

Broadband industry surprised by Government Spending Review

- *New National Infrastructure Strategy dilutes plans for delivering gigabit capable broadband to rural areas of the UK*
- *INCA will continue to press government ministers and officials to guarantee that the full £5bn of funding will remain available*

London, UK, 26 November – Changes to the government’s self-imposed target for delivering gigabit broadband to 100% of the country have taken broadband industry leaders by surprise yesterday. Confusion also reigned over whether the original commitment to provide £5bn of public funding for hard to reach areas had been watered down to £1.2bn

INCA Chief Executive Malcolm Corbett said, “The whole point of the Outside-In funding programme is to ensure that hard to reach areas don’t get left behind in this massive upgrade to the UK’s digital infrastructure. Build plans by Openreach, Virgin Media and altnet challengers have been ramping up, but we agree that reaching 100% by the end of 2025 was always going to be difficult”.

“The government has recognised that completing a full commercial build and tackling the subsidised harder to reach areas at the same time is very challenging.” Mr Corbett said. “Having spoken with officials our understanding is that the £5bn of funding committed in the National Infrastructure Strategy is ring-fenced and if more of that funding can be brought forward into the Spending Review period, that will happen.”

The ambitious target date of 2025 for 100% coverage across the UK was set by the Prime Minister, originally as full fibre coverage, but later changed to include Virgin Media’s cable network and some wireless broadband services. The National Infrastructure Strategy, published today as part of the Chancellor’s Spending Review, has changed the target. “The government is working with industry to target a minimum of 85% gigabit capable coverage by 2025 but will seek to accelerate roll-out further to get as close to 100% as possible”¹, the review says.

The government expects the private sector to deliver gigabit-capable broadband to around 80% of homes and businesses in the UK. For those rural and remote areas of the UK where

¹ National Infrastructure Strategy, HM Treasury, November 2020

the commercial cost of connecting premises is considered to be too high, subsidies from government are to be provided. For more than a year the sector has been told that £5bn would be allocated to ensure no homes and businesses were left behind in the gigabit digital revolution. However, the Chancellor's Spending Review allocating just £1.2bn in the period to 2021-25 came as a surprise to all in the industry.

"The importance of renewing the UK's digital infrastructure is well known in government – indeed National Infrastructure Strategy is peppered with references to gigabit broadband. Industry is stepping up to the task. INCA estimates that investment in the challenger firms will reach £7.7bn by 2025/6 taking the total private investment to around £25bn including BT/ Openreach and Virgin Media. This investment is based on the expectation that government will play its part too", Mr Corbett continued.

For more information about INCA, please visit: <https://www.inca.coop/>

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Notes to editors

About INCA

The Independent Networks Co-operative Association (INCA) was established in 2010 as a co-operative trade association for next generation broadband services. INCA brings together the most innovative thinkers in the independent alternative network sector, creating new digital infrastructure in the UK and Ireland. For more information about INCA, please visit: <https://www.inca.coop/>

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