

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

DIGITAL ECONOMY BILL

Fourth Sitting

Tuesday 18 October 2016

CONTENTS

CLAUSES 1 and 2 agreed to.

CLAUSE 3 under consideration when the Committee adjourned till
Thursday 20 October at half-past Eleven o'clock.

Written evidence reported to the House.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 22 October 2016

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The Committee consisted of the following Members:

Chairs: † MR GARY STREETER, GRAHAM STRINGER

- | | |
|---|--|
| † Adams, Nigel (<i>Selby and Ainsty</i>) (Con) | † Mann, Scott (<i>North Cornwall</i>) (Con) |
| † Brennan, Kevin (<i>Cardiff West</i>) (Lab) | † Matheson, Christian (<i>City of Chester</i>) (Lab) |
| † Davies, Mims (<i>Eastleigh</i>) (Con) | † Menzies, Mark (<i>Fylde</i>) (Con) |
| † Debbonaire, Thangam (<i>Bristol West</i>) (Lab) | † Perry, Claire (<i>Devizes</i>) (Con) |
| † Foxcroft, Vicky (<i>Lewisham, Deptford</i>) (Lab) | † Skidmore, Chris (<i>Parliamentary Secretary, Cabinet Office</i>) |
| † Haigh, Louise (<i>Sheffield, Heeley</i>) (Lab) | † Stuart, Graham (<i>Beverley and Holderness</i>) (Con) |
| † Hancock, Matt (<i>Minister for Digital and Culture</i>) | † Sunak, Rishi (<i>Richmond (Yorks)</i>) (Con) |
| † Hendry, Drew (<i>Inverness, Nairn, Badenoch and Strathspey</i>) (SNP) | |
| † Huddleston, Nigel (<i>Mid Worcestershire</i>) (Con) | Marek Kubala, <i>Committee Clerk</i> |
| † Jones, Graham (<i>Hyndburn</i>) (Lab) | |
| † Kerr, Calum (<i>Berwickshire, Roxburgh and Selkirk</i>) (SNP) | † attended the Committee |

Public Bill Committee

Tuesday 18 October 2016

[MR GARY STREETER *in the Chair*]

Digital Economy Bill

9.25 am

The Chair: Colleagues, today we begin line-by-line consideration of the Bill. Before we start, I repeat that Members may, if they wish, remove their jackets during Committee meetings. Will everyone ensure that all electronic devices are turned off or switched to silent mode?

The selection list for today's sitting is available in the room. It shows how selected amendments have been grouped together for debate. Amendments grouped together are generally on the same or similar issues. The Member who has put their name to the leading amendment in a group is called first. Other Members are then free to catch my eye to speak on all or any of the amendments in that group. A Member may speak more than once in a single debate, and I will work on the assumption that the Minister wishes the Committee to reach a decision on all Government amendments.

Please note that decisions on amendments do not take place in the order in which the amendments are debated, but in the order in which they appear on the amendment paper. In other words, debate occurs according to the selection and grouping list, and decisions are taken when we come to the clause that the amendment affects. I hope that explanation is helpful.

We are still waiting for Mr Hancock, but we will continue. I will use my discretion to decide whether to allow a separate stand part debate on individual clauses and schedules following debates on relevant amendments. *[Interruption.]* The Minister has arrived.

Ordered,

That the Order of the Committee of 11 October be amended as follows: in paragraph (1)(c), leave out the words "and 2.00 pm".—
(*Matt Hancock.*)

Kevin Brennan (Cardiff West) (Lab): We have no objection to the change, although I hope the Minister is a bit more punctual in future and takes more note of what the programme motion says, since we are supposed to start at 9.25 am and he has just arrived at 9.27 am.

The Chair: Thank you. This is not a flying start, colleagues. I am sure we can up our game as we move on. There will be no meeting of the Committee this afternoon. The Committee will next meet on Thursday at 11.30 am.

Clause 1

UNIVERSAL SERVICE BROADBAND OBLIGATIONS

Calum Kerr (Berwickshire, Roxburgh and Selkirk) (SNP): I beg to move amendment 56, in clause 1, page 1, line 14, after "the" insert "upload and download".

The Chair: With this it will be convenient to discuss amendment 83, in clause 1, page 1, line 15, after "services" insert "and mobile network coverage".

Calum Kerr: I welcome the opportunity as a new boy in the Bill Committee process to go first. This is the first time I have spoken in this place with my jacket off.

We support the universal service obligation and think it is a positive move, but one of our concerns is the lack of detail on it. The document put out by the Government last week was welcome and provided more context. However, something that is continually missing when talking about speed is that speed is about not just download but upload. We are trying to make that more explicit. The amendment is a small word change, but it is required as we start to recognise what broadband and connectivity is all about. It is more than just the headline speed at which we can download at certain times of the day.

Louise Haigh (Sheffield, Heeley) (Lab): I rise to support amendment 83, which stands in the name of my hon. Friend the Member for Cardiff West and I, and amendment 56, tabled by the hon. Member for Berwickshire, Roxburgh and Selkirk.

All members of the Committee agree that we must do everything we can to ensure that individuals have access to superfast and, soon, ultrafast broadband. It is not only important but, in an ever more connected age, an absolute necessity for both businesses and residences. That is why we support the Government's tacit aim to designate broadband effectively as a utility in the same way that water and energy are classed as a must-have in the modern world.

We will speak later about our concerns about the universal service obligation, but broadly we believe that there is coalition of support for a much more ambitious USO. That is why we were pleased to hear that the USO can be amended in secondary legislation later when it becomes outdated. However, I fear that, by the time it is introduced, it will already be becoming seriously outdated and, indeed, by 2020, it may feel like a relic of a bygone age when superfast and ultrafast broadband, even in rural areas, will be readily accessible. That is the subject of our new clause, which we will consider shortly.

On amendment 56, it is absolutely right to specify upload and download in the Bill. As we have seen all too often, businesses and residences see a particular speed advertised with no correlation between what they can download and upload. For someone with a business and working from home, accessing online services and transferring files to them can take a lot of time if the upload speed is not up to scratch. That is an obvious cost to businesses. It is not merely an irritant, but a loss in pounds and pence, and in productivity to the UK economy.

There is no mention in the Bill of upload speeds in the USO. That leads to a broader problem of lack of ambition throughout the Bill. Factors such as distance from the telephone exchange and other considerations such as old household wiring can slow down speed. That is why the USO, although welcome, will seem extraordinarily dated in just half a decade, when the roll-out of the USO will have been completed and there will be little appetite for providers or the Government to return to those hard-to-reach places for some time.

On tackling upload and download speeds, we would have preferred the USO to be under the superfast designations from the beginning. An example of the impact of superfast roll-out on one small business demonstrates this perfectly. Within the first year of having superfast broadband, the business reported a 30% increase in sales. We should be ambitious for our small businesses. Instead, this USO potentially condemns them to distinctly average speeds for a decade.

Amendment 83 is a probing amendment to test the Government's ambition, which certainly needs to be tested throughout the Bill. It is based on a simple principle. We are at the start of a digital revolution that will transform how we work and how we communicate and interact with one another. Access to water and electricity in the home bookmarked our evolution to a more civilised society, so the essentials of the modern era should be similarly guaranteed. The Bill does that in part for broadband and we strongly believe it should cement further ways to roll out universal or near universal coverage for mobile communication.

We broadly support the changes to clause 2 and the amendments to the electronic communications code. Assisting mobile network operators in some of the challenges facing them is obviously important. That includes access to land and knocking down some of the absurd hurdles they must jump through to make what most people would consider sensible adjustments to infrastructure to update existing technology with little visual impact.

The Bill contains changes to a highly complex piece of legislation, which the industry has been seeking to change for some time. Indeed, the Law Commission commented that the legislation is not one of Parliament's finest efforts. We recognise that. It clearly is not. However, although simplification and amendments to the code are important, there can be little doubt that mobile network operators will receive a substantial boon. That is why this amendment is so important and it is puzzling that the Government did not include it.

Evidence to the Committee suggested that the Bill could reduce the cost of site rental for mobile network operators, which make up a substantial portion of their costs at 40%. With the operators receiving effectively all they have asked for—no one blames them with such a complex and restrictive code—it is clear that our sights must be set firmly on delivery and the Government should not set their ambitions too low. That is what our probing amendment covers and why it is important that, during the passage of the Bill, we receive at least some commitment to improved targets on mobile network coverage.

We are slightly dismayed that the industry will benefit from such a clearly beneficial piece of legislation and that the Government will impose few or no conditions on them beyond what has already been agreed. We are aware that the £5 billion investment and the statutory target were tied to changes to the code, but we are not convinced that the benefits for consumers are greater than the benefits that are being approved for mobile network operators and we would certainly welcome greater reassurance on that from the Minister.

Let us look quickly at the targets set out in the binding agreement in 2014, signed by the then Culture Secretary, the right hon. Member for Bromsgrove (Sajid Javid). They were: guaranteed voice and text coverage

by each operator to 90% of the population and full coverage to 85% by 2017. Currently, only 46% of premises have access to 4G from all mobile network operators and a substantial 7% of the population—1.5 million homes nationwide—do not have basic voice or text coverage across the three networks.

The failed Mobile Infrastructure Project, supposed to reach the final notspots, closed in 2015-16. It had erected only 76 of 100 masts, leaving a substantial number of homes without the prospect of having complete voice and text coverage. Given that 71% of businesses rated mobile network access as “critical” or “very important” to their business we believe that mobile network coverage, as broadband is tacitly designated in this Bill, should also be considered a utility. That is what our probing amendment seeks to test.

Clearly, everyone in the country, if asked, would agree. Businesses that rely on mobile networks, local authorities and individuals that use them to communicate would welcome a right to have mobile network coverage within their place of work or at home. This is extremely achievable but the Opposition are concerned that institutional defensiveness from the major network operators is getting in the way of full or near universal coverage for consumers. More than 99% of residents in the UK have access to 2G or 3G of some kind and 90% have access to 4G of one kind. However, for all operators, the figure drops to just 46%.

The infrastructure is in place and it understandably infuriates people working in an office or at home when their colleagues can get network coverage and access to data services while they cannot. While we recognise the concerns around commercial incentive, surely it is right that, once the current phase of the roll-out is complete and significant gaps in full coverage across all mobile network providers still remain, we at least reconsider the case for national roaming and national infrastructure, as is commonplace on the continent.

We are a relatively small island and it should not be the case that commercial defensiveness makes the aspiration of near universal coverage far from a reality. That is why we will table another new clause relating to this part of the Bill to test it before the whole House. It will establish a review of the roll-out of mobile network coverage, which is a critical piece of infrastructure for businesses, residents, and emergency services. As yet, due to what appears to be institutional wrangling and commercial defensiveness, this coverage is not being extended to the entire population in a way they would expect.

