

Thirty-Fifth Report of Session 2019-21

Department for Digital, Culture, Media and Sport

Improving Broadband

Introduction from the Committee

The Department for Digital, Culture, Media & Sport (the Department) has overall responsibility for Government's broadband policies. Building Digital UK (BDUK), a unit within the Department, implements these policies and delivers Government's broadband programmes. Since 2011–12, alongside roll-out by industry, the Department's Superfast Broadband Programme has provided £1.9 billion of public subsidy to suppliers to help them deliver faster broadband (download speeds of at least 24 Mbps) to 5.3 million premises in areas that are not profitable. In the programme's early phases, superfast broadband was delivered mostly through a mix of copper wire and fibre technology. The latest wholly fibre technology, while more expensive to roll-out provides much faster 'gigabit' (1000 Mbps) speeds. However, the UK currently lags behind its European counterparts on full-fibre coverage and, to meet future demand, Government had pledged nationwide gigabit-capable infrastructure by 2025. The Department expects industry to deliver to 80% of UK premises through commercial roll-out and Government announced £5 billion for a new programme to subsidise most of the hardest-to-reach 20% in its Spring 2020 budget. It considers the final 1% of UK properties to be too expensive to reach and will seek additional funding and alternative solutions for these.

Since we took oral evidence, Government has published its 2020 Spending Review. This allocates £1.2 billion between 2021–22 and 2024–25 and describes this amount as being for the "first 4 years" of the £5 billion gigabit broadband programme. Alongside the spending review, Government also published a new National Infrastructure Strategy in which it has announced a revised coverage target to reach a minimum of 85% of premises by 2025, and says it will seek to get as close to 100% as possible. There are not dates for coverage targets beyond 85%.

Based on a report by the Comptroller and Auditor General, the Committee took evidence, on Monday 9 November 2020 from the Department for Digital, Culture, Media and Sport. The Committee published its report on 8 January 2020. This is the government response to the Committee's report.

Relevant reports

- NAO report: [Improving Broadband](#) Session 2019-21 (HC 863)
- PAC report: [Improving Broadband](#) Session 2019-21 (HC 688)

Government responses to the Committee

1: PAC conclusion: *The pledge to deliver nationwide gigabit connectivity by 2025 has proven to be unachievable.*

1: PAC recommendation: *The Department should set out, on receiving business case approval or within 3 months, a clear timeline of what activities it intends to complete and by when to achieve its revised targets including the final dates by which key milestones must be reached in order to meet those targets. It should publish yearly updates on progress thereafter.*

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2021

1.2 The 2020 Spending Review allocated £1.2 billion over 4 years to support the rollout of gigabit-capable broadband, as part of the government's £5 billion commitment to support rollout to hardest to reach areas (under the UK Gigabit Programme). The spending profile takes into account extensive engagement

with suppliers in the telecoms industry, and what it believes the industry will be able to deliver by 2025 in these hard to reach areas at this stage. As set out in the National Infrastructure Strategy, the government expects that by 2025 at least 85% of premises will have access to gigabit-capable connections and the department will continue to work with industry to accelerate the rollout further to get as close to 100% as possible. The department remains committed to investing £5 billion in bringing gigabit coverage to the hardest to reach areas and will continue to work with suppliers to accelerate this investment, taking account of industry capacity.

1.3 The department will shortly announce the locations of the first phase of new procurements and set out its approach for quarterly publications updating the procurement pipeline that will enable the majority of the programme delivery.

1.4 The overall programme delivery profile will be incorporated into the Programme Business Case, due to be submitted for approval in Summer 2021, ahead of first contract awards. The department will publish progress against the programme's milestones regularly.

