



Public Accounts Committee

Sarah Healey
Permanent Secretary
Department for Digital, Culture, Media & Sport
100 Parliament Street
London
SW1A 2BQ
By email: permanent.secretary@dcms.gov.uk

2 February 2023,

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

Dear Permanent Secretary,

Thank you for the evidence that you, Susannah Storey, Polly Payne and Paul Norris provided to the Committee of Public Accounts on 23 January 2023. I am writing to set out our observations on a number of the issues that we discussed, related to the progress you have made on Project Gigabit, the status of the Gambling Act review as well as the UNBOXED festival and your oversight of Arts Council England.

Progress update on the rollout of gigabit broadband

The Committee was pleased to hear that six gigabit infrastructure contracts had been signed by January 2023 and that overall gigabit-capable broadband coverage reached 72% of all UK premises as of November 2022. We note, however, that the rate of increase in broadband coverage has slowed considerably. You explained that this was entirely as you expected because the Virgin Media O2 cable upgrade was a rapid process in comparison to building completely new connections. Nevertheless, we are concerned that there continues to be huge variations in the broadband speeds that are available across the devolved nations and regions as well as between urban and rural areas.

In the Committee's previous evidence sessions on this topic, you have sought to assure us that you continue to follow an "Outside-In" procurement approach, designed to ensure no areas are systematically left behind. However, the slow growth in broadband coverage for rural areas does not appear to support this assertion. Even with the availability of other initiatives such as gigabit vouchers and superfast contract extensions, rural areas significantly lag behind urban areas. The most recent data from Ofcom shows 36% gigabit coverage in



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rural areas compared with 76% in urban areas.¹ These disparities, together with the expected rise in the cost of wholesale broadband prices and low take-up of social tariffs are likely to widen the digital divide further. I would be grateful if you could write to the Committee with information on the following areas:

- **On regional disparities:** many rural areas and those that remain unviable for commercial providers will fall within the 15% of premises that will not have access to gigabit capable broadband by 2025. In responding to recommendations in our report of January 2022, you said you would be ready to form more robust profiles for the hardest to reach premises by summer 2023. We encourage you to work faster on this and to please write to the Committee at the earliest opportunity, and no later than July 2023, to share with us your plans for delivery beyond the 85% target by 2025.
- **On the roll out of broadband to the very hardest to reach areas:** you told us that DCMS is running alpha trials to help determine the technologies it may use for the hardest to reach 0.3% of premises. Please write to us setting out a more detailed timeline for these trials, how you will monitor them and when households in the affected areas will know what their future internet solutions are likely to be.

As you are aware, in December 2022, the BBC announced that it will be aiming to move to an internet future with greater urgency and that the rollout of broadband is crucial to its success. At our evidence session, you acknowledged that the roll-out of broadband is critical to the BBC's plans and that you would expect to have more detailed planning conversations about this when it comes to its next Charter renewal. We have now taken evidence from you and from the BBC on this matter. You have both committed to working together on this and we look forward to seeing how planning progresses.

The Gambling Act review

¹ This refers to all types of premises (residential and commercial) for the whole of the UK. Source: Ofcom Connected Nations 2022: [Interactive report](#) published in December 2022 using data from September 2022.



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It is disappointing that the Gambling Act review White Paper had still not been published at the time of our evidence session. This was despite this Committee being told by you on several occasions over the last year that it would be published “in the coming weeks”. We do note, however, the various actions you told us you have taken during that time. This includes developing a new methodology for measuring participation and harm, banning of nearly all gambling on credit cards, tightening of restrictions on VIP schemes, the strengthening of rules on how online operators identify and interact with those at harm as well as an update on gambling advertising codes.

Nevertheless, there are a number of important issues that you say will be picked up in the White Paper when it is published such as establishing a statutory levy to fund all the work that needs to be done and an independent arbitrator to deal with issues between the customer and the industry. Given the severity of the impact that problem gambling can have on individuals and their families, including the loss of hundreds of lives each year, it remains unacceptable that the government and DCMS do not appear to be treating this with the urgency it deserves. It is even more imperative that you act speedily on the content of the White Paper once it is published. When the White Paper is published, we would be grateful if you could write to us, setting out:

- **details of, and an up-to-date timeline for your implementation plan for the Gambling Act review including what plans you have for accelerating implementation given the lengthy delays to date.**

The UNBOXED festival

The Committee notes DCMS’s explanation as to why it took until late 2022, when the UNBOXED festival was almost finished, to prepare proper audience estimates for the festival as a whole. We also note your assurances about the level of engagement with the festival required of an individual before their inclusion in the audience figures. However, as we discussed in the evidence session, there was a difference between the official audience



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figures for one event, SEE MONSTER, and those reported locally, which you were unable to explain. You also could not tell us the size of the contribution made by the “Countryfile” special episode to the audience engagement figure of 18.1 million for the festival as a whole.

You told us that the UNBOXED festival was not simply concerned with audience number generation. It had other purposes, such as situating projects across the country in areas that do not normally have access to cultural events of this kind. You also told us that there would be an evaluation of the festival’s overall value for money from KPMG in March later this year.

I would therefore be grateful if you could write to the Committee within three months of the publication of this evaluation:

- **Setting out the lessons you have learned from UNBOXED, in particular any lessons regarding the recording and monitoring of audience figures which could be relevant for future event planning within government;**
- **Providing an explanation of the difference between the official audience figures and those reported locally for SEE MONSTER; and**
- **Detailing how much of the 18.1 million overall audience engagement figure was due to the “Countryfile” special episode.**

Oversight of Arts Council England’s funding distribution

The Committee recognises that the recent funding decisions of Arts Council England (ACE), most notably to the English National Opera, were taken at arm’s-length from DCMS. We also note that, as the sponsoring department, you have a responsibility to ensure ACE follows due process, which you monitor through your regular meetings with ACE. In particular, you told us you would be surprised if ACE did not assess the regional impact of its decisions. We were therefore disappointed by the lack of detail you gave when providing assurance about the processes followed.



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You told us that ACE currently spends £21 per person in London compared to £6 in the regions. This analysis informed the instruction to redistribute some money out of London. While the latest funding decisions will likely change the per capita spend between regions, this metric does not capture the impact achieved. The Committee are therefore not clear on how you will be monitoring impact and how you will ensure that ACE have followed your levelling up instructions. I would therefore be grateful if you could write to the Committee setting out:

- **how you are measuring regional distribution in the arts sector to ensure DCMS meets its levelling-up ambitions.**

Unless a different timetable is set out above, I would be grateful for a reply by the end of May 2023. I am copying this letter to the Comptroller & Auditor General and to the Treasury Officer of Accounts. A copy will be published on our website.

Yours sincerely

Dame Meg Hillier MP
Chair of the Committee of Public Accounts