At the EFRA Committee’s oral evidence session on 13 June on the work of Defra, I undertook to send a written note to the Committee about broadband state aid rules.

I have made it clear that I want to see an economy that works for everyone. This means greater ambition for rural broadband. As I said at the NFU conference in January, state aid can limit the way in which the UK wants to spend its money. You asked me to clarify what I meant by this. The EU broadband state aid rules set out a framework within which member states must operate. This is designed to help ensure that where we intervene in markets, distortions of competition are limited. This is sensible, but it does mean that we need to comply with the Commission’s decision on the UK National Broadband Scheme which governs public support for broadband schemes in the UK.

Securing state aid approval for the National Broadband Scheme took considerable time in itself, in part due to the demands of the rules and the position of market players. Delivery of the superfast programme and projects contracting for improved coverage could only be implemented with that approval. Ongoing state aid compliance processes at individual project level also require due diligence. This means we are not free to allocate broadband funding as we might wish to. But state aid is not the only issue that needs to be navigated - regulation, access to land and new builds are among the issues being looked at by the DCMS Barrier Busting Taskforce.

As we also touched on when I gave evidence to the Committee, it is important to consider the structure of the telecoms industry and both the government and Ofcom are looking at this. For example, the government’s Future Telecommunications Infrastructure Review is exploring ways to encourage greater investment in new digital infrastructure and this includes encouraging greater competition. DCMS and Defra are working closely together to make sure that the Future Telecoms Infrastructure Review addresses the need for greatly improved digital connectivity in rural areas. The review is expected to publish by the summer.

With every good wish,

Michael Gove