2: PAC conclusion: *The Department has failed to make meaningful progress to tackle the barriers faced by operators in maximising gigabit connectivity by 2025.*

2: PAC recommendation: *The Department should identify which risks and barriers have the greatest potential to add delay and cost to the programme and provide a clear plan for how and when they will be addressed and the impact on time and schedule if they are not addressed.*

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2021

2.2 The government identified risks and barriers to gigabit rollout in its [Future Telecoms Infrastructure Review](#) (July 2018). Since then, the government's Barrier Busting Taskforce has made great progress with:

- introducing legislation to make it easier for broadband firms to access blocks of flats. The Telecommunications Infrastructure (Leasehold Property) Bill has finished its Parliament passage and is awaiting Royal Assent.
- Consulting on how to ensure all new build developments have gigabit-capable broadband and committed to amending Building Regulations to deliver this reform.
- Acting on access to roads. In 2020, the new digital Street Manager system went live and the updated specification for the Reinstatement of Openings in Highways was introduced by the Department for Transport (DfT) to enable more innovative road reinstatement techniques by operators.
- Continuing to work with DfT on further reforms to simplify street works processes to support broadband deployment.

2.3 Following engagement with stakeholders since the Future Telecoms Infrastructure Review, the government issued a consultation on whether the Electronic Communications Code required further reforms to make it faster and more efficient for operators to install, maintain and upgrade their network apparatus. Government will publish an update on its Barrier Busting work shortly and will continue to work with stakeholders to identify barriers to deployment and take urgent action to address key issues that emerge.

2.4 The government is carrying out a technical consultation with network operators on the use of Huawei equipment in full fibre networks. This is nearing completion and the Secretary of State will announce the outcome in due course.

3: PAC conclusion: *The Department is not clear how, in a centralised procurement model, it will retain the people, skills and knowledge in local authorities that were critical to success in the superfast programme.*

3: PAC recommendation: *The Department should set out in its Treasury Minute response to this report, what steps it is taking to support the retention of knowledge, skills and delivery expertise in local authorities so that the change in approach does not cause delays to the future programme.*

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2021

3.2 Local authority teams are of significant value in supporting delivery of the new programme and benefits realisation.

3.3 The government's Barrier Busting Task Force is advising local authorities across the UK, including via its [Digital Connectivity Portal](#). It also works with industry, local authorities and landowners to identify and remove barriers to deployment, including those that require changes to the law.

3.4 The department is working closely with the Local Government Association, through the ADEPT group, to agree the delivery model, specific roles and resource requirements for UK Gigabit.

3.5 The department is meeting with senior officials in each of the existing local authority partners to confirm alignment between the programme and their own strategic objectives. In general, local authorities have expressed commitment to supporting investment in local digital infrastructure. The department will monitor the situation in the light of ongoing financial pressures

3.6 The department's programme delivery team includes a proactive field team based in the regions. Each local authority has a named resource within this team who works with them to continually assess options for increasing broadband coverage from across the department's portfolio of interventions/programmes (Superfast, Local Full Fibre Networks, Rural Gigabit Connectivity, Gigabit Broadband Voucher Scheme) and the new UK Gigabit Programme. It also includes supporting them with other funding opportunities for digital infrastructure such as Region Deals, Town Deals and the £900 million Get Building Fund.

4: PAC conclusion: *The Department has been unable to show how it has learnt lessons from the superfast programme into the detailed design of the gigabit programme.*

4: PAC recommendation: *As the Department finalises its approach to its gigabit programme it should set out how it is incorporating the lessons learned from the superfast programme including:*

- ***Setting out clear programme specific objectives for the subsidised part of the future gigabit programme (the £5bn programme).***
- ***How it intends to improve its targeting to ensure it covers only those areas in greatest need, particularly areas with a high proportion of premises which are uncommercial for rollout, and that any money that does need to be returned is done so as soon as possible.***

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2021

4.2 The department continues to deliver to areas of greatest need and committed the first £4.5million from the new programme to upgrade sub-superfast premises in Scotland.

4.3 On 22 December 2020, the department published a description of its targeting approach for its new procurements, which will continue to prioritise sub-superfast premises, in the [Planning for Gigabit Delivery](#) consultation. The department commits to publishing progress against the UK Gigabit Programme's milestones regularly.

