reliable. There is sometimes a delay, and it slows them down if there are too many people on them. They are a solution for many people, but we have to recognise that, in terms of reaching that final 5%, satellite probably won't do it alone because you would soon start to overload the system.

Q230 Neil Parish: You talk about 95% getting it, but the trouble is that I have 91% who aren't getting it at the moment. Those figures therefore do not mean an awful lot. What is worrying me is that we have already put a lot of money into these schemes to connect Devon and Somerset—there are all sorts of schemes with BDUK. Are you sure that we are getting value for money? Is BDUK looking at alternatives to fibre optics fast enough?

Chair: We are coming on to that.

Neil Parish: I don't know whether we are. This is a general question. Would the Minister like to answer?

George Eustice: Let me just say something about value for money, and I might ask Sara and Liam to come in on the technical points. A tender was done nationally, and a national framework was established. I understand that Fujitsu and BT were the two companies on there, and the reality is that, when it has gone out to tender locally, BT is often the only one to have put in for the various BDUK contracts. There has been a tender process and there have been examples of local authorities that have said, "We are going to tender more widely outside the national framework," but frankly they still end up going with BT. There is a point at which we have to recognise that BT, because of the infrastructure it already has in place, has a bit of an advantage when it comes to implementing infrastructure. Of course, once the infrastructure is there, there are many other service providers that create

competition in the market. I am satisfied that there has been a rigorous tender process. Just because one company has tended to emerge as the winner in that process, it doesn't necessarily mean that people aren't getting value for money.

Chair: We are coming on to new technologies, so can we just leave it there?

Q231 Neil Parish: Just on the value for money?

Sara Eppel: You asked whether there was too much attention on fibre optics. Under state-aid rules we have to reach 24 mbps, and fibre optics is the most reliable for that. It is quite difficult to get 24 mbps consistently with other technologies so that we could stand up in court and prove it. That is why the phase 3 work is now testing those other technologies to see whether we can get them to do as good a job. That is why the focus has been very much on rolling out the fibre optics at the moment.

Q232 Neil Parish: This is my final question. Why did the rural community broadband fund close? I take it that you were drawing down RDP European funds with this rural community broadband fund, so why did you close it?

George Eustice: I think it was because that part of the rural development programme had ended. Is that correct?

Sara Eppel: That is correct.

Q233 Neil Parish: And you can't reinstate it?

Sara Eppel: Well, we will look again at whether there are opportunities for using the rural development funding in the next programme for that final 5%. That is what we have put in our programme document. In effect, we have warned the Commission that we would like to use the rural development programme funding in the next period.

George Eustice: I should add that a number of the local enterprise partnerships have been keen to do further work on broadband through the growth programme—obviously they have an element of EAFRD funding. We have been keen to ensure that they have that option.

Neil Parish: As well as rural areas, there are many villages that are still without it.

Q234 Chair: Could you tell us how many people actually applied and how many people were helped when the rural community broadband fund was in place?

George Eustice: There were 110 projects that applied, and 22 were approved. Of those 22, about 17 had quite a strong element of local authority leadership, and a further five were genuine community groups that had moved the plans forward.

Chair: Thank you very much indeed.

Q235 Richard Drax: The broadband innovation fund totals £10 million. How many applicants do you have for that?

George Eustice: Eight were selected, but I am not sure how many applicants we had. We will have to write to the Committee to give you the details.

Richard Drax: Okay, but eight have been selected.

George Eustice: Eight were selected in June.

Q236 Richard Drax: Is this fund aimed at solving the same problem as the rural community broadband fund was aimed at solving?

George Eustice: I would say they are slightly different. The rural community broadband fund was about extending internet access to rural areas, predominantly through fibre and cabinet in pretty much the same way as BDUK does it, so it was about trying to go the extra mile beyond what BDUK would do, with community-led schemes. The innovation fund is slightly different. That's about piloting different types of technology so that we can come up with the right solutions for the final 5%.

Sara Eppel: I would just add this. The rural community broadband fund was announced in 2011. The phase 3 pilots are taking place in 2014, and the technologies have moved on quite considerably in those three years. The technology that we are looking at now would not have existed in 2011, so we weren't looking at the same things at all at that time.

Q237 Richard Drax: What discussions are you having with the DCMS regarding the success of the innovation fund?

