



Department for
Digital, Culture
Media & Sport

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Julian Knight MP
Chair DCMS Select Committee

1 April 2021

Dear Julian,

Thank you for your letter dated 5 March regarding the government's response to the DCMS Select Committee report "Broadband and the road to 5G". I am glad the Committee under your Chairmanship continues to recognise the importance of digital connectivity to the UK's prosperity and reflects the focus the government is placing is on it.

Since you sent your letter, the government has launched the latest phase of Project Gigabit which will connect the UK to lightning-fast, reliable broadband. I know that Matt Warman, the Minister for Digital Infrastructure spoke to you about this personally in advance and he also wrote to all MPs on 19 March setting out the details, as well as placing a written statement before Parliament. The Committee will also be aware that Ofcom has published its Wholesale Fixed Telecoms Market Review since your letter which has provided regulatory certainty to the industry for the next five years.

The Project Gigabit announcement provided more detail on our strategy for delivering gigabit-capable connectivity to the hardest to reach 20% of UK premises, issued a Call For Evidence on improving the broadband connectivity for the most rural and remote premises, and provided an update on the work of our Barrier Busting Task Force. Together, the Project Gigabit documents provide much greater detail on how the government intends to deliver its targets for gigabit-capable broadband and I hope that it will be welcomed by you, as well as the wider Committee. Alongside Ofcom's regulatory statement, it means that we have taken a number of important steps forward since the Committee completed its report towards the end of last year.

In your letter, you requested some additional information relating to my Department's response to the Select Committee's report. I am glad to provide this and do so in the annex to this letter.

Thank you for your ongoing support on this important issue and I look forward to continuing to work together.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Oliver Dowden', with a long horizontal flourish extending to the right.

Rt Hon Oliver Dowden CBE MP
Secretary of State for Digital, Culture, Media and Sport

Annex A: Additional information to Departmental response

- **Detail on the “extensive engagement with industry over the past year, as well as current industry rates of deployment and how these may increase up to 2025” that informed the revised target**
- **A full assessment of how likely the Department consider the revised target to be met**

DCMS Ministers and officials have met the telecoms industry extensively over the past year. The Secretary of State and Minister for Digital Infrastructure hold a regular meeting with the Chief Executives of the key broadband companies and this has been supplemented with a range of bilateral meetings throughout the rest of the year.

The Department also carried out extensive supplier engagements in designing the procurement lots and associated contracts for the UK Gigabit Programme. The Department's engagements with industry at official level have therefore been concurrently twofold; in understanding and responding to the policy landscape relating to commercial build and in designing the procurement strategy for subsidised rollout. On 18 March, we provided a comprehensive update on the work of Barrier Busting Task Force to date, and a clear set of next steps that the Task Force is going to take to support the industry.

Industry has always been clear that it is confident in covering the most commercial 80% with gigabit-capable broadband by 2025, subject to continuing work by the government's Barrier Busting Task Force to reduce the barriers to deployment. However, the industry's ability to deliver gigabit connectivity to all of the hardest to reach 20% at the same time that it is ramping up deployment in commercial areas is less clear, which is why the Government is targeting a minimum of 85% coverage by 2025, with an ambition to continue to work with industry to get as close to 100% as possible.

My Department is confident that the 85% target will be met for the following reasons. Gigabit-capable coverage has already reached nearly 12 million premises or c.40% of the UK. We expect that gigabit-capable broadband will be available to over 18 million premises, or around 60% of the country, by the end of the year, and industry's commercial ambitions are far in excess of the number of premises that we need to deliver to hit the 85% target. For example, the remaining commercial ambitions of operators in the sector total more than 35 million premises, compared to the c31 million premises in the UK. In addition, full fibre build rates are scaling up, from significantly less than 1 million in 2018, to under 2 million in 2019 and to around 2.3 million premises in 2020. We expect to be approaching 3 million this year and for the industry to scale up to deliver over 4 million full fibre connections per year over the coming years, comparable to the highest build rates seen in Europe.

Some of this build will 'overbuild' Virgin Media's gigabit network and, potentially, other full fibre networks, as it is commercially viable for the industry to build competing networks in the vast majority of the country. This is good news for consumers, as it will create a more dynamic market with strong price competition, a range of services and providers for consumers to choose from, and the potential for deregulation in the most competitive areas. Our analysis is that the ambitions of the industry and the increasing scale of full fibre build will allow for a significant amount of competing networks to be built in the same area, whilst still enabling the 85% target to be met.

The government will monitor this closely, however, supported by Ofcom, which has been given additional powers to survey the forecast build plans of the industry and make these public to the extent that they are non-confidential. In practice, we anticipate that Ofcom will publish an aggregated forecast of areas which are not currently in any operators' forecast, which will help operators' network planning.

