Department for Science, Innovation & Technology

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Dame Meg Hillier MP
House of Commons
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Dear Dame Meg Hillier,

DCMS recall: Broadband, Gambling, Unboxed and Arts Council of England

Thank you for your letter of 2 February 2023. I am writing as Permanent Under-Secretary for the Department for Science, Innovation and Technology, which has now assumed responsibility for the delivery of telecoms policy from DCMS. I am pleased that the Public Accounts Committee recognises the progress we are making in rolling out gigabit-capable broadband across the UK. I welcome your comments and suggestions and I am happy to provide further information on how we will continue to extend coverage to rural and hard-to-reach locations as requested.

Regional disparities

I note the committee's focus on the growth in gigabit coverage in rural areas, citing the latest Ofcom Connected Nations figures as showing 36% of rural premises having access to a gigabit-capable connection, compared to 76% of premises in urban areas.

As we have highlighted in previous correspondence, the sharp increase in overall gigabit coverage between 2020 and 2022 was predominantly a result of Virgin Media O2's upgrade of their cable network, which is only available in urban areas. The rest of the growth is due the rapid deployment of full fibre. Across the UK, only 6% premises had access to full fibre in 2019, and this has risen to 41% according to the same Ofcom report. In rural areas, full fibre coverage is already up to 34%, compared to 42% in urban areas, as a result of a combination of specialist rural altnets' commercial delivery and BDUK's interventions. Our ongoing investment is helping to close these regional disparities: as we reported in our latest Project Gigabit quarterly update, Wales and the South West have seen the biggest increases in gigabit coverage since April 2022. Since the beginning of 2022/23, coverage grew eight percentage points in Wales and the South West, compared to three percentage points in London.

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In addition, between March 2022 and March 2023, the percentage of sub-superfast premises across the UK that can now access a superfast connection has risen from 97.1% to 97.5%, according to the latest data from independent website ThinkBroadband. This is another positive indication of the progress we are making in rural areas.

We expect the rollout of full fibre in rural areas to continue to grow, and BDUK continues to focus Project Gigabit delivery on areas with the slowest connections as a priority. Our voucher scheme is targeted at rural and remote premises, with the recent value increase (from £1,500 for homes and £3,500 for businesses to £4,500 for all premises) targeted to support even more remote and costly premises. Our superfast contracts and their extensions continue to exclusively target premises without superfast speeds, which are predominantly in rural and remote locations. Finally, our Project Gigabit contracts prioritise the initial phases of delivery towards the least commercial areas, and require suppliers to build to premises currently without superfast at a pace no slower than for the rest of the premises under contract. This means the premises with the greatest need will not be left until the end of the programme to receive a gigabit capable connection. As more of these contracts are signed and move into delivery, we will start to see significant and continuous rises in the proportion of rural premises with access to a gigabit-capable broadband connection.

Delivery plans beyond 2025

You are aware that we previously committed to publishing our delivery plans beyond 2025 by the summer of this year and we remain committed to this. When we set out this timescale, we said that there were three milestones we needed to achieve prior to producing this profile:

1. The completion of all remaining market surveys to identify and understand the relevant suppliers' build plans, including where commercial plans will mean that premises can be descoped from contracts;
2. Signing a material number of contracts to provide evidence on supplier interest in BDUK's subsidies and the pace at which suppliers are committed to deliver their implementation plans; and
3. Achieving sufficient clarity on the number of premises likely to be beyond the scope of the programme.

We are making progress towards these milestones. We have now completed our preliminary market surveys for every region of the UK. As you identified in your letter, we have also made progress in signing the first contracts, and we have a clear pipeline of future procurements. It is through these contracts that we will connect the majority

of target premises under Project Gigabit, and we are getting closer to securing a material number of contracts from which we can develop a realistic view of our delivery profile beyond 2025. We are also making good progress on developing options for the 'Very Hard to Reach' premises outside the scope of Project Gigabit's funding. This will include further analysis of the number and type of premises likely to be too expensive to reach through Project Gigabit.

It remains the case that we need to complete these milestones in order to set out a plan beyond 2025, and we cannot commit to publishing this by July 2023. It is important that we have the greatest opportunity to incorporate suppliers' commercial build plans, contract delivery plans, and the latest estimate of Very Hard To Reach premises into the plan. This will enable us to mitigate additional uncertainties in our forecasts and provide a better and more informed view for the committee. We still aim to publish our plans beyond 2025 later in Summer 2023, provided we hit the milestones above.

Very Hard To Reach Alpha Trials

In December 2022, the government launched a series of Alpha Trials in order to assess the capability of new low latency Low Earth Orbit (LEO) satellite equipment as a potential solution to improve broadband connectivity for very hard to reach premises. LEO satellite equipment will be deployed at up to 15 sites across the UK, selected due to remoteness, their limited broadband speeds and ability to provide additional public benefits such as site safety, operational capabilities or educational experiences through better connectivity.

Under the terms of the programme, the trials will last for up to two years and the Department for Science, Innovation and Technology will be responsible for procuring the satellite equipment and meeting the recurring monthly service fees. All other costs will be borne by the site. After the conclusion of the trial, the Department will work with sites to understand how they may be able to continue to benefit from the improved connectivity LEO satellites can provide.

To date, the Department has announced a total of four trial sites and will continue to work at pace to ensure the remaining locations are finalised shortly. The sites announced so far are:

- **Rievaulx Abbey**, in North Yorkshire Moors National Park and run by English Heritage. The project will improve connectivity at the site and is expected to help visitors and researchers engage with educational content relating to the ancient monument.

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- **Wasdale Head**, in the Lake District, will be connected to explore how better broadband can improve operations in communication 'blackspot' zones for mountain rescue team radio and global positioning services.
- **Snowdonia National Park** will see two sites connected: the base of the **Ogwen Valley Mountain Rescue Organisation** to support their life-saving operations and **Ty Cornel**, an outdoor activity centre in Crafnant Valley managed by Scouts Cymru to help improve safety for wardens and the public traversing the isolated 25 acre site as well as enabling new educational resources for visiting school, university or scout groups.

The Department is working to ensure all sites are deployed by May 2023, subject to access restrictions and weather conditions. Given the varied complexity of these deployments (which include remote island deployments) and logistical considerations (such as equipment transportation and site surveys), it may be several weeks following any agreement with a stakeholder before equipment is actually installed and providing improved connectivity.

Sites will be monitored remotely using a combination of regular discussions with the site teams to understand how the equipment is operating and what new operations or efficiencies the sites have been able to undertake as a result of its installation, and periodic monitoring of latency, upload and download speeds to ensure the equipment is delivering the speeds expected.

It remains the government's position that premises with limited access to digital connectivity should be addressed as quickly as possible. However, before bringing forward any final policy options for the hardest to reach premises, the government needs to be able to understand with greater certainty the premises that will not be reached by Project Gigabit. Delivering a sub-Gigabit solution to too large a cohort may risk crowding out market and Project Gigabit activity, and could end up delivering sub-gigabit infrastructure to premises that may otherwise have been able to benefit from a gigabit-capable connection. Furthermore, since improving the digital connectivity for very hard to reach premises will require a range of solutions, it is important that the government assess the viability of these solutions before taking definitive action.

Sarah Munby