George Eustice: As I said, they made the awards for the pilots in June. Those will be carrying out that work in the course of the forthcoming year. We would expect to get the results back from the pilots and the things that they have tried definitely by the end of next year. In terms of the DCMS, obviously we are in regular dialogue with them.

Sara Eppel: Yes, regular contact.

George Eustice: But they made the awards only in June and they are now finalising exactly what those projects—

Q238 Richard Drax: It's early days.

George Eustice: It's too early to assess them at this stage.

Q239 Richard Drax: Will further funding be made available if this new technology is trialled successfully?

George Eustice: The key thing about pilots such as this is that once you have the results, you are hopefully better informed about how you can move things forward. I think it's quite likely that there will not be one single technology that is the answer, but we might find that there are certain things that we can rule out, and we might get a clearer idea about which mix of technologies enables us to get to the final 5%.

Q240 Richard Drax: And to get to that final 5%, I am sure you will battle hard, particularly for rural constituencies such as mine, Mr Parish's and others, so that whatever technology does work, any extra money that is needed will be found to ensure that our constituents get superfast broadband.

George Eustice: Obviously, given that these sorts of decisions will come after the end of next year, there will be a new Parliament, with a new Government of whatever colour, and some of these spending commitments will start to come into the next comprehensive spending review, but I think it's fair to say that we recognise the value of broadband. We have demonstrated that through our investments through BDUK, and of course getting those solutions for the final 5% remains a priority.

Q241 Chair: When will you know whether the revision of the rural development programme will include further support for rural broadband roll-out?

George Eustice: At the moment, we are in the final stages of negotiation with the Commission about the operational programme and exactly what can be included. We are at a reasonably advanced stage on the rural development programme. Quite a lot of the elements around broadband will possibly be more pertinent to the ERDF part of the fund, although Sara might correct me if we can use it through the EAFRD—*[Interruption.]* Right. We can use both. My understanding is that so far in discussions with the Commission, we have reached a broad understanding that it would be okay to include broadband in certain circumstances.

Q242 Chair: Summing up and drawing together the threads that we have heard in the evidence this afternoon, I think that Sara Eppel referred to the spider's web and a network approach, so inevitably the hardest-to-reach areas, of which this Committee is fairly representative, will be last. There will be 18% of my area that doesn't have access to the broadband before March 2015, but if you look at the general funding announcement timeline, you see that there have been slippages. Initially, a broadband speed of 2 mbps was going to be achieved by 2015; now, the target date is 2016 for universal broadband at 2mbps, and the superfast extension project will be done by 2017. You can also look at urban areas. The *Evening Standard* has said that London is 26th out of 33 European capitals. Obviously, when it comes to applying for all the digital services, as I mentioned earlier, provision for rural areas is so patchy, and we are being left behind. We know the terrain is challenging, but how is it that countries like Romania, Lithuania, Latvia and Slovakia are better in urban areas and many of the Scandinavian countries, such as Germany and Austria, seem to be better in rural areas? What are they doing that we are not?

George Eustice: I don't have a great deal of knowledge, so I might ask Sara to come in on the particular point on other European countries. What I would say is that I think we are starting to gain momentum now. In April this year, we were getting about 20,000 premises a week connected to superfast broadband. That has now doubled to—

Q243 Chair: Can we stop using these blanket figures that do not actually relate to rural areas? You are the Minister for farming.

George Eustice: Well, you were asking about urban areas as well, to be fair.

Q244 Chair: Yes, but our farmers are not going to be in a position to tick the box by February. What can you do to front-load and link into rural areas faster? Before you answer, I will ask Mr Parish to interject.

Q245 Neil Parish: On the same point as the Chair, I re-emphasise that you quote 95% coverage, but it is not much good to me to go with that to my constituency, where 91% are not getting it and only 9% are. There is an awful long way to go, so we have to sound much more positive and get it rolled out into those hardest-to-hit areas quicker than we are at the moment. Otherwise, 95% means little to them. You would be laughed out of court.

George Eustice: One issue is how we are trying to extend access to rural areas. I think we have covered that through what I have said about BDUK and the aim to get 95%. We are doing pilots, and there is £10 million to try to get to the final 5%.

Q246 Chair: It is 18% for me, and it is 92% for Mr Parish.