- **The target date by which the Department expects the remaining 15% of premises to be served with gigabit-capable broadband**
- **How and when the Department expects to make the remaining £3.8 billion available for delivering gigabit-capable broadband to the hardest to reach properties**

The government's ambition is to deliver nationwide gigabit-capable broadband as soon as possible. The 85% is a minimum target, rather than a ceiling, and the government is committed to working with industry to accelerate rollout further to get as close to 100% as possible by 2025. The government's record £5 billion of capital funding to support deployment was confirmed in the National Infrastructure Strategy and remains in place.

The spending profile announced at the Spending Review in November set out that the government will spend at least £1.2 billion of the £5 billion in the period up to March 2025. The spending profiles were set based on industry engagement to seek input on market capacity; this included large numbers of supplier events as well as analysis of the high number of responses to our 'Planning for Gigabit Delivery' consultation. The rollout profiles are a reflection of this understanding. The Department will continue to work with suppliers to accelerate this investment, taking account of industry capacity, and to get as close to 100% as possible by 2025.

In very remote locations it may be too expensive to build a gigabit-capable broadband network with more traditional broadband technology, even with substantial public subsidy. Thanks to completed or pending government-funded projects, less than 0.3% of the country or fewer than 100,000 premises are likely to fall into this category. For these most remote premises, which are mainly located in remote and isolated locations in Scotland and Wales, and some National Parks in England, we have launched a [call for evidence](#) to explore the barriers to improving their broadband and how innovative new technologies, like satellites, might help to change this.

- **The Department's strategy for delivering to those semi-urban areas unlikely to benefit from commercial rollout**

We anticipate that the substantial majority of semi-urban areas will receive gigabit-capable broadband by 2025 through commercial roll-out, supported by the work of the department's Barrier Busting Task Force to reduce barriers to deployment. These measures have helped industry to deliver gigabit-capable broadband to nearly 40% of UK premises, up from just 10% in 2019.

Semi-urban areas are also likely to benefit from Ofcom's Wholesale Fixed Telecoms Market Review, which has set regulation for the next five years. Ofcom is, in line with the government's Statement of Strategic Priorities, regulating to promote competition and giving clear incentives for investment in new gigabit capable networks. As part of the Review, Ofcom has also secured a commitment from Openreach to connect an additional 3.2 million premises in the least commercial 30% of the country by the end of the review period.

However, we recognise that there may be some semi-urban premises that do not receive a gigabit capable connection through commercial roll-out. For all areas, we are gathering the market's commercial plans for the next three years. In areas where we assess that no operator has viable plans to deliver gigabit-capable connections to a group of premises, we

will include these premises in the scope of our interventions. Our initial focus, however, will be on premises that are least likely to get a gigabit-capable broadband connection commercially, and particularly those that do not have access to superfast broadband.

- **The Government's view on time-limited visa solutions for telecoms engineers from the EU**

The rollout of gigabit connectivity across the UK is expected to create thousands of new high-quality engineering jobs as we Build Back Better from the COVID-19 pandemic. Over 22,000 new jobs have been announced in the last year alone by telecoms firms.

The Government recognises the importance of ensuring that there are sufficient telecoms workers, including fibre engineers, to meet the government's ambitious targets. To support the industry, the government will continue to incentivise the training and employment of workers in Britain through interventions such as the Chancellor's Plan for Jobs, the Apprenticeship Levy and the recently announced £43 million expansion of Digital and Technical Skills Bootcamps. Budget 2021 saw a doubling of the funding available to firms taking on new apprenticeships, as well as an ambition to create 40,000 additional traineeships next year.

In addition, telecoms engineers from the EU, EEA or Switzerland who were resident in the UK on or before 31 December 2020 can apply for the EU Settlement Scheme. Telecoms engineers from the EU who worked in the UK before 31 December 2020 but are not resident may be eligible for a Frontier Worker permit. This will enable telecoms firms to retain existing experienced workers from the EU, EEA or Switzerland to support the UK's gigabit rollout.

Finally, in relation to time-limited visa solutions, under the new Points-Based system, telecoms engineers from outside the UK are eligible for a Skilled Worker visa, if they have a job offer from a sponsoring employer. That employer will need to offer at least the going rate for this occupation (£30,300 or £14.94 per hour for telecommunications engineers), but may be able to offer less than this if the worker scores tradeable points for being a new entrant to the labour market. In the event that the Migration Advisory Committee adds telecoms engineers to the Shortage Occupation List, lower salary requirements and lower visa application fees would apply. However in their most recent report, published in September 2020, the Migration Advisory Committee concluded that in the case of telecoms engineers "there was little evidence provided that there were insufficient resident workers to fill vacancies".