As we know from evidence given to the Committee last week, currently more than 60% of communications towers globally are held in an entity separate from the networks that use them. The review will have to take another look at greater diversity in mobile infrastructure and national roaming in order to deliver a universal service. In countries such as the United States, the figure for independent infrastructure is more like 90%. In the United Kingdom, as the Committee knows, it is more likely that that infrastructure is erected on an economic case for the network and operated for the benefit of the network that makes the investment. That is fine up to a point, in that it undoubtedly encourages competition among network providers in areas where they can receive a substantial return, but it makes

[*Louise Haigh*]

universal network coverage more difficult to achieve when there is 90% of coverage for 4G of some kind, but only 46% for all kinds.

Our review will also look at open data and how, by routinely publishing costs, location of masts, service quality and plans for roll-out, consumers, particularly in rural areas, but also in urban “nearly and notspots” can make better decisions about which network operator to use.

Throughout the Bill, Labour Members will look to the Government to turn the £1 billion concession, however welcome, for the mobile industry into something approaching a near universal service for the country. We should be ambitious about the kind of mobile network coverage we can deliver and not shy away from the challenge.

The Minister for Digital and Culture (Matt Hancock):

It is a pleasure to get going on the Bill proper and to respond to the first amendments. It is undoubtedly true that reliable fast broadband is now seen as the norm and not the nice-to-have—that unites the whole Committee. We are committed to ensuring that everyone can enjoy the benefits of decent broadband connectivity. It was in our manifesto and it is one of the core purposes of the Bill.

Amendment 56 seeks to ensure that the guidance around the characteristics of the connection is in the Bill—for instance, that the USO can include both upload and download speeds. I entirely understand the intent and the clause as drafted is sufficiently flexible to allow for that. The statement of intent that the hon. Member for Berwickshire, Roxburgh and Selkirk referred to, which was shared with the Committee last week, outlines a broad range of factors that need to be considered in designing the USO, including the level of service. That includes not just download and upload speeds, but the appropriateness and level of other parameters such as latency and capacity—and potentially customer service.

Ofcom has been commissioned to provide detailed technical analysis and recommendations to support decision making on the design of the broadband USO. Allowing Ofcom to do that work and ensuring that it is specified in detail is better than putting that on the face of the Bill, because it will allow us precisely to future-proof the design of the USO in the way that the hon. Gentleman demands. The decisions on the scope of the USO, the technical specifications, including download and upload speeds, and any service standards need to be taken in the light of Ofcom’s advice, which is to be provided by the end of this year, before the Bill concludes all its stages.

Amendment 83 seeks to include mobile coverage within the scope of the guidance on the broadband USO. The hon. Member for Sheffield, Heeley made many good points and put them eloquently and powerfully. The position is that the universal service directive, which currently provides the regulatory framework for the broadband USO, is about the provision of a fixed internet connection of an appropriate speed to a fixed location. Depending on who is designated as the universal service provider or providers, and on the specification of the USO, there is scope for the USO connection to be

provided using mobile technology. However, the directive does not require the USO to include mobile geographic coverage.

In any event, as the hon. Lady said, through the use of licence conditions we have delivered on a commitment to near universal mobile coverage. I would question, therefore, whether there is a case for a USO for mobile, because of those commitments. The licence obligations to which the hon. Lady correctly referred are part and parcel of a deal that included the reform to the electronic communications code—so everything that she asks for was covered in that deal. It is precisely because the two are linked that they are fair, both to the industry and, more importantly, to consumers. As she said, the mobile network operator roll-out plans provide for £5 billion of investment, as a result of that deal and commitment.

Christian Matheson (City of Chester) (Lab): When we talk about notspots, we are not just talking about parts of the highlands of Scotland. Indeed, parts of rural Cheshire, just a few miles from Chester, are not covered. Does the Minister honestly think that the deal he is talking about is working well?

Matt Hancock: The deal is to be delivered by the end of 2017. We will hold the MNO’s feet to the fire, because it has a legal and contractual requirement to deliver on that by the end of next year. I know the area of the country that the hon. Member talks about very well—it is where I spent the first 18 years of my life. There are some parts where the mobile signal is no better now than it was back then. In Suffolk this weekend, I found large swathes of my own constituency to be without a mobile signal, so I feel the hon. Gentleman’s pain. That is why delivery on this commitment by the MNOs is so important. The deal as agreed, which is a legally binding commitment, will result in nearly 100% of UK premises receiving 3G/4G data coverage, and 98% coverage to the UK landmass by the end of 2017.

That includes the new emergency services contract, which is being delivered by EE. That has to have a huge spread over the geography of the UK, and the same infrastructure will be available to customers of that provider. The deal sufficiently provides for the demands that were eloquently put by Opposition Front Benchers and, more importantly, clause 10 will enhance Ofcom’s powers to enforce the licence conditions, which we all agree are sensible, against the MNOs.

9.45 am

Calum Kerr: We welcome anything that increases mobile coverage commitments. The Government have done a deal with mobile operators for increased coverage, but the people who will pay for that increased coverage are the local authorities, the Forestry Commission and the landowners—they will suddenly find their rents drop through the floor to nothing. The Government could have revisited the annual licence fees that they collect from the mobile operators and done a deal on that basis, rather than making someone else pay for the increased coverage.

Matt Hancock: The hon. Gentleman leaps ahead to the next clause, and no doubt we will have that debate, but I think it is entirely fair for landowners and those on

whose land the infrastructure is provided to get a similar return on the value of the land to them, rather than on the value once the land has this infrastructure. That is the change that we will be making because, ultimately, we have put in place a deal to get better service for customers, to get more geographic coverage and to reduce the costs of rolling that out, which is the right deal for the country.

As the hon. Member for Sheffield, Heeley calls for exactly what is to be delivered and as there are other clauses in the Bill to ensure that that delivery happens, I hope that the hon. Member for Berwickshire, Roxburgh and Selkirk will withdraw his amendment.

Calum Kerr: I am willing to withdraw the amendment because the document that came out last week provides a level of clarity. There remains a concern that the Bill is light and passes off the detail, which is both an opportunity and disconcerting. This is an opportunity to do something transformational with broadband, but the Bill is not transformational in itself. It will come down to the detail. We were keen to see more specific clarification in the document, but I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Calum Kerr: I beg to move amendment 57, in clause 1, page 2, line 4, at end insert—

“(4A) In subsection (4) after “OFCOM” insert “, the devolved administrations in Scotland, Wales and Northern Ireland,”

The Chair: With this it will be convenient to discuss new clause 10—*Procurement process*—

“(1) The Secretary of State must ensure an open procurement process is held in respect of the allocation of the universal service order.

(2) The Secretary of State must appoint a body to undertake an alternative dispute resolution role to arbitrate in instances of disagreement over designation.”

Calum Kerr: We have discussed the USO and what it could mean, particularly in last week’s evidence sessions, but there is an opportunity to go further. If the USO is simply passed over to BT because it is willing to provide 10 megabits to everybody by 2020, I am afraid that 10 megabits will be the ceiling rather than the floor. We should be considering how we facilitate a USO that empowers communities and devolved Administrations to go further. The Scottish Government have made a commitment to reach 30 megabits over the course of the Parliament, by 2021, and a flexible USO—particularly a voucher scheme, rather than a monetary or contractual agreement with the likes of BT—could help them to deliver.

Through our amendment we seek to ensure proper consultation and the involvement of not only the Scottish Government but all the devolved Administrations. Previous dialogue has been largely tokenistic, so we need to set it out in the Bill and insist that there is proper consultation that empowers the regions of the UK to take the USO as a platform, as a floor of their ambition, rather than as a ceiling.

Louise Haigh: New clause 10 would require the Secretary of State to ensure that there is a completely open procurement process, and an alternative dispute resolution role to arbitrate in instances of disagreement over the designation.

We welcome the Minister’s clarification last Wednesday about the statement of intent in relation to the USO. However, we want to mention—I am sure it will not be the first time in this Committee—how rushed and unsatisfactory the publication of Bill documents has been. Some of the documents that should accompany the Bill are yet to be published. I know from talking to people in the industry that that is their concern as well.

I was pleased to note from the statement of intent that the Minister intends the USO to act as an effective complement to commercial, community and publicly-funded roll-outs of broadband, and that it will not displace any planned roll-out of higher speed broadband. There is an argument that there should be a combination of the USO and Broadband Delivery UK to fulfil the last 5%, given that the work of BDUK is still ongoing.

The industry has raised concerns that a USO could risk distorting the UK’s broadband market and potentially hamper the goal of universally available good quality broadband access, if it is not designed in the right way, with the industry and consumers in mind. I note what the Minister said earlier about Ofcom’s being better situated for future-proofing, and I agree. I will discuss that on clause 1 stand part if that is acceptable, Mr Streeter. It is important that there should be parliamentary scrutiny of Ofcom’s role in the consultation.

The USO should not displace any planned roll-out of higher speed broadband. I mentioned the industry’s concerns that it could distort the UK broadband market. If it is done badly, there is a risk that it will undermine commercial investment, in hard-to-reach areas where industry is able profitably to deliver good quality broadband at competitive prices, or by passing on to existing users any rising costs that come about as a result of the USO.

For example, TechUK has argued that the Government should strictly limit the USO to the most remote areas of the UK. Failure to limit the availability of a USO tightly means there is a risk that commercial investment will be diverted, and that there will be wasteful intervention. It is suggested that urban areas, and any rural areas where there is a prospect of market investment, should be explicitly excluded from the USO. It would be helpful to hear the Minister’s thoughts on that and on how Ofcom will take forward the consultation.

Furthermore, satellite connectivity should be considered in scope for the most remote households. It is already available to virtually all households in the UK, and it can be the most cost-effective route to providing superfast broadband. Essentially, we believe—and I hope that this is the Government’s intention—that the USO should be seen as a safety net to prevent social exclusion, facilitate access to online public services, and encourage social and economic development.

The question is whether we need a more transparent and competitive regime for that to happen. Smaller providers are currently put off, because they do not know whether BT currently has plans for, or is working in, any place at any given time. There are allegations from other players in the industry that when smaller providers move into areas where BT is not investing or working, it swoops in, purely to crowd out the competition.

The Government’s statement of intent cites thinkbroadband estimates that suggest about 4% of premises are unable to receive speeds above 10 megabits per second. That really should be open data available to

[*Louise Haigh*]

the public and all service providers. We clearly need to know where the assets are, who can do the work and where the cabinets are. There should be a register that contains all that information and is available to make the market more competitive and efficient.

