



Department for
Digital, Culture
Media & Sport



UK Government
Llywodraeth y DU

The Rt Hon Stephen Crabb MP
Chair
Welsh Affairs Committee
House of Commons
SW1A 0AA

INT2021/01277/DC
19 January 2021

Dear Stephen,

We are writing to you jointly to offer evidence for publication alongside the findings of the Welsh Affairs Committee Session on broadband and mobile data connectivity in Wales.

We would like to congratulate the Welsh Government for their work with the UK government to deliver a number of successful programmes that have improved the internet connectivity for many premises across the country. We are all in agreement that digital connectivity is of utmost importance throughout these challenging times and beyond.

The UK government takes the digital connectivity of rural and remote areas extremely seriously, both in Wales and the rest of the UK. We therefore look forward to continuing to work with both the Welsh Government and the Welsh Affairs Committee to drive further improvements in digital connectivity across Wales and close the 'digital divide'.

We hope that you find the evidence we have provided comprehensive and helpful.

Best wishes,

Matt Warman MP
Minister for Digital Infrastructure

Rt Hon Simon Hart MP
Secretary of State for Wales
Ysgrifennydd Gwladol Cymru

UK Government Written Evidence to the Welsh Affairs Committee

The Government is determined to level up digital connectivity across the UK by providing nationwide coverage of gigabit-capable broadband as soon as possible, alongside better mobile coverage through the rollout of the Shared Rural Network and the rapid deployment of new 5G mobile technology. To support our ambitions, the Government will continue to implement an ambitious programme of work to remove barriers to digital infrastructure deployment and invest in improved connectivity in the hardest to reach areas of the country.

Gigabit-capable Broadband

In relation to gigabit-capable broadband rollout, the country has made dramatic progress over the past year or so, with coverage now around a third of UK premises, compared to one in ten premises at the time of Ofcom's Connected Nations 2019 report. By the end of 2021, more than half of the country will be connected to gigabit-capable networks. We are working with industry to target a minimum of 85% gigabit-capable coverage by 2025 and to get as close to 100% as possible.

To support gigabit deployment in harder to reach areas of the UK, including rural premises in Wales, the Government is investing an unprecedented £5 billion of public subsidy, with at least £1.2 billion being spent in the period to March 2025 and more if industry capacity allows. The Department is consulting on its proposed plan for this investment and our delivery arm, Building Digital UK (BDUK) will be in contact with Welsh Government officials in January to discuss the UK Gigabit Programme in Wales.

The Government has already been funding gigabit-capable network rollout in harder to reach, predominantly rural, areas through a variety of existing programmes, including the Superfast, Local Full Fibre Networks and Rural Gigabit Connectivity programmes. Since 2018 we have delivered gigabit-capable, full fibre broadband to over half a million homes and businesses. As a result of public and private sector investment, Ofcom's Connected Nations 2020 report estimated that 94% of premises in Wales can now access superfast broadband, compared to the UK average of 96%, and that full fibre broadband is available to 19% of properties in Wales, compared to 18% of properties across the UK. We know that there is more that we need to do, however. For example, gigabit capable coverage in Wales is lower than the UK average and 18,000 premises are still unable to access a decent broadband from either a fixed or mobile network.

The UK Government is committed to an 'Outside In' approach to the delivery of gigabit broadband across the UK and in Wales. This is why we are not waiting until commercial delivery is complete before the starting build in the hardest to reach areas under the £5 billion UK Gigabit Programme. Instead, as we committed to do in the Future Telecoms Infrastructure Review, we are ensuring that delivery to the hardest to reach parts of the UK takes place in parallel with commercial build. The UK Government is prioritising delivery to sub-superfast areas, so that those with the worst connectivity in the UK are upgraded to faster speeds as soon as possible.

Superfast Programme

The Government has invested significant amounts in digital infrastructure over the last decade through the Government's Superfast programme, including £69 million in the Superfast Cymru project.

The Superfast programme has delivered superfast broadband to over 5 million premises, including 720,000 premises in Wales, and is now almost exclusively delivering gigabit-capable connections. In this financial year, suppliers have committed to deliver upgraded connections to between 91,000 and 112,000 premises across the UK and will continue to deliver connections under the Superfast programme until 2024. In Wales, the current phase was extended in July 2020, adding approximately 13,000 premises to the live programme to bring the total number to 39,000 premises.

Connecting Public Sector Hubs

Since January 2020, UK Government funding has further stimulated gigabit-capable network build by delivering gigabit connectivity to over 7,000 public buildings through the Local Full Fibre Networks (LFFN) programme. This includes projects from the Shetland Islands to Plymouth and in every devolved nation bringing gigabit-capable infrastructure within 200 metres of around 1.5 million homes and businesses.

Three geographic areas of Wales are already particularly active in this programme:

- Through the Cardiff Challenge Fund (Wave 2), the UK Government has awarded £3.37 million of funding and is working with the Welsh Government to upgrade approximately 180 public sites across the Cardiff Capital Region City Deal (CCRCD). This covers the ten authorities in South East Wales - Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and Vale of Glamorgan.
- Through the North Wales Challenge Fund (Wave 3), the UK Government has awarded £8 million of funding and is working with Denbighshire County Council to upgrade 350+ public sites across the six local authority areas that comprise the North Wales region - Conwy, County Borough of Wrexham, Denbighshire, Flintshire, Gwynedd, and Isle of Anglesey. This bid was submitted as part of the North Wales Growth Deal digital strategy.
- In the Pembrokeshire Challenge Fund (Wave 3), the UK Government has invested £1.14 million of funding and is working with Pembrokeshire County Council to upgrade 70 public sites across the county. The project includes council, education, emergency service, and health sectors.

