

Scottish Government submission of 10 June 2022

PE1931/B: Improve the R100 rollout by prioritising properties who currently have speeds of less than 5 Mbps

Thank you for your letter of 13 May 2022, asking a number of follow-up questions in response to our original letter of 4 April 2022. The answers to these questions are set out below.

1) whether an impact assessment was carried out in advance of R100 and the R100 Scottish Broadband Voucher Scheme being introduced to ensure that those most at risk of digital exclusion were prioritised

2) in drafting such an impact assessment, how the Scottish Government assessed which rural properties had the slowest internet speeds

State Aid rules dictate that we cannot distort the market by investing public funding in areas where the market will go. Therefore, at the start of the process to determine the parameters of the R100 programme, we conducted an initial Open Market Review (OMR) – an exercise in which we asked every broadband infrastructure and service provider in Scotland to inform us of their existing and, where possible, their planned commercial build plans (at superfast speeds of 30 Megabits per second and above) for the following three years.

In doing so, we were able to identify the premises that would be eligible for public investment. This became known as the ‘intervention area’. This draft intervention area was then tested through a public consultation to confirm that it was accurate.

We do, of course, recognise that build plans can change, and so we introduced an on-going OMR process, whereby the intervention area is continually monitored to make sure it remains accurate. New commercial activity is taken into account, as is any previously planned commercial activity that – for whatever reason – will no longer go ahead, allowing us to update the eligibility of any affected properties on an ongoing basis.

As outlined in our response of 4 April 2022, we chose to exclude urban properties from the procurement for the R100 contracts, as well as taking the decision to mandate infrastructure deployment in key remote rural locations. In addition, we also chose to 'weight' a number of rural locations – while we did not mandate deployment in these areas, we did make clear to bidders that bids which included planned build in those areas would be scored more favourably than bids which did not.

3) whether the Scottish Government has taken any other measures to prioritise boosting connectivity for rural households with the lowest internet speeds

In addition to the direct interventions being provided through the R100 contracts and the R100 SBVS, we have launched our Full Fibre Charter for Scotland, as per our commitment in the Programme for Government 2019-20.

Commercial investment plays a key role in enhancing digital connectivity in Scotland, and we want to create an environment that sees Scotland regarded as the best place to invest in digital infrastructure.

The Charter consists of a series of pledges designed to extend build further into remote, rural and geographically challenging areas. Through these pledges, signatories commit to accelerate deployment of new full fibre networks, prioritise areas of no coverage for broadband and mobile connectivity, and trial new technologies to improve digital connectivity.

In return, we support operators through commitments which include working to identify areas of priority, areas of opportunity and to investigate the barriers operators face to deploying infrastructure.

Through the Full Fibre Charter for Scotland, commercial providers can deliver more and faster, working with us to deliver a future-proofed, national fibre network to support our economic recovery from the impacts of COVID-19 and for the benefit of all.

We have also extended our commitment to provide 10 years of 100% non-domestic rates relief on newly laid and lit fibre infrastructure for an additional five years, meaning it will now be available until March 2034, offering the most extended period of rates relief in the UK.

4) whether the relevant contractual provisions in place with the provider can be shared with the Committee

As with any contract, there are elements that are commercially sensitive in nature and, therefore, cannot be shared. Having reviewed the transcript from the Committee session on 4 May 2022, I understand that committee members had questions regarding the R100 contract deployment phasing and payment procedures.

The phasing of R100 contract deployment was determined solely by BT plc as part of their contract bids. The Scottish Government did not seek to influence this, beyond mandating and weighting certain areas as outlined above. Payments are issued to BT plc upon completion of agreed milestones which acts as an incentive to build as quickly as possible.

If the Committee has further questions regarding specific contractual provisions in mind, then we will be happy to provide this, where permissible.

I trust that this information proves useful to the Committee.