



Department for
Digital, Culture,
Media & Sport

Sarah Healey CB
Permanent Secretary
100 Parliament St London
SW1A 2BQ

Dame Meg Hillier MP
Chair, Public Accounts Committee
House of Commons
London
SW1A 0AA

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Dear Chair

Accounting Officer Assessment: UK Gigabit Programme

It is normal practice for Accounting Officers to scrutinise significant policy proposals or plans to start or vary major projects, and then assess whether they measure up to the standards set out in Managing Public Money. From April 2017, the government has committed to make a summary of the key points from these assessments available to Parliament for projects within the Government's Major Projects Portfolio (GMPP).

Background and Context

The UK Gigabit Programme is part of "Project Gigabit", the name given to the Government's approach to achieving nationwide availability of gigabit capable networks. The Government is investing an unprecedented £5 billion of subsidy for the UK Gigabit Programme to deliver subsidised gigabit-capable broadband to hard to reach areas of the UK that would otherwise have been left behind by broadband network providers in their commercial rollout plans. The approach will use demand-led and supply side products to upgrade broadband infrastructure to gigabit speeds, unlocking development in areas that are not commercially viable without government intervention.

The Government's National Infrastructure Strategy, published in November 2020, set a minimum target for gigabit-capable coverage to 85% by 2025 and complete UK-wide coverage as soon as possible after.

The objectives for the UK Gigabit Programme as set out in the draft Full Business Case are to:

- Maximise gigabit-capable build in the final 20% by 2025;
- Where it is value for money to provide gigabit-capable coverage, prioritise the delivery of gigabit-capable networks to premises without 30Mbps (superfast broadband) coverage;
- Deliver full gigabit-capable coverage to the final 20% by 2030, where it is value for money to do so.

This AO assessment considers the four accounting officer standards of regularity, propriety, value for money and feasibility.

Regularity

The Future Telecoms Infrastructure Review (FTIR) of 2018 made recommendations to government to support the deployment of gigabit capable networks as soon as possible while ensuring the least viable parts of the UK receive gigabit capable networks at the same time (an 'outside in' approach) to ensure that no areas are left behind.

This has shaped government policy, a series of announcements, the National Infrastructure Strategy and Project Gigabit (the direct strategic drivers for this programme). Successful delivery will also support the government's Levelling Up Strategy which focuses on challenges including improving living standards, growing the private sector and increasing and spreading opportunity to repair the damage done by Covid by public services

DCMS will directly contribute to these government targets objectives and its Outcome Delivery Plan includes a specific objective to 'increase economic growth and productivity through improved digital connectivity'.

Our programmes are covered by [Section 13A](#) of the Industrial Development Act 2003 and [The Public Contracts Regulations 2015](#).

Summary: There are no issues relating to regularity for the UK Gigabit Programme.

Propriety

The UK Gigabit Programme is assessed as proper, and conforms to accepted standards. The Programme is engaging with the Infrastructure and Projects Authority to ensure it follows established best practice and complies with GMPP requirements.

A BDUK Counter Fraud and Compliance team was put in place to manage compliance and fraud risks in early 2021, with a proactive plan in place to continue to deliver counter fraud controls in line with the government counter fraud standards. Fraud Risk Assessments for each intervention have been completed and are subject to regular reviews. Loss reporting is done through CDRS (Consolidated data reporting) via DCMS to the Cabinet office in line with section 5.3 of the Counter Fraud standards. BDUK has also completed a Fraud Measurement & Assurance gate 3 assessment and are awaiting the Cabinet Office feedback (due August 2021). A small number of cases of fraud and error identified by this process have been investigated and control improvement recommendations have been implemented in advance of any Cabinet Office report recommendations.

Summary: There are no issues relating to propriety for the UK Gigabit Programme.

Value for Money

The UK Gigabit Programme will be subject to scrutiny via robust assurance processes, defined and overseen by BDUK's Risk and Compliance function, using the required Gateway and HMT MPRG processes to monitor successful delivery of the programme. This will provide confidence to the SRO that the delivery of each of the projects within the Programme is likely to represent good value for money for the taxpayer, with clear oversight and control of time, cost and quality requirements, and ensure the risk that delivery does not meet financial, procurement, State Aid and other legal obligations is minimal. This is also designed to ensure that delivery meets its aims and objectives, and realises the expected benefits.

BDUK will require a high level of transparency to evidence gap funding. Suppliers will receive funding from BDUK for the positive difference between the amount of investment required for a project and the present value of the future profit expected from that investment. Cost and revenue forecasts will be thoroughly backed up by detailed financial submissions and adequately evidenced by invoices and timesheets.

Summary:

BDUK Commercial Finance and BDUK Finance will directly contribute to ensuring value for money in the Capital programme. Firstly, Finance will review contract and grant proposals and attend Assurance boards where the finance lead will comment on affordability and provide a check and challenge to the commercial review. Secondly, the finance role in the grant and contract approval will ensure that funding is available before a grant or contract is committed. In addition, before claims and invoices are paid, Finance will provide checks that will help ensure that claims and invoices are numerically correct, supported by appropriate evidence, include only eligible expenditure and are within the grant or contract allocation.

There are no significant concerns regarding value for money for the UK Gigabit Programme.

Feasibility

HM Treasury has provisionally approved the delivery arrangements for the Programme, and formalised Capital funding for the first 4 years in SR20. Use of this funding is contingent upon the conclusion of SR21 and approval of the final Programme Business Case (to be provided in 2021/22).

The overarching benefits realisation strategy for the programme will follow the established BDUK benefits realisation framework that has been tested through previous BDUK evaluations. The Assurance of Action Plan (AAP Jan 2021) noted that whilst there was some uncertainty in the market, the delivery of this programme was feasible, but required detailed, integrated programme planning.

The UK Gigabit Programme continues to be monitored as part of the GMPP. A Gateway 0 Review is scheduled for October 2021.

Summary: There are no significant concerns regarding feasibility for the UK Gigabit Programme.

Conclusion

As the Accounting Officer for the UK Gigabit Programme, I considered this assessment of the UK Gigabit Programme and approved it on 28 /07/2021.

I have prepared this summary to set out the key points which informed my decision. If any of these factors change materially during the lifetime of this project, I undertake to prepare a revised summary, setting out my assessment of them. This summary will be published on the government's website (GOV.UK). Copies will be deposited in the Library of the House of Commons, and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Sarah Healey', with a stylized flourish at the end.

Sarah Healey
Permanent Secretary