For the process to be trusted, transparent and fair, all the information should be in the open and part of the procurement process, allowing as many providers as possible to participate to ensure that the playing field is as level as possible. It was therefore also welcome that the Government's statement of intent included consideration of different types of providers, such as regional providers and smaller ones using innovative technologies.

Clearly, it was less than desirable that the BDUK process ended up with only one contractor. We do not believe that we can lay the blame for that entirely on the design of the contracting process, but we think that much greater care needs to be given in the future to ensuring that a richer diversity of providers is catered for in the process.

We should also ensure that the Government are not effectively blackmailed by providers to protect their market position. The mess-up around the procurement process for the roll-out of the broadband framework in 2012 left BT as the only supplier, after Fujitsu pulled out. That was condemned by the Public Accounts Committee for failing to deliver meaningful competition or value for money.

It is also important that the Government consider different tenders for the different problems we are faced with in the last few per cent. For example, we could have one contractor for the rural areas and another for the inner-city areas, as they obviously present different challenges. We could do with some further clarity from the Minister on that.

The amendment is merely designed to be probing. Does the Minister genuinely envisage that anyone other than BT will implement the universal service obligation? How will the tender process be designed? Given the Government's commitment to encouraging SMEs and community providers to tender, will the likes of Broadband for the Rural North be considered? If the Minister can provide some clarity on that either now or later in writing, I will not press the new clause to a vote.

Matt Hancock: I will try to respond to all the points as briefly as I can, because the hon. Lady in particular raised a huge number of pertinent points. The two Front Bench teams are very much on the same side on this matter, so I want to give her the reassurance I can, but as quickly as I can, given that she asked a huge number of very good questions.

First, amendment 57 is about ensuring that devolved Administrations are consulted. Section 65(4) of the Communications Act 2003 already imposes a requirement to consult with Ofcom and other such persons as the Secretary of State considers appropriate. Since the broadband USO is an extremely important consumer measure that will benefit all parts of the United Kingdom, I cannot conceive of a situation where the devolved Administrations would not be consulted as plans to introduce a broadband USO are put in place, so I do

not think the amendment is necessary. We would expect wide and extensive consultation across a wide cross-section of stakeholders.

We will consult on proposals for secondary legislation once we have considered Ofcom's report. The second consultation will cover the detail of the USO and provide an opportunity to comment on the design of the USO and how it is implemented. I hope that that takes into account the concerns of the hon. Member for Berwickshire, Roxburgh and Selkirk.

New clause 10 would require the Secretary of State to ensure that there is an open procurement process for the designation of universal service providers. Again, that is covered under section 66 of the 2003 Act, which enables Ofcom to set out the procedure for designation in regulations and requires that the procedure

"be efficient, objective and transparent; and...not to involve, or to tend to give rise to, any undue discrimination against any person".

I think that addresses the concerns as directly set out in the new clause.

It was music to my ears to hear a Labour Front Bench talk about the need for a competitive regime, which clearly puts her at odds with her leadership. I agree in principle that the USO is designed as a safety net. Some people want much greater broadband speeds and connectivity, and it is not unreasonable for people to pay if they want very high connectivity speeds, but we believe there is a public service in having a universal service so that everyone is given the opportunity to have decent connectivity on which to live their lives. As the hon. Lady said, that could involve communicating with the Government, which is increasingly done online, or engaging in communications around healthcare and basic banking, and 10 megabits per second allows for that.

The hon. Lady mentioned satellite technology. Satellite is in scope—in fact, all technologies are in scope. The legislation is purposely designed to be technology blind. What people care about is connectivity. The technology is for the implementation, the policy makers and the engineers. Citizens care about how good, reliable and quick their connectivity is.

The hon. Lady made one error and I want to bring her up to speed. It is not true that there is just one contract in BDUK. Its open competitions have now been won by BT, Gigaclear, Call Flow Solutions, Airband, UK Broadband and Cotswolds Broadband. There has been progress since the Public Accounts Committee report that she mentioned and a whole plethora of providers have now successfully bid into the BDUK contracts.

Louise Haigh: I am aware that in phase 2 other providers have been successful in tendering, but in phase 1, as the Minister is well aware, there were problems and Fujitsu pulled out, leaving BT as the only contractor. That is why our new clause goes further than the law currently enables Ofcom to go, by ensuring the appointment of a body to undertake an alternative dispute resolution role, so that we can learn the lessons from BDUK. I appreciate that the Minister may not be able to commit to that today, but will he at least take it away and consider it for the USO?

10 am

Matt Hancock: I think that those lessons were learned about three or four years ago, so I do not think that the new clause is needed. That is why, in the second phase of the BDUK contracts, we managed to succeed in getting six different providers to bid successfully, precisely because we learned the lessons from what I agree was an unsatisfactory outcome of the first contract. So the hon. Lady is right; it is just that I think that that work has been done and so it is not necessary to legislate on it.

The hon. Lady also made the point about open data on where cabinets have been put in place and part-fibre broadband or superfast broadband has been delivered. BT has given me a commitment that it will make those data openly available. I have yet to see them, but I look forward very much to their being made public very soon; I was given that commitment some weeks ago by BT and I am surprised that they are not yet public. I will take that up with BT immediately after this—I wonder whether it might have heard what I have just said.

Given those assurances both on consultation with the devolved Administrations and on delivery of a competitive regime, with distortions to competition taken into account by Ofcom, I hope that hon. Members will withdraw or not press the amendments.

Calum Kerr: I thank the Minister for his words and I take on board his comments, but I will not withdraw the amendment. The challenge is the degree to which consultation is effective and actually feeds into the process. I know from personal experience, having met Ofcom and spoken to the Scottish Government, that much of the engagement to date between the Scottish Government and Ofcom on areas such as the USO has been tokenistic. It needs to go much further.

I have myself facilitated a workshop with the Scottish Government, the Scottish Futures Trust and Ofcom. Sharon White has met Fergus Ewing, the Minister responsible for these matters in Scotland. I think that we have to be far more explicit in legislation, because that will ensure not just a tokenistic consultation but proper engagement in the process so that in areas where the Scottish Government have set a higher target—30 megabits, superfast, for 100% of the Scottish population—the USO is designed in a way that supports and helps that. If it is done in a UK-wide, pragmatic sense, that will not help, so I will press the amendment to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 8, Noes 9.

Division No. 1]

AYES

Brennan, Kevin	Hendry, Drew
Debbonaire, Thangam	Jones, Graham
Foxcroft, Vicky	Kerr, Calum
Haigh, Louise	Matheson, Christian

NOES

Davies, Mims	Perry, Claire
Hancock, rh Matt	Skidmore, Chris
Huddleston, Nigel	Stuart, Graham
Mann, Scott	Sunak, Rishi
Menzies, Mark	

Question accordingly negated.

Calum Kerr: I beg to move amendment 58, in clause 1, page 2, line 13, leave out “The Secretary of State may” and insert—

“Within 12 months of this Act coming into force, the Secretary of State shall”.

The Chair: With this, it will be convenient to discuss the following: amendment 59, in clause 1, page 2, line 16, at end insert—

“(1A) The report shall consider the comparative costs of introducing the universal service order in rural and urban areas, and identify measures to ensure costs in rural areas are not disproportionately higher than in urban areas.”

Amendment 82, in clause 1, page 2, line 21, at end insert—

“72B Universal service order: annual report

(1) The Secretary of State must lay before each House of Parliament an annual report about the implementation of the universal service order for all areas pursuant to the provisions of this Act.

(2) The annual report must include information on—

- the number of premises that have been supplied with the minimum download speed as specified in the USO secondary legislation
- the number of premises that have been required to cover some of the cost of connection,
- of the premises in (b) the average cost of connection per premises covered by residents, disaggregated by local authority area,
- the number of premises that have chosen not to be connected via the universal service order after being provided with an estimate, and
- the amount of time on average it takes to provide an estimate and connect a premise, disaggregated by local authority area.

(3) The annual report must be laid before each House of Parliament as soon as practicable after 31 March each year.”

New clause 9—*Review of broadband delivery UK*—

“(1) The Secretary of State shall commission an independent evaluation of the delivery of superfast broadband by Broadband Delivery UK.

(2) The evaluation under subsection (1) shall consider—

- The financial impact on customers of a single provider delivering superfast broadband;
- Value-for-money for the taxpayer, and
- Competition in the delivery of superfast broadband.

(3) The Secretary of State shall lay the report of the review before each House of Parliament by 1 July 2018.”

Calum Kerr: That Division was rather exciting; it woke everybody up and got them away from their iPhones and iPads.

Inevitably, the focus of this first part of the Bill is on the USO, trying to make it fit for purpose and ensuring that we get the outcome that I believe we all want: better connectivity all across the country.

Amendments 58 and 59 would put into the Bill something ensuring a proper evaluation of how this USO is implemented and how it is borne out. There is a real concern that, as I have heard, the USO could follow similar lines to the telephony USO. If we remember what the telephony USO is, people have the right to demand a phone line up to a certain cost; I think it is £3,400, but I stand to be corrected if that is wrong. Thereafter, they pay the difference.

[Calum Kerr]

If we really mean universal broadband, what we must not have is a scenario whereby, although there is a USO, people in rural areas still end up paying more for a lesser service, which is what we have today. I am sure that we have all had complaints from constituents that, “I pay the same amount per month as someone else in an urban area for an on-the-surface 10 meg service, but I get only 1.5 or 2 meg.”

Let us accept that that is the reality on the ground—that people pay different amounts for different levels of service—but let us also put something in the Bill that actually means that stock is taken and a review is conducted. It should seek to ensure that in the future such problems do not happen and that people in rural areas—in fact, any people with a poor broadband service—get a fair speed with a fair price and all the other measures that the Government are introducing, as a result of the USO.

I should say at this point that we also support amendment 82, which puts rather more meat on those bones that I have just outlined.

Louise Haigh: We have had quite an exciting start to the Committee. The Minister turned up late; one Government Member went astray; and we nearly had a Government rebellion from the new PPS in the voting. [Laughter.] I hope that we continue in this vein. I also hope that the Minister is sensitive with his brand new PPS; I hope that she is not up for the chop this early in their relationship.

I will speak to amendment 82 and new clause 9, which would place a requirement on the Secretary of State to lay an annual report before Parliament on progress of the USO and to commission an independent review of the progress of BDUK respectively. As we have said, we very much welcome the USO. It could be somewhat more ambitious and it should extend to mobile, but we believe that it is an important step in the right direction. The purpose of these amendments is for Parliament to be kept abreast of progress, both on the USO and on the continued roll-out by BDUK.

Clearly, there have been issues with the roll-out of BDUK, not least the fact that, as we have just discussed, BT was the sole beneficiary of the contract in phase 1. If we are to avoid a repeat of that, we need to ensure not only that the procurement process is right but that Parliament takes a proper oversight role in assessing the performance and whether it is on target.

