

NEWS

Chancellor urged to invest in network needed to support AI

1 day ago [Alex Wright](#) [Networks & Network Services](#)

Government has been warned that failure to invest in the underlying telecoms networks needed to handle the large influx in traffic from AI will mean its Spring Budget pledge to invest significantly in the technology is futile.



In his Spring Budget today, Chancellor Jeremy Hunt announced a Public Sector Productivity Plan, backed by £4.2 billion in funding, to enable public services to invest in new technologies such as AI,

replace outdated IT systems, free up frontline workers from time-consuming admin tasks and reduce costs further down the line.

He also pledged £100 million in funding to The Alan Turing Institute, the UK's national institute for data science and AI.

But Lee Myall, CEO, of critical network infrastructure provider, Neos Networks, warned that the investment would be pointless if government didn't properly invest in the right infrastructure to support it.

He said, "AI investment will be important to the success of the UK's digital economy, yet AI hinges on the backbone network infrastructure that facilitates data flow between core, edge data centres, and end users. While private-sector investments in FTTP continue to drive progress in gigabit-capable coverage in 2023, public-sector funding is having a limited impact. Initiatives like Project Gigabit are addressing rural connectivity gaps, but the UK still lags behind many other developed countries in the roll-out of gigabit-capable networks.

"To fully leverage AI's potential and propel technological advancement in the UK, more investment is needed in high-performance fibre infrastructure. The government must work closely with network operators to address the size, location and quality of the underlying infrastructure that will support the influx of traffic generated by AI."

Government has also come under fire for its inadequate efforts to address cybersecurity concerns, particularly in light of the significant expenditures allocated to the defence budget.

Al Lakhani, CEO of IDEE, said, "The government spends billions on its defence budget and millions shoring up the UK's borders from illegal immigrants. Yet, it does so little to protect UK businesses and public sector bodies from cyber-attacks.

"We all understand that attacks no longer need to cross physical boundaries to create havoc. But its legislation regarding the use of cybersecurity solutions is weak - well behind what you see in the US and EU - and its investment in cyber is generally lacklustre, as today's Budget proves once again. This point is all the more pertinent given the huge investment announced for the digital transformation of the NHS and public sector more generally, which will only increase the threat they face from hackers.

"Spending on the military and clamping down on immigration clearly play better with the voters. But if the government continues to do so at the expense of protecting the country - its people, its businesses and its public services - from the huge, evolving threat of cyber-attacks, then it is sleepwalking into a digital war zone where defeat is guaranteed."

Amanda Brock, CEO of OpenUK, also criticised government for the lack of substance around its vision for building the next Silicon Valley.

Brock said, "The Budget hasn't delivered much upon the promise that the UK tech sector can be evolved into the next Silicon Valley - with the budget offering little to enable skills building or to build on the current tax breaks for serious investors. Although the introduction of the new £5k individual ISA for investment in the UK is a welcome concept the scale lacks the necessary vision to meet the needs of building that sector."

Among other measures announced in the Budget, Hunt also announced that, following a competitive bidding process, the British Business Bank intends to award £250 million under the Long-Term Investment for Technology and Science initiative (LIFTS). The LIFTS initiative will create two new investment vehicles that are accessible to pension fund capital, unlocking more than £1 billion in private capital, including from Defined Contribution pension schemes, to support innovative companies in the UK.

Schroders Capital has been awarded £150 million to invest into UK science and tech companies. This investment will be matched by Phoenix Group, the UK's largest long-term savings and retirement business. ICG plc has been awarded £100 million by the British Business Bank to invest into the UK's most innovative life sciences companies which will also be matched by Phoenix Group.

Louis Taylor, CEO, British Business Bank, said, "Long-Term Investment for Technology and Science is a potentially game-changing initiative. With the intention of catalysing more than £1 billion of funding, including from UK pension funds, LIFTS will support the growth and ambitions of the UK's most innovative science and technology companies, which with the right finance and support can become the world-beating businesses of tomorrow.

"We welcome today's announcement by the Chancellor, and look forward to concluding agreements with Phoenix Group, Schroders plc and ICG plc, and to working with them as they build towards making their first investments under the initiative by the end of this year."



Budget



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