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Economy and Fair Work Committee

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Dear Convener

Thank you for your letter of 25 March 2022 requesting a status update on R100 rollout, including the associated voucher process, together with a summary of other Scottish Government activity and priorities related to digital connectivity. I have provided these updates below.

Despite the reserved nature of telecommunications legislation, the Scottish Government has had to intervene, using its own resources, to extend access to digital infrastructure right across the country.

Reaching 100% (R100) Programme

We delivered our commitment to ensure that every home and business could access superfast broadband by the end of 2021. While the delivery of the £600 million R100 contracts will extend beyond this date, our R100 Scottish Broadband Voucher Scheme (R100 SBVS) ensured that anyone not due to be connected commercially or through the R100 contracts by then could access a superfast solution.

All of the R100 contract build in the North and South contracts, and 95% of contract build in the Central contract will be fibre to the premises, capable of providing gigabit speeds (up to 1,000 Mbps), and far exceeding our superfast commitment (30 Mbps). As of 28 February 2022, over 5,900 connections had been delivered across the three R100 contracts. A further 9,600 connections are currently in build with over 19,300 premises surveyed with build ready to commence.

A key part of the R100 programme is the delivery of 16 new subsea cables serving 15 Scottish islands – Colonsay, Iona, Lismore, Eigg, Eday, Flotta, Hoy, Rousay, Sanday, Shapinsay, Stronsay, Fair Isle, Unst, Whalsey and Yell. The deployment of this infrastructure underpins our Gigabit Islands ambitions and ensures that some of the hardest

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to reach communities anywhere in Europe will be able to take part in the digital revolution. Much of the preparation has already been completed and the vessel that will lay these cables will make its way to Norway in May 2022 to collect supplies before heading back to Scotland to begin deployment.

As of 1 March 2022, a total of 1,670 connections have been delivered through the R100 SBVS – 930 connections through use of the main voucher and 740 through use of the interim voucher.

Of those 1,670 connections:

- 859 have been delivered in the R100 North contract area – 668 through use of the main voucher and 191 through use of the interim voucher;
- 443 have been delivered in the R100 Central contract area – 174 through use of the main voucher and 269 through use of the interim voucher;
- 368 have been delivered in the R100 South contract area – 88 through use of the main voucher and 280 through use of the interim voucher.

Over half of the connections delivered through the R100 SBVS utilise fixed wireless technology (54%) with around a third of connections delivered through fixed mobile technology (32%). Fibre to the premises (FTTP) connections account for 12% of the those delivered through the R100 SBVS with 2% of connections utilising a satellite connection.

The Scottish Broadband Voucher Scheme is the most generous voucher scheme anywhere in the UK. The main voucher worth up to £5,000 remains available for those who will not benefit from superfast broadband access through R100 contract build or planned commercial coverage. In some circumstances it is also possible to combine the main voucher with the UK Government Gigabit Voucher Scheme which offers up to £3,500 for commercial premises and £1,500 for residential premises to secure a gigabit-capable connection.

Full Fibre Charter

Commercial investment plays a key role in supporting digital connectivity in Scotland. We want to create an environment that sees Scotland regarded as the best place to invest in digital infrastructure, and encouraging the right conditions for commercial build is a crucial part of ensuring that fibre reaches right across the country.

In December 2020 we launched a Full Fibre Charter for Scotland, providing a basis for Scottish Government and operators to work together to maximise full fibre coverage, extending build further into remote, rural and geographically challenging areas. It comprises a series of key pledges for both communications network operators and the Scottish Government, aligned to our ambitions for digital infrastructure delivery.

The development of the Charter marked a significant milestone in our relationship with key communication providers, and we have worked with Axione, CityFibre and Openreach on key issues affecting the industry since its launch.