Annex B: Written Ministerial Statement placed before Parliament on 22 March by Matt Warman, Minister for Digital Infrastructure

Project Gigabit (also available [here](#))

Gigabit broadband is being rolled out rapidly, from one in ten households in 2019 to almost two in five today. The UK is on track for one of the fastest rollouts in Europe and for half the country to have access to gigabit speeds by the end of this year.

Gigabit broadband will accelerate our recovery from covid, stimulate high growth sectors like tech and the creative industries and level up the country, spreading wealth and creating jobs across the UK.

The Government wants to deliver nationwide coverage of gigabit-capable broadband as soon as possible and is confident that the private sector will deliver to the most commercial 80% of the country by 2025.

To support this, the Government is implementing an ambitious programme of work to remove barriers to broadband deployment. The Government wants to see regulation that promotes investment and competition in new networks.

We want to drive commercial investment and stimulate suppliers to go further into harder to reach areas, by using subsidies to stretch commercial activity even further.

We are targeting a minimum of 85% gigabit-capable coverage by 2025 but will seek to accelerate rollout further to get as close to 100% as possible.

In December 2020, we published a consultation, Planning for Gigabit Delivery in 2021, asking for input from local and devolved government and telecoms providers to help inform how best to use public subsidy to deliver these objectives.

96 organisations across the telecoms industry and local government responded. Their feedback has been instrumental in developing our delivery plan.

Last week we launched Project Gigabit Phase One Delivery Plan outlining our delivery approach that recognises this environment and provides space for commercial investment, but also drives subsidised deployment in harder to reach areas.

More than one million hard to reach homes and businesses will have next generation gigabit broadband built to them in the first phase of our £5 billion government infrastructure project. Up to 510,000 homes and businesses in Cambridgeshire, Cornwall, Cumbria, Dorset, Durham, Essex, Northumberland, South Tyneside and Tees Valley will be the first to benefit as part of Project Gigabit.

Contracts for these first areas will go to procurement in the spring with delivery in the first half of 2022.

In June the government expects to announce the next procurements to connect up to 640,000 premises in Norfolk, Shropshire, Suffolk, Worcestershire, Hampshire and the Isle of Wight.

The successful Gigabit Broadband Voucher Scheme is also being relaunched with up to £210 million to give people and communities in eligible rural areas the opportunity to work with registered suppliers to get gigabit speeds.

In addition, Project Gigabit is making up to £110 million available to connect public sector buildings - such as GP surgeries, libraries and schools - to lay vital infrastructure to these hard to reach communities and stimulate further commercial investment.

The UK has some very remote locations that may be too expensive to build a gigabit-capable broadband network to, even with substantial public subsidy.

Thanks to completed or pending government-funded projects, less than 0.3% of the country or less than 100,000 premises are likely to fall into this category.

For these premises, which are mainly located in remote and isolated locations in Scotland and Wales, and some National Parks in England, a [call for evidence](#) has been launched to explore the barriers to improving their broadband and how innovative new technologies might help change this.

This could lead to the government encouraging industry to use new wireless equipment, low-orbit satellites or high altitude platforms to beam faster connections to far-flung homes and businesses.

The government has already made investments in wireless, satellite and hybrid-fibre technologies, and continues to explore emerging technologies in this area. Some of these technologies are also gigabit-capable and eligible for Project Gigabit funding today. Finally, in support of the whole gigabit ambition, the government has also provided an update from the Barrier Busting Task Force. Set up in 2017, the task force has been identifying and addressing the barriers preventing the fast, efficient and cost-effective deployment of gigabit-capable broadband and improved mobile coverage, including next generation 5G technology.

The Barrier Busting team will be taking forward, with other Government Departments, a number of legislative and non-legislative measures in the coming months. This includes addressing issues around permitted development rights, gigabit broadband for new build homes, and flexible street works permits in England.

We are also consulting on whether further amendments to the Electronic Communications Code are necessary to support deployment. This ambitious programme of works builds on the numerous successes since the team was formed including passing the Telecommunications Infrastructure (Leasehold Property) Act, which recently received Royal Assent.

We welcome last week's announcement from Ofcom, which provides the telecoms sector with regulatory certainty for the next 5 years and clear direction for the longer term, encouraging competitive build in the majority of the UK while securing a commitment from Openreach to connect 3.2 million premises in the least competitive 30% of the country. Ofcom are, in line with the Government's Statement of Strategic Priorities, regulating to promote competition and giving clear incentives for investment in new gigabit capable networks. This framework will allow network builders to make a fair return on their investments and provide the long-term certainty they need as they rollout gigabit networks across the country, while continued price controls on superfast anchor products will ensure consumers are protected from excessive prices.

I will place a copy of the [Project Gigabit Phase One Delivery Plan](#), the [Very Hard to Reach Call For Evidence](#) and the [Barrier Busting Task Force: Next Steps in the Libraries of both Houses](#).