For example, we heard on multiple occasions last week about the problems around the fact that business parks have not been connected to superfast broadband, let alone ultrafast broadband. Similarly, we have heard of issues around local authorities being threatened with legal action should they so much as discuss procurement with a supplier other than the official one.

MPs’ mailbags are full of correspondence on issues about Openreach and about broadband more generally, so it is only right that they should have full disclosure on progress on an annual basis.

The first phase of the procurement process for BDUK included a mandatory requirement for copper local loop access rather than fibre, which meant old and outdated technology was being used and paid for with

taxpayers’ money, entrenching the problems with existing infrastructure and holding back the future-proofing of the network.

There was also a requirement in that procurement process for the use of open access networks, which are the slowest option available, as opposed to local access networks which are much faster. It is good to see Ofcom consulting on the design of the USO over the next couple of months, and I am sure that they will learn from these mistakes. It is vital that this process is as transparent as possible, to ensure the best structure and outcome for consumers across the country.

On Second Reading the Minister called on Members to promote the take-up of broadband in areas where BDUK is providing access to broadband, so that local communities could benefit from the gainshare. That is absolutely right, and I am confident that relevant Members will be doing just that, but what are the Government doing to promote this? Are they, for example, paying for advertising and promotional materials? Is the Minister confident that access is the same as capacity, and that there is sufficient capacity in the cabinets in those areas where BDUK has been rolled out to allow take-up?

A very compelling case was put forward on Second Reading by the hon. Member for North Swindon, who described the problems he had with his local council and the lack of availability for his constituents even after BT had ticked all the boxes in that area under the BDUK contract. It seems to us that common sense dictates that BDUK should be measured on take-up rather than simply access to broadband. This is so that areas can be assured of their return from the gainshare, and also so that we can be absolutely sure that residents are able to use the broadband in practice rather than having access to it only in theory.

It is also important that we have a review of the progress of BDUK to consider whether they should be given any further direction or powers in relation to accessing land or infrastructure, for example. The statement of intent published last week references the question of how often, and on what basis, a USO may need to be reviewed. Again, we would have liked to see that in the Bill. I hope we can have clarity from the Minister on that because, as we all know, the minimum speed and quality of access that we all require are travelling in one direction only and at an exponential rate. It is difficult to imagine that 10 megabits will still be considered acceptable in 2020, let alone 2025, given that superfast is now defined as 24 megabits. The European Commission is hoping to set a new target for broadband and mobile coverage, which will aim to ensure that all European households can get a minimum internet download speed of 100 megabits per second by 2025.

The existing digital agenda for Europe programme currently seeks to ensure that every home in the EU can access a 30 megabits-plus capable, next generation access, superfast broadband connection, with 50% subscribed to a 100 megabits-plus service by the year 2020. At present it is widely expected that BT’s commercial G.fast roll-out, which will commence from next summer, and Virgin Media’s ongoing cable network expansion should bring broadband speeds of around 100 to 300 megabits to most of the UK, around 60% to 70%.

Calum Kerr: The hon. Lady is making some excellent points. The EU, which has apparently been holding us back for so long, is now leaving us behind as they run

off to 100 megabits by 2025 while we set our ambition at 10 megabits by 2020. That is an excellent point. It comes back to the critical importance of how this USO is designed. Simply allowing BT to continue with more of the same, stretching their copper assets further, is not going to hit the long-term vision that is required. That is what this Government need to do. They need to set a target for fibre. I hope that when the Minister speaks tomorrow morning at the broadband convention he will say more about that, because we need to show far more ambition.

The Chair: Order. I remind all colleagues that interventions should be short.

Louise Haigh: I absolutely agree with the hon. Member for Berwickshire, Roxburgh and Selkirk. Several issues relating to our withdrawal from the European Union will affect not only the measures in the Bill—particularly on spectrum divergence—but the UK digital economy as a whole. I know that the industry is extremely concerned about the implications of Brexit.

BT has also promised to extend G.fast to most UK homes by 2025, but this is unlikely to push the overall coverage figure much beyond 60% to 70% as by then Virgin Media will have already been able to deliver into much of the same areas. That goes to the point made by the hon. Gentleman, because it leaves the final third who are still out of the loop. On top of that, 5G-based mobile broadband should also be able to deliver 100 megabits-plus, and that will play a role, although mobile performance is notoriously variable and delivers much slower speeds outside urban areas. Once again, the challenge will be to bring ultrafast speeds to the final third, which would probably require a repeat of the Broadband Delivery UK programme, albeit with G.fast instead of VDSL as the main technology, and another round of public funding. That is why we need those commitments to fibre and other technologies. The former Digital Economy Minister has already hinted at that.

10.15 am

We must review the progress of the USO on at least an annual basis, hence amendment 82, which sets in stone how often the USO should be reviewed by Ofcom to ensure that those who rely solely on the USO will not be left behind while the rest of the country develops faster broadband and mobile coverage. It is right that the minimum service level is set in secondary legislation so that it can be easily amended as and when necessary, but we must know how the USO is to be reviewed and how Parliament and consumers will be involved in that process, rather than an arbitrary target being set that is convenient for Government and providers.

It is good to see that the Government will be consulting on proposals for secondary legislation once Ofcom has reported, including on the detail of the USO and its design and implementation. It would also be helpful to know who the Government intend to consult. Will it be a full public consultation in the usual timeframes or will it be with Government-appointed consultees?

Given that at this stage we are being asked to vote based on very little detail, we should have the opportunity to hear from the Minister annually about the progress of roll-out and how on target that is. Hon. Members of all parties will have an interest and will want to be kept

updated, not least because the Government have had to revise the target dates for several of their broadband commitments a number of times. The original date of completion for universal access to 2 megabits was 2012, but the coalition Government changed that to 2015 and later revised it to 2016.

On superfast, there has been a similar history of delay and missed milestones. The Government had originally targeted 2015, but revised the target to 90% of homes by December 2016 and then altered it to 95% of premises by 2017. It will not now be fully delivered until 2022. Labour left office with fully costed plans for universal broadband access by 2012, something that has still not been achieved by this Government. Five million people still do not have broadband, thanks to the Government's bungling procurement and lack of vision for a competitive, future-proofed digital infrastructure. It is only reasonable that the Minister reports to the House on an annual basis on the progress made on the very laudable USO and the continued roll-out of BDUK.

Christian Matheson: It is a great pleasure to see you in the chair this morning, Mr Streeter. May I also say what a pleasure it is to see the Minister for Digital and Culture. I think it is the first time we have served together. He is of course a Cheshire man like me, and we are all very proud of him in Cheshire. Indeed, when I met headmaster Chris Ramsay of King's school recently, he asked me to urge the right hon. Gentleman to come back and visit his alma mater. I encourage him to do so, though he might not want to do any political campaigning while he is there.

I rise in support of amendment 82 in the name of my hon. Friend the Member for Sheffield, Heeley. It is absolutely right that what is becoming a piece of essential national infrastructure, and one which is developing all the time, should come under the purview of Parliament. My view on the roll-out of broadband, which is not shared by all hon. Members, is that BT has done a very good job of getting a decent proportion of the country up to a decent standard fairly quickly, using existing infrastructure. However, as we have seen, the continued reliance on copper local links can hold back the development of that infrastructure. There has been very little scrutiny of that infrastructure development in Parliament. It is good to see my fellow members of the Select Committee on Culture, Media and Sport, the hon. Members for Mid Worcestershire and for Selby and Ainsty, in this Committee. Our Select Committee's report was one of the few areas where Parliament has been able to scrutinise the development of broadband, and scrutinise we did, strictly and fairly, as I am sure the hon. Gentlemen would agree.

Calum Kerr: I feel somewhat left out because the hon. Gentleman does not know where I went to school, but never mind. He is making an excellent speech on this whole area of BT and its contract. I agree with him. It is very easy to kick BT, but it is delivering on its contract and what it has been asked to do. Does he agree with me, though, that as we set a 10 megabits objective, it is important also to consider the future, because if BT continues to sweat copper assets we are going to come unstuck at some point. Simply going for now and not thinking about tomorrow is too short-sighted and it is catching up with us already.

Christian Matheson: I absolutely agree with that suggestion. BT has used copper assets well to manage to get a large proportion of the country up to a decent standard quickly. The Minister made a good point in the evidence sessions when he challenged the BT director of strategy on the number of premises that were connected to fibre, by suggesting that in fact those premises were all connected not by fibre, but by copper loop to a box that was connected by fibre. The Minister was absolutely right to make that proposal. My hon. Friend the Member for Sheffield, Heeley made an extremely valuable point about the controversies that continue within the telecoms industry. It is not an industry that sits comfortably with itself; everyone seems to be at each other's throats. There is competition, there is healthy competition and there are outright dog-eat-dog hostilities. I wonder whether they fight too much among themselves and take their eyes off the ball when it comes to serving the consumer. A proper, annual parliamentary process that can focus the attention of the industry, as well as of Ministers, and give Parliament the chance to consider how this important and critical piece of national infrastructure is rolling out would be extremely valuable. To quote the Minister, it would hold the industry's feet to the fire annually.

The hon. Member for Berwickshire, Roxburgh and Selkirk is right: we should not be limiting our ambition. The amendment proposes an annual review to see how far we can take our ambition in the forthcoming period. I hope to see—as the hon. Gentleman suggests—a roll-out of fibre to premises as the baseline standard in coming years. The one concern I have about the industry, which the amendment touches on, is that we will be driving forward with higher capacity and capability standards across 80% of the country, but those areas that are currently notspots will remain notspots. I hope that will be covered by other parts of the Bill, and that the Minister will address that. This amendment, though, will focus the attention of the industry on delivery by requiring it to report annually to Parliament via Ministers and via Ofcom. We can see who is delivering and who is not, and why not. It is an excellent amendment, and I am pleased to support my hon. Friend.

Claire Perry (Devizes) (Con): I sympathise with many of the things that the hon. Member for the City of Chester has said. I cannot promise that I will not visit during a political campaign, because it is a seat I would like to see returned to the fold, despite his good efforts.

While I understand the spirit in which amendment 82 and new clause 9 have been tabled, I reject their premise. We heard clearly in the evidence sessions what is wrong with the Government—and, indeed, one provider—trying to over-specify and push out a solution. I know from my own constituency that, although there has been decent progress, it has not gone far enough—I absolutely agree with the hon. Gentleman on that. There are specific communities—for instance Shalbourne, a beautiful village—where there are insoluble notspots. These houses seem unable to be connected to the exchange because they connect to a Hampshire exchange, not a Wiltshire one, so all the good work Wiltshire council has done putting in local taxpayers' money and working with BT Openreach is of no benefit whatsoever to those constituents. In Worton, where we actually had the discussion with BT, there is a dividing line right down a street: some houses

are connected and some are not. We all know that that is increasingly very bad for house prices and really does affect people's mindset when they move into the constituency. In my area, the Lydeaway business park, which includes a very fine farm shop and other small businesses, is desperate to get better broadband connectivity, but we cannot seem to get it.