Through our Rural Gigabit Connectivity (RGC) programme, DCMS has invested further funding to provide gigabit-capable connectivity to public sector buildings in the hardest-to-reach areas of the UK. The RGC programme has this year contracted for fibre upgrades at a further 1,045 Public Buildings in rural areas of the UK with a further 845 in the pipeline. Of these rural public sites, 103 are in Wales, accounting for £1.25 million of investment from the UK Government. The RGC programme in Wales covers public sector sites in Anglesey,

Carmarthenshire, Ceredigion, Conwy, Denbighshire, Flintshire, Gwynedd, Neath Port Talbot, Pembrokeshire, Powys, and Swansea.

Vouchers

The UK Government has also run two UK Gigabit Voucher schemes to stimulate investment in gigabit capable broadband across the UK. The Gigabit Voucher Scheme (GBVS), and the RGC voucher scheme. RGC vouchers are an evolution of the GBVS voucher scheme.

The original GBVS invested just over £1.384m million in Wales. The GBVS scheme closed to new applicants in March 2020. As of January 2021, these Gigabit Broadband Vouchers have supported the cost of installing gigabit-capable broadband connections to 558 homes/businesses in Wales and a further 69 are in the pipeline.

RGC vouchers came after GBVS vouchers with added criteria around rurality. These vouchers enable small to medium sized businesses to claim up to £3,500, and residents up to £1,500, towards the cost of installing gigabit-capable infrastructure. It is also possible for residents to pool their vouchers together, bringing the cost of installing gigabit-capable connectivity down for all of those involved in the project. The RGC voucher scheme will close to new applicants in March 2021. As of 6 January 2021, 270 RGC Vouchers have already been used to deliver gigabit capable connections to premises in Wales with a further 823 RGC vouchers in the pipeline (totalling £2,075,639).

The Welsh Government are offering a top up voucher to the scheme, which means that businesses can claim an additional £3,500 and residents an additional £1,500 on top of the UK Government's contribution, as set out above. DCMS also continues to work in partnership with the Secretary of State for Wales and the Welsh Government to support the development of credible business cases for digital projects which have been identified by the City and Growth Deal regions as part of their respective digital strategy programmes. The funding for such digital projects is additional to the funding streams discussed above.

Mobile Connectivity & the Shared Rural Network

We are grateful for the Welsh Government's continued support for the Shared Rural Network programme, alongside their commitment to work closely with the UK Government and industry to maximise its impact in Wales, which was discussed when the Deputy Minister for Economy and Transport, Lee Waters AS, met the Minister for Digital Infrastructure, Matt Warman MP, on 1 May 2020.

We would, however, like to correct the point made that the original ambitions of the programme to deliver improved 4G connectivity in Wales from all four mobile network operators (MNOs) have been scaled-back from 84% to 80%. We would like to reassure you that we have not scaled back our ambitions for Wales, and when we announced that we had reached a deal with the MNOs back in March 2020, we confirmed that by the end of the programme, 80% of the Welsh landmass would have 4G coverage from all four operators, up from 58% at the time, with 95% of the Welsh landmass having 4G coverage from at least one operator (up from 89% at the time).

To achieve that outcome, each MNO has made legally binding coverage commitments that would see one of the operators deliver at least 88% coverage of the Welsh landmass by the

end of the programme, one delivering at least 86%, and the remaining two operators reaching a minimum of 85%.

We were also delighted to see that, according to Ofcom's 2020 Connected Nations Report published on 17 December, 4G geographic coverage from all four operators in Wales has risen from 58%, when Ofcom's Connected Nations Summer 2020 update was published, to 60%.

We are pleased that Welsh Government officials have been able to engage with UK Government officials as well as Digital Mobile Services Limited (DMSL) and the mobile network operators directly, through the Welsh Government Shared Rural Network Working Group meetings each month. Matt Warman has personally encouraged operators to be transparent about their plans, and we are delighted that DMSL have shared the current coverage forecasts maps with Welsh Government officials at the October Working Group.

As with any mobile network roll out, these plans are subject to change as the programme progresses. DMSL intends to share more detail of planned coverage improvements in Wales early in 2021.

Broadband Universal Service Obligation (USO)

The Government legislated for a broadband Universal Service Obligation (USO) so that everyone across the UK has a clear, enforceable legal right to request a decent broadband speed of at least 10 Megabits per second, from a designated provider, up to a reasonable cost threshold of £3,400 per premise. This speed condition was set based upon technical advice from Ofcom. The USO was designed to provide consumers with a digital 'safety net' to ensure a minimum level of broadband provision and has been available for eligible consumers to request from March 2020.

According to Ofcom's Connected Nations 2020 report, approximately 18,000 premises in Wales lack a 'decent broadband' connection that meets the USO specification from any fixed or mobile network.

Whilst the obligations placed upon the Universal Service Providers require them to offer service of at least 10 Megabit/s download speed, BT has indicated that they intend to connect such premises with full-fibre solutions in most cases. At the last BT USO reporting date in September 2020, 512 orders had been placed. These network builds will cover over 4,000 premises in the UK, 420 of which are in Wales. Premises in Tregairiog in North Wales were some of the earliest beneficiaries of the USO scheme. The UK Government expects uptake of the broadband USO to rise as BT continues to notify all premises that are eligible of the details of the scheme.

For completeness, the Committee should be aware that the independent regulator, Ofcom has launched an investigation into BT's compliance with its obligations as a broadband universal service provider. Ofcom are concerned that BT may not be complying with the regulatory conditions correctly where it assesses excess costs for a given connection. Ofcom is now gathering evidence, and we expect them to provide an update by the end of March. Notwithstanding this development, potentially eligible parties should still apply, exercising their right to request an improved broadband connection as established in legislation.