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The Scottish Parliament

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Dear Claire,

I am writing in response to the Economy and Fair Work Committee's letter to the Deputy First Minister, John Swinney MSP, of 24 November which sought an update on aspects of Project Gigabit, in particular the Public Review process. This was raised by Julia Lopez in her recent letter to the Committee and I discussed Project Gigabit with her at a meeting on 28 November.

I see Project Gigabit as a real opportunity to build on the success of the R100 programme and extend gigabit-capable broadband to all parts of Scotland. However, clarity is needed on how much of the £5 billion that UK Government has committed to Project Gigabit will be allocated to Scotland.

In her letter to the Committee, Ms Lopez sought to link the funding question to the timing of a Public Review and suggested that it was not possible for UK Government to confirm funding until this process had been completed by the Scottish Government.

The primary function of a Public Review is to confirm existing and planned commercial gigabit coverage in an area (or areas) immediately before the launch of new publicly funded procurements. The Scottish Government already holds information on the number of premises in Scotland that won't have gigabit access delivered commercially. Our rolling Open Market Review (OMR) suggests that around 518,000 premises in Scotland are eligible for intervention, although this figure is regularly updated as suppliers inform us of their plans. This information has been shared with UK Government and is underpinning dialogue on options for future procurement areas in Scotland, which we expect to engage with the market on early in 2023.

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Once these areas are confirmed, a Public Review will be initiated to reconfirm the picture established by the OMR. However, a key variable in determining how successful any new procurement can be is the level of funding that UK Government chooses to commit to it.

We have already seen a situation where UK Ministers refused to fully fund the extension of the R100 North contract that will see an additional 1,488 premises connected to gigabit-capable broadband in some of our most challenging island communities. If the Scottish Government had not stepped in to provide £20.2 million of the £29.6 million total cost, these areas would have been left in the broadband slow lane. We were not prepared to stand by and watch that happen but we simply cannot afford to continue to pick up the slack in a reserved area indefinitely.

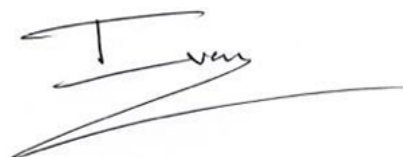
Over £1 billion of public sector funding has been invested to enhance Scotland's digital infrastructure in recent years— the majority of which has come from the Scottish Government, despite telecoms being an area reserved to Westminster.

We currently expect to deliver over 114,000 gigabit-capable connections through our three R100 contracts. This will make a significant contribution to the UK Government's gigabit targets, connecting some of the most challenging and expensive premises anywhere in the UK.

We want to push gigabit coverage even further and see Project Gigabit as the vehicle that will enable this. However, the level of UK Government investment in Scotland will be key and if, as implied by Ms Lopez's letter, the UK Government imposes a strict cost cap, Project Gigabit will not deliver for Scotland's most remote rural communities. The programme's ability to deliver for these communities is further threatened still by the lack of a plan for connecting premises that the UK Government classifies as 'Very Hard to Reach'

My team is continuing to work with UK Government colleagues to scope procurement options, and further supplier engagement is planned for early next year. Without confirmation of how much funding UK Government is willing to commit to Scotland, it is impossible to determine how successful these procurements will be and when, or if, we will be in a position to launch them.

I will continue to make the case to UK Government for early clarity on funding and I will keep the Committee informed of progress.



IVAN McKEE

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