We heard from TalkTalk and other witnesses that the job is not to specify what the solution should look like and have lots of arduous burdens on Government to report back, but to empower consumers to say, "Let's go out and talk to Gigaclear." Or we could look at what has been done in a part of Cumbria, represented by one of my hon. Friends, where communities have come together, worked with farmers to waive fees for crossing land and come up with a community-led solution.

Empowering consumers, as the Bill will do, would enable them to demand a legal right to a decent level of broadband connectivity. I accept that 10 megabits per second is an aspiration for many premises already—they do not get anything like it—and I completely accept the point that that may not be enough in future.

We also heard in the witness sessions that technology in terms of compressing more and more data and information down existing fibre or copper is improving all the time. It might actually be sufficient for some families. I have managed to upgrade with the cabinet in Upavon to about 15 down and 10 up. It is nowhere near enough when all the kids are home and they are on Netflix and other things but it is not bad. If I yell at them loudly enough to get off the wi-fi, I can actually get my constituency work done, albeit from home.

I contrast that with what it was like before when, if the hamsters pedalled fast enough, I might have been able to send one email an hour. It is a massive improvement to productivity in the Perry household.

Calum Kerr: I hope the hon. Lady would not yell at me to get off the wi-fi. She is making some good points but I would try to draw her back to the substance of the amendments. There is no focus on technology. We want to ensure that the USO is delivering for all our constituents. All we want is a review to monitor progress and ensure that the design is fit for purpose. It is not about technology so I urge the hon. Lady to think again.

Claire Perry: I accept the spirit of what the hon. Gentleman is saying, but I did sit until recently on the inter-ministerial Committee looking at how to upgrade the digital services right across the country.

It is clear that Ofcom is taking its responsibilities very seriously, both to report on the number of premises that are connected and to tighten up on some of the issues where broadband companies advertise the maximum speed a customer might ever get if connected rather than the average speed. Ofcom is a very good regulator under Ms White's chairmanship and it is absolutely stepping up to the plate.

I am afraid that I cannot support the amendment or the new clause because they are stuck in the past, looking at how we push out a good solution rather than empowering consumers to pull through the best solution that works for them. That solution might look very different in my constituency of Devizes from how it might in Cheshire or the highlands of Scotland. We have

made decent progress but it is not far enough. I applaud the Government for bringing forward both the USO as an underlying obligation and the flexibility to amend that as technology changes.

Thangam Debbonaire (Bristol West) (Lab): I rise to support the amendments under discussion and thank my hon. Friend the Member for Sheffield, Heeley for an excellent speech and for leading the debate, particularly on amendment 82.

I want to ask this of the Committee. Do we want to be ambitious? For me, this is about ambition. Do we want an economy that has the nuts and bolts, the things we require, to make it fit for the 21st century and the challenges it is already throwing up? Do we want our tech and creative industries, such as those that operate in my constituency of Bristol West, to be able to perform their functions, or do we want them to move away?

Nigel Huddleston (Mid Worcestershire) (Con): I hope the hon. Lady does not mean to talk down the UK digital success story of 12.4% of GDP. I am sure she is aware that that is the largest in the G20 and compares with a European average of just 5.7%. We need to keep the progress going but we already have huge achievements, have we not?

Thangam Debbonaire: Yes, of course, I agree but I do not want that to slow down. I am ambitious because of that record and want it to continue, if possible, at an exponential rate of growth. Having such a low level of ambition in the USO will, I think, hold back the success stories that the hon. Gentleman so rightly talks about and that I have in my constituency. The medical and university sectors and researchers throughout industry all say to me that the issue is both upload and download speeds, as well as ensuring that they can compete with their competitors in Europe and beyond. As my hon. Friend the Member for Sheffield, Heeley said, the European ambition is for 100 megabits per second—10 megabits is just a fraction of that.

10.30 am

Amendment 82 would ensure that we assess whether we are meeting our obligation and, if possible, going beyond it. It would be wonderful if the assessments were carried out and it was found that we were exceeding the USO, but we will not know unless there is a requirement to assess, so the annual report that my hon. Friend has requested is a good plan. I disagree with the hon. Member for Devizes, although I know her constituency well. I would like there to be a push factor for her constituency as well as a pull factor. Yes, constituents will want to make their own choices, but if good, high-quality reports are laid before Parliament, we parliamentarians will be able to support our constituents and they will be helped to make good choices.

Claire Perry: If the hon. Lady knows my beautiful constituency, she is always welcome to come and have a cup of coffee and admire it. The last time it was anything other than Conservative was 1921, so she is welcome to visit but not to campaign. Surely she, like me, welcomes Wiltshire Council's commitment of taxpayers' money to the programme and the fact that 91% of

premises have now been passed by the BT programme. We are not there yet, but we have made enormous progress.

The Chair: Although the Committee is going really well and everyone is doing great, we are now straying slightly into Second Reading territory. Let us keep our comments focused on the amendments and new clause in hand and we will all get along swimmingly.

Thangam Debbonaire: Thank you, Mr Streeter. I do not have much else to say, but I say to the hon. Lady that I do indeed know her constituency well because one of my sisters was born in Devizes. She mentions 91% and Wiltshire Council's excellent commitment, but what about the other 9%?

Before I sit down, I refer briefly to what Vodafone's Paul Morris said in one of the oral evidence sessions last week. He said:

"I do not think that 10 megabits is enough for most small businesses".—[*Official Report, Digital Economy Public Bill Committee, 11 October 2016; c. 16, Q26.*]

If it is not enough—if a telecoms provider acknowledges that it is not enough, and if tech companies in the creative industries and others in my constituency are telling me that it is not enough—I do not understand what would be so wrong with having an annual report to measure how we are doing. I thank you for allowing me the time to make that point, Mr Streeter, and I commend the amendment to the Committee.

Nigel Adams (Selby and Ainsty) (Con): Before I make a brief remark, I draw the Committee's attention to my entry in the Register of Members' Financial Interests.

I fully support the spirit of the amendments and new clause, but I am not entirely sure whether the Committee should support it. Surely it is the Culture, Media and Sport Committee's job to hold BDUK and the Department to account for their progress. I told you I would be brief, Mr Streeter.

Matt Hancock: We have had support of spirit throughout this sitting. The amendments and the new clause are all about reviews of and reports on progress. I have reviewed my broadband this weekend, and I can report that while I was looking at myself discussing the importance of broadband in East Anglia on a local TV programme, I was actually under my desk because my broadband went down. I know how frustrating it is when one's broadband goes wrong. I am very grateful to the BT engineers who are working to fix it right now. That is my report.

The best comment was made by my hon. Friend the Member for Selby and Ainsty about the Select Committee. Reports and reviews are important, but the Select Committee is there to ensure that Parliament has its say. More than that, as Ofcom carries out its consultations, it will of course report on progress.

I wish to pick up on a few of the comments that were made. The hon. Member for City of Chester, which is a great city and the city of my birth—the Bill is all about connectivity and we have been making all sorts of connections in this sitting—made the argument very strongly for the importance of not only getting better

[*Matt Hancock*]

connectivity, but describing it right. I will have no truck with people who say they are providing a fibre solution when, in fact, it is a part-fibre solution. Fibre-to-the-cabinet is not fibre and anybody who says so is taking people for fools. We should talk about fibre when we mean a full fibre connection that goes all the way from the fibre backbone into the premises. Anything short of that is merely part-fibre.

That point demonstrated some of the confusion from Opposition Front Benchers and shows why it is so important to get these things right, instead of just calling for a report when that is already going to happen. The hon. Member for Sheffield, Heeley called for use of G.fast, which is an important interim technology. However, she then said, “and therefore, it is important we have more fibre.” G.fast is not a fibre technology; it is a copper-based technology. While it is important and useful interim technology that will undoubtedly increase speeds, it is not full fibre.

Calum Kerr: The Minister is slightly taking liberties there. The reality is that G.fast is distance-constrained to about 300 to 400 metres, so fibre will have to be pushed much further. I am sure that the hon. Member for Sheffield, Heeley is aware of that. It comes back to the same principles: we need more ambition and we need to push fibre further. Yes, G.fast will have a place, but it will not fix my or my colleagues’ rural challenges.

Matt Hancock: Exactly, absolutely right. We are seeing the long-feared Labour-SNP alliance in action. The hon. Gentleman is right that G.fast is a useful technology but it is not a full fibre technology and is, by physics, distance-constrained, although BT continues to do important work on driving as much delivery out of copper as possible.

There is one other point that it is important for the Committee to consider: there was a simultaneous call from the Opposition for the statement of intent to be included in the Bill and for there to be flexibility in the speed of the USO. These two things are inconsistent; it takes time to change primary legislation. It is incredibly important that we can revise the USO potentially—and hopefully—upwards. It is wrong to set a USO speed now for several years hence. I think we agree on that. We should not, therefore, put the speed on the face of the Bill.

The Scottish Government have said they want 30 megabits per second by 2021. We, of course, want the USO before then and we want the speed to reflect the reality of the time. Demands are increasing very quickly, so I would not want to put a figure on it for five years hence, as the Scottish Government have done. That is a mistake and it is far better to do it as we are planning in this Bill.

Louise Haigh: The Minister is slightly misinterpreting what I said, which is particularly cruel given that I have only been a week in the job. I did not say G.fast was equivalent to fibre. I said that BT would be pushing it out to 60% to 70% and that was why we need much

more ambitious targets from the Government on fibre for that final third, in order to deliver coverage for the entire UK.

With regard to the statement of intent, I have said several times that we support its being in secondary legislation, but we want to see elements of it, including the design of the USO, the procurement process and review, to be in the Bill, to avoid being asked to vote blindly on details we do not yet have.

Matt Hancock: I am delighted to have that clarification. I am also glad that the hon. Lady welcomed the fact that Ofcom is doing the consultation, which is necessary before we can put those details in place. The way the provisions are structured in the Bill is the right way to proceed.

In ensuring that we get the best possible broadband connectivity, we must make sure that we have both a vision of the future with high-speed and superfast—and then ultrafast—connectivity, and flexibility to get there in the most cost-efficient way possible. That unites the Committee in purpose, and the Bill as it stands provides for it.

Finally, following the mention of the Labour Government by the Opposition, I will not rise to any partisan points other than to note that in 2003, the then Labour Government legislated to set a USO. They set the USO in stone in legislation and instead of including a review clause, they set it at 28 kilobits per second. Let that be a lesson to anyone who wants to put more on the face of the Bill. It is far better to ensure that we can constantly keep pace with technology, as the Bill does.