As of 1 April 2022, Borderlink, Cloudnet, Hyperoptic, Lothian Broadband Group and Virgin Media O2 have become further signatories to the Charter. We have also surpassed one of our key Charter pledges by extending 100% non-domestic rates relief on newly laid and lit fibre for operators by an additional five years helping to drive commercial delivery of full fibre networks in Scotland. Non-domestic rates relief will now be available until March 2034

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building on our original 10 year relief and continuing to offer the most extended period of rates relief in the UK.

Scottish 4G Infill Programme (S4GI)

The Scottish Government is also helping to drive improvements in mobile coverage. Our Scottish 4G Infill programme is delivering future-proofed, 4G mobile infrastructure at up to 55 mobile “notspots” – providing connectivity in remote rural and island areas. As at 31 March 2022, 27 masts are now live and delivering 4G services. A further 16 masts have been built and are awaiting activation. A pipeline of build activity and site activations will continue through to March 2023.

5G

The Scottish Government is currently providing over £10 million of funding to the Scotland 5G Centre (S5GC) to facilitate investment in the development, deployment and commercialisation of 5G in Scotland. This investment has funded testbed rural 5G networks in Orkney and Loch Lomond, and contributed to the creation of a smart campus “innovation district” in Glasgow in projects led by the Universities of Strathclyde and Glasgow respectively.

Through the Infralink project led by the Scottish Futures Trust (SFT), S5GC is delivering a series of tools to make it easier for the public sector to open up its assets to facilitate telecoms rollout. Finally, the S5GC is delivering a programme of 5G Innovation Hubs which will work with SMEs to embrace 5G, develop use cases on a private 5G testbed network, and give them the skills they need to use 5G technology as business enabler. Hubs in Dumfries, Dundee and Forth Valley are now operational, with further hubs to follow in the coming year.

Project Gigabit

It is vital that Scotland benefits from the UK Governments’ £5 billion Project Gigabit, which we think could be rolled out effectively in parallel with R100 delivery. As it stands, there is no sense of how much of the £5 billion will be allocated to Scotland and no timescale for making any such commitment.

Furthermore, we understand that the UK Government’s preferred approach for Project Gigabit is to target the cheapest and easiest to reach premises across the UK, at the expense of more costly rural premises. That would see Project Gigabit have far less of an impact in Scotland, where we have disproportionately more rural premises than other parts of the UK. I have written to the Minister of State for Media, Data, and Digital Infrastructure, Julia Lopez MP, and the Secretary of State for Levelling Up, Housing and Communities, Michael Gove MP, on this matter and have been disappointed with their responses which appear to confirm that there will be no flexibility for Scotland.

The House of Commons’ Public Accounts Committee has been highly critical of the UK Government’s approach to Project Gigabit. In their report, *Delivering Gigabit Capable Broadband*, published in January 2022 they said “we are concerned that the Department’s focus on accelerating coverage through rollout by commercial operators rather than by prioritising those areas it knows are hardest to reach risks some of the areas that need improved connectivity most being once again left behind”.

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Having seen the transformational impact that our R100 investment is having in island and remote rural communities, we will continue to make the case for flexibility, which would ensure that gigabit access can be extended to those most in need of future-proofed connectivity. Without it, Project Gigabit will not deliver what the public expects and is, in fact, more likely to result in a new and more entrenched digital divide between the gigabit haves and have nots.

We are not standing still while this negotiation takes place. On 21 February 2022 we launched a Gigabit Open Market Review in order to confirm the premises in Scotland that do not have access to gigabit qualifying infrastructure delivering at least 1,000 Mbps, or where there are no plans to provide such infrastructure over the next three years. This will help define premises eligible for public investment and will inform more detailed engagement with potential suppliers later this year.

We also continue to push the UK Government to be involved in the development of their approach to connecting premises which they consider “very hard to reach” for the purposes of Project Gigabit given that this is likely to disproportionately impact a high number of premises in Scotland.

I trust that this provides a useful update on the status of our main digital connectivity workstreams, and I look forward to providing more information at the forthcoming evidence session.

Yours sincerely



KATE FORBES

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