4.4 The department is committed to incorporating lessons from its delivery of the [Superfast Broadband Programme](#). It commissioned two independent evaluations of the Superfast Broadband Programme, the most recent of which included interviews with 40 local authorities and 16 suppliers. The [results from this evaluation were published on 29 January 2021](#). This evidence, as well as BDUK's own analysis, has also informed the design of the UK Gigabit Programme.

4.5 The department has also consulted local authorities and suppliers on their own experiences and sought their feedback on emerging and iterating programme design through regular stakeholder engagement events.

4.6 Examples of the improvements from Superfast Broadband Programme include the department centralising and automating a process for suppliers to regularly share their latest build plans, ready to inform targeting decisions for future procurements. Additionally, the department is extending the clawback period in the new contracts to 15 years to reflect the longer asset life of gigabit networks and incorporating a one-off recovery after seven years to bring forward the anticipated future value of clawback for the remaining eight years.

5: PAC conclusion: *The Department is yet again failing to prioritise consumers in rural areas.*

5: PAC recommendation: *The Department should set out how it will establish which properties do not yet have superfast broadband, how reliable the data it will use to identify them is, and when they can expect to receive gigabit capable broadband.*

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Through existing programmes, the department is already delivering gigabit coverage to rural and remote premises and those currently without superfast broadband. For example, it has pivoted the Superfast Broadband Programme to invest in gigabit capable networks and is due to announce the extension of the Gigabit Broadband Voucher Scheme, which provides grants for rural households and businesses to contribute to the cost of gigabit capable broadband installation. Many local authorities are also topping up the vouchers with additional funding for those premises without superfast broadband. Over 325,000 of the hardest to reach premises have already been given access to gigabit capable networks through the Superfast Programme and a further 500,000 are in existing delivery plans.

5.3 The department has set out how it intends to target the remaining premises which are without superfast broadband, or which are not within other coverage plans, in its consultation [Planning for Gigabit Delivery](#) (December 2020) and is about to announce the location of the first phase of new procurements. To accurately identify and plan the intervention areas, the department is already collecting Ofcom's regularly updated Connected Nations data on current operator footprint and has begun collecting data on future build plans from a wider range of operators. It is implementing systems that will allow operators to update their data on a regular basis with their latest plans and, once assured, will be reflected in its delivery plans and the data made available in the public domain. In addition, a formal public review will be undertaken before each project under the new UK Gigabit Programme to enable all suppliers to provide information on their existing plans. The first public review under this new process, for the area of Cumbria, was published on 9 February 2021.

6: PAC conclusion: *The Department cannot provide certainty to consumers that they will have a choice of internet provider or be protected from overcharging should they become tied to the sole supplier in an area.*

6: PAC recommendation: *In its Treasury Minute response to this report, the Department should set out how it plans to work with Ofcom, suppliers and industry bodies to ensure that all consumers will have a choice of service providers and are protected from overcharging, in particular where they become tied to a monopoly supplier.*

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2021

6.2 The department's proposed contracts include an annual wholesale access price benchmarking requirement. Pricing is compared to the Ofcom regulated price and benchmarked against the department's pricing database with only reasonable justifications allowed. Where pricing is deemed too high against market benchmarks, the department will require suppliers to revise pricing, ensuring consumers in areas benefiting from public subsidy will be protected from overcharging.

6.3 When scoring bids from suppliers for projects with support from public funding, there will be an evaluation of the quality of their Retail Service Providers (RSP), including the number of RSPs that will use the infrastructure built, product offering and pricing to end customers. In most commercial areas, there is significant competition at the retail level with a number of Internet Service Providers offering broadband services to consumers.

6.4 The government is also working with Ofcom to increase network competition and commercial investment in gigabit capable broadband. The Government's analysis is that up to 80% of premises in the country are likely to be able to support two gigabit capable networks and that around a third of premises will be able to support three gigabit capable networks. If network monopolies do emerge in these more commercial areas, Ofcom has the regulatory powers to address them.

6.5 In addition, to help support retail competition over smaller networks, government is working with industry to facilitate standardisation and aggregation of operators' wholesale networks to make them more attractive for retail internet service providers to offer their services on top of them.