Calum Kerr: I am enjoying this; the debate is getting a little more spirited. I hope that some Government Committee members will vote the wrong way for their party and the right way for the people of this country and their connectivity. We are not advocating that a figure is put in the Bill. At no point have we suggested that. We have been advocating greater ambition and a desire to ensure that the USO is designed and rolled out to meet the demands of our constituents and the expectations of the country. Unless the Minister or anyone else can tell me that this place is particularly good at doing perfect legislation that always gets the desired outcome, it seems eminently sensible that we put in place a review process. On that basis, I am happy to withdraw the amendment and instead support amendment 82.

The Chair: Does the hon. Lady wish to say anything more about the amendments?

Louise Haigh: We have heard support for the spirit of the amendment and for the Select Committee to review the progress of the USO. The amendment certainly does not specify to which element of Parliament the report should go. We would be satisfied with progress being reported to the Select Committee. Government Committee members will be interested in, and their mailbags will be full of concerns on the progress of the USO, so they should have the ability to review that. Also, I was not old enough to vote in 2003, so I do not think I can be held responsible for decisions made then.

Calum Kerr: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: 82, in clause 1, page 2, line 21, at end insert—

“72B Universal service order: annual report

(1) The Secretary of State must lay before each House of Parliament an annual report about the implementation of the universal service order for all areas pursuant to the provisions of this Act.

(2) The annual report must include information on—

- (a) the number of premises that have been supplied with the minimum download speed as specified in the USO secondary legislation
- (b) the number of premises that have been required to cover some of the cost of connection,
- (c) of the premises in (b) the average cost of connection per premises covered by residents, disaggregated by local authority area,
- (d) the number of premises that have chosen not to be connected via the universal service order after being provided with an estimate, and
- (e) the amount of time on average it takes to provide an estimate and connect a premise, disaggregated by local authority area.

(3) The annual report must be laid before each House of Parliament as soon as practicable after 31 March each year.”—(*Louise Haigh.*)

Question put, That the amendment be made.

The Committee divided: Ayes 8, Noes 10.

Division No. 2]

AYES

Brennan, Kevin	Hendry, Drew
Debonnaire, Thangam	Jones, Graham
Foxcroft, Vicky	Kerr, Calum
Haigh, Louise	Matheson, Christian

NOES

Adams, Nigel	Menzies, Mark
Davies, Mims	Perry, Claire
Hancock, rh Matt	Skidmore, Chris
Huddleston, Nigel	Stuart, Graham
Mann, Scott	Sunak, Rishi

Question accordingly negatived.

The Chair: I am a nice person, so we will have a brief stand part debate on clause 1.

10.45 am

Question proposed, That the clause stand part of the Bill.

Louise Haigh: I know that we covered this issue on Second Reading, but I was not the shadow Minister at the time. This legislation is not a Bill for the digital economy. The tech sector has been waiting for some time for the Government’s digital strategy and vision for this crucial area of our economy; to say that it is disappointed with the lack of ambition and strategic direction in the Bill would be a gross understatement.

We heard a damning indictment from one witness last week. He described his business as a tech start-up in Canary Wharf, and said that the Bill would do absolutely

nothing to help it. To call it the “Digital Economy Bill” is quite insulting given that it is actually a collection of disparate measures—a mixture of amendments from across a range of Departments vaguely tied together using the word “digital”. Over the next few sittings we will focus on where the Bill could be improved, and I am sure that on Report we will return to what the Bill requires if it is genuinely to aid, boost and improve the digital economy.

On clause 1, we need to do much more than produce a mere headline USO. If we are talking about access to digital services, what are we prepared to do to support that access? Does that support simply cover subsidies on infrastructure in more remote areas, or should it also cover education? If it is more than just enabling access, we need to make sure digital skills and knowledge are embedded in our education system as well as providing for the older generation.

Similarly, as we discussed earlier, we need to think beyond mere access and ask ourselves what sort of targets we want on usage. What goals follow the strategy of the USO? It is brilliant if everyone has 10 megabits per second, but how many people are able to use the internet? How many young people are studying IT or related classes? What percentage of the workforce are in technical-related roles? The fact is that not only is the USO unambiguous, but it is long overdue. As I said earlier, Labour left fully costed plans to deliver superfast by 2012.

In 50% of rural premises the infrastructure is simply not there to carry more than 10 megabits, and for one in five premises it will not carry more than 5 megabits. It was suggested to us by a couple of witnesses that the USO was simply in line with BT’s proposed business plan. The chief executive of BT confirmed this to us: they can implement the USO by 2020 without any further public money, with 24 megabits to 97% or 98% of the country, fixed broadband of 10 megabits to 99%, and the last 1% likely to be done by 4G or satellite. The question is, therefore, why this legislation is necessary. One witness explicitly said:

“I think you should be very worried when you hear large incumbents saying, “Set up a universal service obligation but don’t let it get too far ahead of what we’ve got in our business case.” That is not what business should be doing. Businesses will invest more if they are scared their customers will go elsewhere, not because they have been given a promise by Government”.— [*Official Report, Digital Economy Bill Public Bill Committee, 11 October 2016; c. 10, Q14.*]

If we are really to tackle the issues in our broadband market, the evidence we have seen suggests that the USO is—at best—nice to have, but at worst it is a serious market distortion. In fact, the Government should be considering much deeper issues such as the structure of the market, much-needed investment in infrastructure, the need for planning reform to enable the roll-out of 5G and the need to be much more imaginative around future licence auctions. For example, as we have heard time and again, there is the German model to license outwards-in so that those who are missed out on previous rounds are serviced first.

Furthermore, we have heard in one form or another that all roads lead back to Openreach, and the Bill really could have been an opportunity to reflect on that. Baroness Harding believed that

[*Louise Haigh*]

“competition will do the majority of this, and we should try our damndest to make the private sector fund most of this through competition”.

She concluded that,

“the solution is to separate Openreach completely and put a universal service obligation on an independent Openreach”.—[*Official Report, Digital Economy Bill Public Bill Committee*, 11 October 2016; c. 6, Q4.]

We heard in evidence that Openreach could and should be much more ambitious, deliver a better service and be in control of its own board, but evidence was given that, to achieve that, Openreach needs to be completely independent. It was argued that we have not been able to see how far a competitive commercial roll-out can go because we do not currently have a competitive commercial market, and we cannot have that market reform until, at the very least, we separate out Openreach.

One witness said:

“if we are going to be ambitious, to enable companies like ours to continue to grow, invest and innovate, we need a national solution, and a national solution will depend upon the national network owner, which is Openreach...That is why the structure of the industry does matter; the ability to get capital into the industry to invest in the kinds of future networks we need is critical”.—[*Official Report, Digital Economy Bill Public Bill Committee*, 11 October 2016; c. 19, Q31.]

Ofcom has been unambiguous in saying that network competition—having multiple network operators on the ground and available to consumers—is the best driver of investment incentives, of superfast broadband penetration and of consumer outcomes. We would like the Minister to set a clear timeframe today for the response to the Ofcom consultation on Openreach. The consultation closed two weeks ago and, as I understand it, Ofcom are now in private consultation with BT. The public and Parliament need to know when we can expect the Ofcom response and what the next steps in the process will be.

Christian Matheson: Does my hon. Friend agree that one of the problems with Openreach is that, because it does not have a customer-facing aspect, its customer service and consequently its reputation have been extremely poor?

Louise Haigh: That is certainly one of the issues. I personally have poor experience with Openreach and I am sure many members of the Committee and their constituents will have, too. Public satisfaction with Openreach customer service is incredibly low and needs urgent investigation. However, we need more detail on some areas that have not been put in the Bill, but which were included in the statement of intent, as mentioned earlier.

An example is the fact that connections will be subject to a cost threshold, above which consumers will still have the right to fast, reliable broadband, but may have to contribute to the cost of connection. That is not much of a surprise, as it happens with the USO for telephone lines. There, the cost threshold is £3,400. Is it possible for the Minister to provide any guesstimate about the threshold for the broadband USO? Once again, we are being asked to vote on legislation that

does not include vital details that could make the entire proposal almost completely useless. If the threshold is set too low, the right will essentially be meaningless for the vast majority of consumers, who already miss out, are on unacceptably low broadband speeds and are forced to pay unacceptably high prices. Will the threshold have any form of parliamentary scrutiny, or is this really enabling legislation that will allow the Minister to get his head around the details after the fact?

As we have discussed, we do not believe that the headline figure of 10 megabits is sufficiently ambitious, and nor is a headline speed sufficient when considering the quality of broadband available to the population as a whole. That point was raised by several hon. Members on Second Reading, and by the hon. Member for Mid Worcestershire in evidence sittings. It is a source of great frustration in rural areas, in particular when customers are promised mobile coverage or broadband speed that are not delivered. The Bill does little to correct that. Yes, it provides for automatic compensation, but I am confident that customers would much rather have coverage—and reliability of coverage—than recompense.

The Minister did not answer questions about BDUK earlier, so I will put them again, if that is all right, Mr Streeter. Is the Minister confident that access is the same as capacity, and that there is sufficient capacity in the cabinets in areas where BDUK has been rolled out to allow take-up? Does he believe that BDUK should be measured on take-up rather than access to broadband? I should be grateful if the Minister also updated the Committee on conversations with the Advertising Standards Authority about its code, so that companies can advertise a certain speed only when a certain percentage of their customers in that area get that speed. The ASA and its committees have been looking at that issue for some time, but surely the Bill is the perfect opportunity to speed up the process and provide much needed certainty and lower prices for rural customers.

Finally, we welcome plans to deliver superfast broadband connection to sites with more than 100 homes from January. That was raised time and again on Second Reading. It is absurd not to have minimum levels of broadband in new homes when we would never consider not connecting water or electricity to any new home, regardless of the numbers on the site. As the Countryside Alliance pointed out, the figure of 100 is too urban-centric, as rural areas are moving towards small-scale developments. I hope that the Government will keep the commitment under review and ensure that the figure is reduced in future, if necessary.

We must absolutely not let the USO get in the way of investment in developing super and ultrafast capabilities across the whole UK. We heard evidence stressing the threat that communities that might be pleased with 10 megabits today will be furious about not having 1 gigabit in three or four, or potentially 10 years' time. Indeed, providers such as Virgin, and even smaller ones, such as Gigaclear, are now building proper fibre to the premises, providing up to 1 gig in extremely rural areas; so I fear that the target will quickly become completely outdated, even given the flexibility built into secondary legislation.

Overall, the Opposition support the commitment, with all the caveats I have outlined, and I am happy to support clause 1 to stand part of the Bill.

