



Prosperous Places: Taking Forward the Review of Sub National Economic Development and Regeneration - BT response

Introduction

1. BT is pleased to respond to this consultation on the sub-national economic review. We support the increased emphasis on business-led RDAs. Partnerships between the public and private sectors have a crucial role to play in developing strong local economies focused on the specific needs of particular parts of the country, within an overall framework designed to ensure the future competitiveness and economic well-being of the UK as a whole.
2. This response comprises our overall comments with specific consultation questions referenced where this is appropriate.

BT in context

3. BT is one of the world's leading communications service companies. Our vision is to be dedicated to helping customers thrive in a changing world. BT has transformed itself in recent years and has grown and prospered through being competitive, customer focused and innovative. We have learned to compete and win against some of the world's biggest companies to become a truly global operation. Our base and roots are, of course, here in the UK, where we have more than 16 million business and residential customers. We also provide network services to other operators to enable the thriving and very competitive UK communications industry.
4. BT's investments and vision have fuelled the rapid expansion of the UK's broadband network to cover over 99.6% of the country. Future national economic success will require the use of knowledge and technology. The UK must compete with the rest of the world, particularly places like China and India that are now critical hubs for manufacturing and software. The UK needs a network to deliver state of the art services quickly and efficiently. BT has a major part to play with its 21st Century Network (21CN), which is replacing a number of existing networks and systems to provide for faster, more efficient, and cheaper delivery of new services than now. Enhanced UK competitiveness will support businesses and provide more choice for consumers.

BT in the English regions

5. BT recognises and strongly supports the development of healthy and vibrant regional and sub regional economies. We have a dedicated regional organisation – BT Regions - deployed across the country whose remit is to ensure that the knowledge, experience and resources of the company make a real contribution to local economies. One of the strengths of the BT regional teams, each led by a Regional Director with the support of Regional Boards whose membership is drawn from right across the company, is that they all live, play, work and do business in their communities.

6. We are a key private sector partner in many regional projects helping deliver the benefits of broadband and ICT to the enterprise economy and specific local communities. Through understanding the value of broadband in opening up local economies to the global marketplace, BT is a major contributor to the rural economy. Our credibility and experience as a partner in local government is supported not only by the fact that many local authorities take services and solutions from BT but also the fact that we have strategic transformational partnerships with a number of local authorities across the country.

BT's impact on the Economy

7. The financial impact of BT across the English regions was calculated to be in excess of £19.8 billion in 2006/07¹.

| Region | Employees | Supplier Spend (£m) | Financial Impact (£m) |
|----------------|---------------|---------------------|-----------------------|
| North East | 4,549 | 15.2 | 203.8 |
| North West | 9,207 | 641.6 | 1,670.7 |
| Yorks & Humber | 7,731 | 124.6 | 564.0 |
| East Midlands | 3,155 | 54.5 | 253.0 |
| West Midlands | 7,230 | 522.4 | 1,368.3 |
| East England | 12,513 | 225.8 | 1,238.1 |
| South East | 11,565 | 3,264.8 | 7,772.7 |
| South West | 7,150 | 545.0 | 1,416.0 |
| London | 15,372 | 2,211.0 | 5,348.9 |
| Total | 78,472 | 7,604.9 | 19,835.5 |

8. On a regional basis, the value of BT's Corporate Social Responsibility direct and in-kind spend last year was:

| Region | Direct Spend (£) | In-kind spend (£) |
|----------------|------------------|-------------------|
| North East | 447,220 | 490,200 |
| North West | 1,196,000 | 1,311,000 |
| Yorks & Humber | 884,000 | 969,000 |
| East Midlands | 728,000 | 798,000 |
| West Midlands | 935,600 | 1,014,600 |
| East England | 946,000 | 1,037,400 |
| South East | 1,414,000 | 1,550,400 |
| South West | 873,200 | 996,200 |
| London | 1,279,200 | 1,404,200 |
| Total | 8,703,220 | 9,571,100 |