George Eustice: Okay, 18% for your constituency and 92% for Mr Parish's. The point that I was going to make is that none of these things that we are talking about—things happening in 2017 and pilots that will conclude next year—will help farmers submit their single farm payment application next May. I recognise that, and we have recognised that from the beginning. That is why we are making sure that the new CAP—

Q247 Neil Parish: I have accepted your answer on that; that is not the issue. How are you as a Defra Minister, working with BIS and everybody else, going to get this broadband rolled out? It is no good to keep talking about 95% coverage.

Q248 Chair: I would like to hear from Mrs Eppel first, if you would, about other European countries. What is it they are doing? How can we learn? I am perhaps more positive than Mr Drax. What can we learn from them about what they are doing right that we could do?

Sara Eppel: I don't know the answer to that for all other European countries. Different countries have certainly taken a different approach and are not doing it in the same way. They are not doing individual procurements per county, as we have done. In Germany, I believe, they have taken a rural-first approach, so they have done it through a regulatory route, but it is a really different structure from ours, so I am not sure it is directly comparable. It certainly is not at the moment, now that we are already halfway down our roll-out.

On the London point, it is an interesting one, because in the middle of the City of London, you would be hard-pushed to think there is a problem with broadband. I think the reason why London doesn't do so well is that there are areas of London where superfast broadband is not going in. It is often to do with the socio-economic status of the residents, actually, and decisions have been made by the commercial sector at that point. Those are places which would get focus in phase 1 and phase 2, to get infill, because the commercial sector is not going to go into those areas, even though they are still London. But London is very big. If you go out to the M25, you know that there are large areas that are not getting superfast through the commercial roll-out. That is why London shows some of these areas.

Q249 Chair: Minister, do you want to do a concluding wrap-up to answer Mr Parish?

George Eustice: I think we covered it. You take the point about the CAP. We have got to be digital, and we have other things to recognise that we are not going to have 100% broadband coverage, let alone superfast broadband coverage, next year. What we can do—the answer for those very rural areas that are not within the 95% that will get it by the end of 2017—rests on the outcome of the pilots that we are funding that will be taking place next year.

Neil Parish: And you will push the company to deliver that once those pilots are done, will you?

Q250 Richard Drax: Can you assure the Committee and all the farmers around the country that those who are not ready to register in time and cannot for very good reasons are not going to be penalised—potentially losing the European money—putting them in extremely dire straits so that we have a car crash of enormous proportions to try to sort out?

George Eustice: The answer is that it is clearly written in the EU regulations that things have to be submitted by 15 May. That is not a UK rule, but EU regulations that we have and that we wrestle with all the time. We have a maximum of 21 days leeway, during which time they incur penalties.

Q251 Richard Drax: I know that, but if they cannot be done, what are the Government going to do to stop our farmers from being hit extremely hard?

George Eustice: They will be done. The answer to that is: through the digital support centres. We cannot allow the system to fail. I am conscious of that, and it is right at the top of

my list of priorities at the moment. We need to ensure that the system is working, and that from the new year, farmers can start checking their parcels of land, and registering and giving various permissions that they need to agents. We want to develop that so that they can start to add other details such as their cropping plans and environmental focus areas. We want to get farmers and agents on this early and we need to communicate to them that they should get on early. We are now engaging agents so that we get them all online on time and we do not allow this to fail.

We have put a lot of effort into the digital support centre because we recognise that we could face a bit of a crunch at the end, when there is a sudden late rush of people who have not bothered to think about it when they should have been. The digital support centres are there as a kind of safety net and I suspect they will be quite busy in the final weeks of the scheme. We cannot allow the system not to work and we will have a lot of contingency planning to ensure that if, in the final month, there are challenges, we have the right support in place to ensure that we get everything registered in time.

Liam Maxwell: I would suggest that the split of what we have done is rather like many of the digital programmes that we have worked in. The vast majority of people can apply online. That allows us to focus a lot more resource on the people who are having difficulty online. That is why there are a large number of support centres that are able to help people. There is a fantastic call centre that allows people to help set up their claim and get their claim through. As long as somebody wants to make a claim, they will be able to.

Chair: Well, we now have that on the record. I am sure that you realise that we stand prepared to monitor and scrutinise that carefully. Mr Maxwell, Ms Eppel, Minister—thank you very much indeed for once again being prepared to respond to our questions. I am sure that you will await our report with bated breath and we certainly look forward to your response.