Rishi Sunak (Richmond (Yorks)) (Con): Ninety per cent. of UK households can access superfast broadband this year, and that number is set to improve in the next 12 months. However, many of the households that do not have access are in places such as my constituency in rural North Yorkshire, creating a digital divide between those who have access and those who do not. On behalf of my constituents, I welcome clause 1, which provides a safety net so that on reasonable request and at an affordable price they will have access to some measure of broadband connectivity.

Week in, week out, while I am doing my job, I see the benefits that that will bring, and the problems experienced today. Of course, economic development is important. My area is known for its tourism, but when I speak to the owners of holiday cottages or bed-and-breakfast accommodation, they tell me they must advertise across the world on the internet. When people come to visit the beautiful Yorkshire dales, when they have finished their day's walking in the beauty and splendour of Swaledale, they want to come home and check their emails. It is important that my owners can provide that service.

I was at a school last weekend talking to a group of young pupils who are embracing a new course on coding. Obviously, we are not blessed with Silicon Valley yet in the Yorkshire dales, but they were accessing the resources of Code Academy online at school and wanted to continue that at home in the evening.

Beyond that, the internet keeps families together—not just grandparents who want to see their new grandchildren living abroad on Skype, but also a father to whom I spoke the other weekend who is unfortunately going through a difficult divorce. He told me that his children, with whom he was desperate to maintain a good relationship, were less keen to spend the weekend at his house because of his poor broadband connection.

The Government are moving to a “digital by default” approach to delivering public services, which is commendable, but it is important that everybody, especially farmers in rural areas, have the means to access those Government services.

For all those reasons—the tangible differences that the Bill will make to people's lives—I welcome the Government's delivering on their manifesto commitment to put in place the universal service obligation. The Government have the view that this should be an economy and society that works for everyone. Providing good digital connectivity to everybody is certainly part of making that aspiration a reality. On behalf of my constituents, I wholeheartedly welcome and support the measures in clause 1.

Calum Kerr: We also support clause 1. I will not repeat the points I made during the debate, but I want to bring a couple to the fore and ask the Minister one specific question, which I hope he will answer. We should not just be looking at closing the divide in the short term; we should be looking at a longer-term fix. We should consider what a minimum speed is today, but we should also be looking to what that might become in the future.

The hon. Member for Sheffield, Heeley pointed out that the EU target is 100 megabits per second by 2025. While we can aim for 10 megabits per second, if we do not set a horizon of where we want the target to go, we

risk putting sticking plasters all over the country and getting solutions that will have no lifespan. We will all be back here in a few years' time, saying, “I wish we'd listened to the hon. Member for Sheffield, Heeley who wanted an annual review.” We would know that this provision had not been delivered.

Let us try to avoid that scenario and ensure that as the USO goes through the process, what Ofcom designs not only looks at where we are today, but where we want to go in the future. When the Minister gives the main event speech tomorrow at the INCA event, which is advocating a strategy for gigabit Britain, he should set forward a truly ambitious vision of what the UK can offer in this space. Perhaps his response will provide me with some reassurance.

As we have looked at amendments, I have tried to ensure that not only have the Scottish Government and other Administrations been consulted, but they are part of the formulation of the USO. Consultation can be tokenistic or it can be fully engaged and evolved. We need to be fully involved in the design of this process, so that where we set an ambition, a target of 30 megabits per second, the USO supports it—for example, through foundational funding through a voucher scheme. Where any one of the regional councils want to do the same and set an ambitious higher target, the USO should support that, rather than offer a solution that forces them into a corner.

Will the Minister reassure me that the USO designed by his Government with Ofcom will support devolved Administrations and regions and provide foundational funding—not just 10 megabits, take it or leave it?

Nigel Huddleston: There is obviously a growing consensus and recognition of the importance to all our constituents of the universal service obligation. As always, the devil is in the detail. I understand that some of those details will be provided or revealed in secondary legislation. I do not buy some of the concerns expressed today about a possible lack of scrutiny in the progress of the USO. As a member of the Culture, Media and Sport Committee, alongside other members of this Committee, I am confident that we will continue to do that job robustly and effectively to raise issues and concerns.

I cannot imagine how many times we have heard issues related to broadband and mobile brought up in the Chamber, in Westminster Hall and elsewhere in this place, so we can scrutinise in multiple ways. We also have to be careful that we do not constrain our ambition by thinking of current technology and current speeds. It is important that we go with the flow and update our ambitions accordingly as technology develops.

11 am

My hon. Friend the Member for Richmond (Yorks) has raised many points about the importance of the universal service obligation and its enrichment of the rural economy. We are trying to diversify farming incomes for all sorts of reasons, and it is pivotal that farmers should be able to transact online, communicate and sell their wares across the world.

I have constituents who are trying to sell confetti, for example, and they are doing a great job online. I even have an abbey in my constituency that is selling incense online and, again, it could not have done that if not for

broadband. We need improvements, and we are seeing significant improvements. We need to recognise that a universal service obligation is pivotal in changing the lives of many of our constituents. It is not just inconvenient not to have a decent broadband or mobile signal; it is life changing in some cases because it inhibits economic productivity and affects our constituents' livelihoods. I therefore thoroughly support the universal service obligation and applaud the measures in this clause.

Matt Hancock: We all agree that broadband is a modern necessity, and I am delighted at the Committee's tone in supporting the goals we have set out to drive connectivity across the whole of Britain. The legal framework for introducing a USO seems to have been warmly received on both sides of the Committee. I will respond to the individual points that have been made.

First, on the ambition, thankfully we now have a Bill to introduce the framework for delivering the high level of connectivity that we need. Baroness Harding told us in our first evidence session that

"I think it is a great thing."—[*Official Report, Digital Economy Public Bill Committee*, 11 October 2016; c. 10, Q15.]

We also heard the Bill described as an "incredibly important step". As Pete Moorey from Which? said:

"There are critical things in the Bill that will start to bring the telecoms sector kicking and screaming into the 21st century."—[*Official Report, Digital Economy Public Bill Committee*, 11 October 2016; c. 24, Q47.]

That is support for the importance and direction of the Bill.

On the specific point, Ofcom's consultation on the market structure, which the hon. Member for Sheffield, Heeley mentioned, closed on 4 October and Ofcom will respond shortly. The timing is a matter for Ofcom, and it would be improper of me to pre-empt it. She is right that the threshold will be determined by the consultation, and it is wrong to try to pre-empt that consultation process. Instead, we should do things properly.

The hon. Lady will no doubt welcome an update on new homes. We have a new commitment that any development of more than 30 homes, rather than more than 100 homes, will have fibre connections and, as of 1 January, building regulations will require superfast connections in new buildings. The sensible suggestion from both sides of the House that new houses should be built with what is needed for the future has now been enacted.

Christian Matheson: I am pleased to hear that building regulations are changing. Will the Minister also have conversations with his colleagues in the Department for Communities and Local Government to change planning regulations so that newly built premises, properties and estates are ducted and cabled ready for connection?

Matt Hancock: I will look into that. I will be surprised if that does not happen already, but I will take it up.

Claire Perry: Will the Minister make representations that the threshold of 100 houses for the mandatory provision is perhaps a little high, certainly for those of us in rural constituencies?

Matt Hancock: I repeat what I have just said: the floor of 100 homes has come down to 30 homes for fibre connections, but all new buildings will be required to have access to a superfast connection from 1 January. Those points have been taken on board.

Calum Kerr: Will the Minister clarify, especially given his comments earlier about what fibre means, whether that is fibre to the premises or access to superfast over copper?

Matt Hancock: To channel the Prime Minister, fibre means fibre. If hon. Members want to know what fibre means, it means fibre.

On the point about measuring BT and BDUK on take-up not access, both BT and BDUK are measured on take-up as well as access. Both are important. In fact, the contracts have take-up embedded in them, because the clawback from higher take-up allows money to be spent on further roll-out. The contracts that are being rolled out at the moment are from that clawback. The hon. Lady is therefore absolutely right that both take-up and access are important, and in the county-by-county figures from BDUK we have both take-up and access.

I also strongly agree with the hon. Lady on advertising. The Advertising Standards Authority has consulted for some time on descriptions of both "up to" speeds and pricing arrangements, both of which can be wholly misleading. I very much hope that the ASA will come out with new rules shortly—it has been working on that for some time. However, advertising is policed on a non-statutory basis and I think it would be a significant step for us to legislate on that matter because we do not want political interference in the rules around advertising. That is a step that I do not want to take. I do want the ASA to come to its conclusions as soon as possible. I hope that that answers all the questions that were asked on that point.

Louise Haigh: I appreciate that the Minister may not want to pre-empt the Ofcom consultation, but will there be any parliamentary scrutiny of the proposals that Ofcom will bring forward, or will we leave it to Ofcom and accept what it brings forward in terms of design, cost threshold and everything else we have debated this morning?

Matt Hancock: Of course there will be parliamentary scrutiny, because the Bill provides for the USO details to be put in place via secondary legislation. There will be scrutiny then and, as my hon. Friend the Member for Selby and Ainsty pointed out, there will also be the opportunity for Select Committees to scrutinise in their usual way. I hope that without reading the rest of my speech, which is all about how important and wonderful broadband is, the Committee will accept what I have said as a full response.

Calum Kerr: Perhaps the Minister missed my request. Will he reassure me that the schemes put in place will be designed to support national commitments such as the Scottish Government's 30 megabits and other regional commitments? The issue is all down to how the USO is designed. If it is simply put out as a 10 megabit service—take

it or leave it—it will not help, whereas a regional, flexible model such as the voucher scheme that BDUK has done before could provide the foundational funding.

Matt Hancock: In short, although the precise design is subject to the Ofcom consultation, my view is that the potential in the Bill for the USO is more ambitious than the Scottish Government's, because theirs is to be delivered later and has already specified a speed. Instead, we have proposals coming in sooner and with uprating built in from the start.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clause 2

GENERAL CONDITIONS: SWITCHING COMMUNICATIONS PROVIDER

Question proposed, That the clause stand part of the Bill.

Louise Haigh: The Opposition are happy to support the clause. As we know, there are currently extremely low levels of switching in the market, with 5.9 million mobile users having never switched owing to concerns with the process and 2.5 million people saying they have experienced a major difficulty such as the amount of time it took or loss of their number. Every year, more than a million people are either double-billed or lose service in attempts to switch.

I understand that Ofcom has been considering how to make switching work for over eight years, and I am informed that the decision on switching has been delayed because of previous appeals and the current appeal regime, which we will come on to later in the Bill.

The powers for Ofcom to introduce gainer provider-led switching are welcomed by Opposition Members, as the figures clearly show there is little appetite to switch mobile provider at present, despite the clear lack of trust in mobile service providers themselves. In the last year, almost half of consumers have not switched providers; of those who have switched, 46% of them did so more than a year ago.