¹ The Economic Impact of BT in the United Kingdom, a report prepared by BT Regions with DTZ Consulting, published March 2007

Tackling Climate Change (Question 4)

9. We believe that economic development should be sustainable and that tackling climate change must be at the heart of every single region's economic development strategy. Economic development must not be at the expense of our planet and we believe that each region's economic strategy must clearly address climate change and inclusion at their core.
10. BT is at the forefront of the climate change debate and is a world exemplar in sustainability practice. Since 1996, BT has reduced its carbon emissions by nearly 60% and has set itself the ambitious target of reducing carbon emissions still further. By 2020 we aim to have reduced our carbon emissions by 80% (compared with 1996 levels), not just in the UK, but globally as well.
11. We believe that Local Authorities and RDAs must recognise the excellent sustainability practice going on outside of the public sector and use this to inform its own economic development strategies locally.

Role of the Private Sector in Public Service Programme Management and Delivery (Question 1)

12. BT, like many other companies, is involved in bespoke and innovative partnerships which have proved that public-private partnerships can work extremely well, providing benefits to citizens, in terms of faster and more reliable services, and benefits to the public agency, in terms of cost and management savings.
13. Local government and the public sector in England have undergone transformational change over recent years through the successful involvement of the private sector to deliver public services. This transformational change, which has happened at the delivery end, must now also be embraced at the strategic end, so that local government and the RDAs can harness the flair, innovation, experience, regional, national and often global knowledge of the private sector to foster economic prosperity. The private sector can complement the capabilities and capacity of the public sector by augmenting capability for programme management and delivery.

Role of the Private Sector in setting the strategy for prosperity in the regions (Questions 1, 2, 5, 6, 7, 10, 11)

14. BT believes that local government and the RDAs should be required to involve the private sector in both establishing the strategy and executing its delivery. The private sector has crucial skills, knowledge and innovative ideas that could be harnessed.
15. BT recommends that:
 - There is a more formal, structured requirement to engage with the private sector. This could be done either by extending the membership of the proposed local authority leaders' forum in each region to include business leaders, or create a parallel business leaders forum with an equivalent remit. Membership could be drawn from representative bodies such as the IoD, CBI, FSB, Chambers of Commerce, as well as leaders from some

of the larger private sector employers within each region. (Questions 2, 10, 11).

- Private sector organisations are considered as delivery partners, rather than these being drawn exclusively from the public sector. (Questions 1, 7).
- Opportunities are created to use the expertise of the private sector in programme management. (Question 1).
- Greater clarity is given to RDAs and Local Authorities on which stakeholders to engage with, and how this engagement will take place. (Question 5).

16. Simplification of regional structures and processes would be welcomed and must also result in timescales that allow for swifter progress. The current three year planning cycle could be streamlined to allow the focus to shift to implementation and delivery of the targeted outcomes rather than on the planning cycle itself. Further guidance on the content of the delivery plan, including the need to have clear action plans with explicit measurement of successful delivery would help drive benefit to the community. (Question 6).

17. We believe that the private sector is a key stakeholder in the regional economy and has the capability to play an active role in both shaping and delivering the regional strategy. By engaging with business leaders and other stakeholders at all stages in the process alongside local authority leaders, best practice can be shared and a more effective result ensured for the regional economy.

Conclusion

18. The private sector must become a pivotal part of this process, and there are many companies and representative bodies – both large and small - who are keen to play a part in promoting economic prosperity and regeneration. Economic development needs the partnership of the private sector and its experience in investment, innovation and competitiveness.

19. BT is a major employer, investor, stakeholder-partner and thought-leader in all regions. We are proud, through our Regional Boards, to integrate our knowledge, relationships, technology, people (and local passion!) in advising and supporting a range of regional partnership activities from regional policy-making to local community regeneration.

20. With our perspective of regional, national and global best practice and innovation - and our enthusiastic regional, city and local engagement - we will be pleased to provide an ongoing business perspective to region-specific SNR partners upon regional integration and convergence, including the transformational role of technology in coordinating and connecting people and activities.

*British Telecommunications plc
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