As Members are aware, at the moment switching providers is beyond arduous. Individuals have to contact their own provider and then the provider they wish to switch to. They have to terminate their old contract and then activate their new contract. This creates additional costs, time and hassle, and means that consumers are not able to compare all the deals available to them easily.

These proposals are welcome, but do the Government intend gainer provider-led switching to cover both mobiles and bundles? Clearly, many mobile networks also operate in other areas, such as internet and television, so would it not make it even easier for consumers if they could switch all at once if a better offer was provided? We look forward to hearing the Minister's comments on that.

It would also be helpful if the Minister could put on the record what discussions he has had with Ofcom and mobile providers about the range and depth of information that will be available. Clearly, the lack of open data in this market holds back switching, but as we discussed

earlier it also holds back investment and competition. It is very welcome to hear that BT has offered that information, but we would be grateful to hear exactly what data it is making available. Data on internet availability—such as costs, product offerings, location of cabinets and masts, access method, service quality, service faults, and planned network upgrade and dates—would all be enormously beneficial if they were published as open data.

That would be a considerable step towards creating a more effective market. It would not only help with switching but would enable an operator, community group or local authority to decide whether to build a new network for an area if there were no other plans to do so.

Nevertheless, these measures are very welcome and we on the Labour Benches are pleased to support them.

Matt Hancock: Consumers should be able to benefit from choice and competition in the UK communications markets, and I am very grateful for the cross-party support for these measures.

The central case is that changing suppliers should be quick and easy, and can benefit all. However, the reality is that no matter how attractive a deal may look, or how dissatisfied a customer may be with their current service, the rigmarole or the perceived rigmarole involved in changing provider deters switching. This clause makes it explicit that Ofcom has powers to facilitate easier switching in the communications sector.

It will be for Ofcom to consult on and define which communication services will be subject to switching processes. Ofcom is consulting on triple play—so fixed line, broadband and pay TV switching—with a view to simplifying the processes to switch multiple services as well. The clause will help to cement Ofcom's power and will put in place processes to instil in consumers the confidence to shop around. That is the purpose of the clause.

There are ongoing discussions with Ofcom about the range and depth of information that is provided. Of course, the measure complements the information powers given to Ofcom in part 6 of the Bill, which we will come on to. So, once consumers have better information to hand about the services on offer, they can then switch to the service that is most suitable for them with confidence and the minimum of fuss.

Ofcom has existing powers to set conditions on electronic communication service providers, and this clause makes it explicit that Ofcom may set general conditions to facilitate switching. Such conditions could require providers to comply with defined processes, such as gaining provider-led switching. This approach would mean that consumers would no longer need to contact their existing provider when they want to move, and of course the gaining provider has the incentive to make these things as easy as possible.

I hope that all these things will help to boost switching and therefore make this market more competitive.

I beg to move that the clause stand part of the Bill.

Question put and agreed to.

Clause 2 accordingly ordered to stand part of the Bill.

Clause 3

AUTOMATIC COMPENSATION FOR FAILURE TO MEET PERFORMANCE STANDARDS

11.15 am

Calum Kerr: I beg to move amendment 60, in clause 3, page 2, line 35, at end insert—

“(db) require a communications provider to allow an end-user to terminate a contract on repeatedly failing to meet a specific standard or obligation;”.

The Chair: With this it will be convenient to discuss the following:

Amendment 84, in clause 3, page 2, line 35, after “obligation”, insert “within reasonable timescales”.

New clause 2—*Ability of end-user to cancel telephone contract in event of lack of signal at residence*—

“A telecommunications service provider must allow an end-user to cancel a contract relating to a hand-held mobile telephone if, at any point during the contract term, the mobile telephone is consistently unable to obtain a signal when located at the end-user’s main residence.”.

Calum Kerr: The area of compensation is one that we have all probably been hearing about from our constituents for quite some time. Before speaking to the amendments, which are about mobile coverage, let me first welcome the important move in the Bill that not only puts compensation in place but makes it automatic. Telecoms and connectivity can feel like the dark arts to some of our constituents and it is important that whatever is put in place does not depend on their understanding the details of what they are entitled to. However, the point has already been made today that when people sign up for a broadband service, there should be far clearer, granular detail on what they should expect. We have wrestled today with what a USO should be; we have talked about download; we have talked about upload; the Minister rightly mentioned other areas such as latency and data limits; and of course cost comes into it.

In terms of compensation, it is important to recognise that broadband is different from telephony. Telephony is fairly binary—it is on or off. It works or it does not. There might be some interference, but it remains a fairly binary service. Broadband, however, is defined by many different characteristics.

As we look at a compensation regime, we need to look at the speed expectations. When someone signs up for a broadband service, they sign up for a service that is, by definition, contended. It is shared, which is why, as those who have ever been at home when the kids all get home from school, broadband speeds sometimes plummet. That is the reality of the service that is signed up for and that reality has to be accepted on a contended service—those who want a less contended service need to sign up for an appropriate service with BT or another provider—but there should still be levels of expectation. There should be a top-line download speed, an average speed and, in my view, a baseline speed, below which the service does not drop.

As we look at compensation, I would like to see some flexibility. Given the complete lack of information in the Bill—in keeping with the earlier clauses—there is

the ability here for Ofcom to show flexibility and design an appropriate system. The telecoms providers all have huge challenges to face on their performance standards—the digital communications review called them out. BT was singled out, but it was not the only one. They all have a way to go in improving their service standards, so a compensation regime should be designed to incentivise them. We have to remember that this is about incentivising good performance, not about penalising bad performance, although the two obviously go side by side. We should design a scheme that is automatic and ensures people are compensated but that, most importantly allows people to get the service that they are promised and the providers are contracted for. That is important.

My hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey instigated work on the areas addressed in amendment 60 and new clause 2 some time ago. There are huge chunks of the country, not least the highlands but also the equally beautiful Scottish borders in my constituency, where there are notspots—in fact, it feels like there are more notspots than onspots most of the time, as I found on my summer tour. My hon. Friend brought forward proposals, which were put to the then Minister and Ofcom, to allow individuals who have signed up for a mobile service and then found that they cannot get proper service at home to be allowed out of their contract. Some providers—I think Vodafone was mentioned in the evidence session—have started to offer that. I hope that—hope is not a strategy, as we always used to say, but sometimes it is all we have—the Government will accept the sense of the amendment and new clause and put it in the legislation, to make it absolutely clear that, if I sign up for a mobile service and cannot use my device in my home, I am entitled to cancel that contract.

Louise Haigh: I rise to support the amendment in my name and the name of my hon. Friend the Member for Cardiff West. I also support the amendments tabled in the name of the hon. Member for Berwickshire, Roxburgh and Selkirk. I understand from the debate and the statement of intent that the baseline speed mentioned—10 megabits per second, as the Minister clarified—is the absolute minimum. The Opposition welcome the Government’s proposals to amend the requirements on automatic compensation, which will bring broadband services in line with other essential services such as energy and water. That recognition naturally extends to a form of automatic redress when things go wrong.

Calum Kerr: I am sorry to intervene so quickly, but this is an area where we need a bit of clarity. We have said that 10 megabits per second is a minimum, but as I understand it, it is a minimum maximum speed. It does not mean that under the USO, users will always get 10 megabits per second; it means that they sign up for a service where the maximum is 10 megabits per second. I think that is an important point to clarify.

Louise Haigh: We look forward to the Minister’s clarification.

More than 13 million households suffer from some form of broadband problem. It is about time that automatic compensation was introduced. As we know, seeking redress and compensation is often difficult for consumers, and brings little reward; many simply give

up. Currently, users must lodge a formal complaint with their provider, then escalate that complaint to the ombudsman after eight weeks if they are not happy with the response. The onus certainly should not be on the customer to prove that they have lost service or that the service has not met the standard required. Where possible, automatic compensation should be made when a service provider becomes aware of a possible loss or reduction in service.

However, as has been mentioned, the legislation is not entirely clear on how the provision will be enforced, although we welcome the broad powers given to Ofcom. For example, if the fault is with the service provided to the retailer by Openreach, will the retailer pass on the compensation to the consumer who has been affected? How much will then reach the consumer? What will the level of compensation be? *Which?* has called for households to get £75 in compensation each time their broadband connection goes down, in line with compensation levels for power cuts. Will there be separate levels of compensation for broadband being slow or not working at all? Will the compensation cover planned network outages? Will the new regime come into effect on Royal Assent? Has Ofcom now completed all necessary consultation work?

Our amendment simply seeks to provide compensation within reasonable timescales. Consumers certainly would not want compensation payouts to drag on and on or broadband providers to drag their feet when there has been a clear outage and they are entitled to compensation. The automatic compensation model for the energy market is that it should be paid within 10 days of the customer claiming, or within 10 days of the end of the power cut if they are being paid automatically. That seems reasonable, but the Minister and Ofcom might have other ideas about what is reasonable.

Either way, we believe that it is important to set a clear timescale to ensure that consumers know exactly what they are entitled to, when they are entitled to it

and how to go about claiming it if it is not forthcoming. We welcome the provisions and the recognition that consumers have a right to broadband and therefore a right to compensation if it goes wrong, but we would like assurances written into the Bill that compensation will be paid quickly.

The Chair: Order. We will adjourn in about two minutes, but let us hear from Mr Hendry before we continue on Thursday.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I commend my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk on his comments about the need for proper compensation, particularly for those promised services either explicitly or through advertising that has led them to believe that they will get those services. It is incumbent on us to do something about advertising that promises people broadband “up to” speeds that have no chance of being delivered, when they cannot even get reasonable speeds in their area. As a result, rural areas can suffer a double effect; they are over-promised and then drastically under-delivered.

I am wary of the time, so I will speak briefly in support of the new clause. Residents of Fort Augustus in my constituency went for three months without the mobile signal that they were contracted to receive, without any compensation, redress or ability to change to another provider during that time. This should be an easy aspect for the Government to sign up to. I hope that the Minister will follow on from his predecessor.

11.25 am

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till Thursday 20 October at half-past Eleven o'clock.

Written evidence reported to the House

DEB 37 Energy Networks Association

DEB 38 Arqiva

DEB 39 Alec Muffett

DEB 40 Relish

DEB 41 Vanessa Cuthill

DEB 42 Children's Media Foundation

DEB 43 Dron & Wright on behalf of London Fire & Emergency Planning Authority (LFEPA)

DEB 44 NSPCC

DEB 45 Broadband Stakeholder Group

DEB 46 Digital Policy Alliance

DEB 47 Fisher German on behalf of various clients

DEB 50 Anti-Counterfeiting Group