

## Note of the Cross Party Group in the Scottish Parliament on Digital Participation held on Tuesday 15 December 2015

Members present – 33

MSPs present - Fiona McLeod, Liam McArthur, Willie Coffey

WC welcomed members and said the group was hopeful that another meeting would be held ahead of recess. Minutes from the two previous meetings were **approved**.

The group welcomed Tony Rose and Neil Rutherford from the Scottish Futures Trust. SFT is a limited company owned by Ministers to deliver and develop commercial approaches to infrastructure. They are involved in developing the World Class vision for Scotland and using their core skills to add value to the digital agenda.

The World Class vision is for any device, anytime, anywhere, skills, confidence, participation, how services are delivered and infrastructure underpins this. Impact Assessment has tried to capture the impacts. Regulation, investment, infrastructure and the private sector are all things need to come together to get maximum impact.

SFT are working on a number of workstreams including public WiFi, Demonstrating Digital, strategic market analysis, policy and regulation. They are trying to push out the intervention of the public sector to ensure that any combination of regulation and policy is used up first to minimise public spend.

The Impact Assessment is not a forecast, it assumes that infrastructure would support three scenarios of usage: consumer and business use, working anywhere with the public sector as key driver and the Internet of Things as a driver.

The estimated economic impact by 2030 suggests GDP pa uplift of £9bn and depending on scenario between a minimum of £6bn to a maximum of £13bn. Urban GDP growth would be greater but the impacts are higher in remote rural areas.

SFT are looking new technologies which are not just about fibre and wireless masts but a full range of meshing connectivity, people don't use infrastructure per se, they do things. A Scottish based Internet Exchange would be more efficient allowing processing to be done in closer proximity, using local peering.

### Q&A

WC thanked TR and NR for their presentation and asked how to ensure everyone keeps pace; his own constituency sees patchy coverage. Is there any information on EU programmes and their move away from infrastructure rollout?

TR- SFT has existing programmes addressing infrastructure, the DSSB programme will deliver 85% SFBB by 2016, 95% by 2017. O2 has a requirement to reach 95% of premises with 4G by 2017, while the replacement Emergency Services contract will cover 98% of A&B class roads by 2017/18 – these are all significant and we need to build on that. A focus is now on where there is not likely to be connectivity in a reasonably similar timeframe. The aim is not to replicate where these programmes are going, but aiming to use intervention in a targeted way.

Mike Neilson said there was systemic issue in ensuring that we don't have the same lag issues with remote and rural areas in every technology rollout.

Maggie Ellis commented that Scotland needs to improve its health record, it cannot be right that in days of eHealth we are not benefitting. It is cost effective, would be great to see broader debate.

TR and NR responded that there are strands that require further work and the report was the beginning not the end.

Fiona McLeod MSP said that trying to push the delivery more into commercial realm, to factor it into planning, for example new housing developments such as Woodilee Village in Lenzie are being completed with no fibre which then needs retrofitted. TR said there was a pilot in NE Scotland to address this.

Domhnall Dodds said that there was a multitude of factors that put us where we are now that needed to change, for example the lack of fixed line operators other than BT and the issue of business rates for communications which is now finally on the table. Do you think you will be listened to? TR replied that this cannot be guaranteed, on Electronic Communications Code there seems to be motivation to look properly and SFT have made points very clearly.

Professor Fourman said that infrastructure was looked at 5 years ago. There is a natural monopoly in Scotland in fibre and wireless infrastructure and with no regulation to support these areas, small operators in rural areas cannot operate outside BT. Prices simply reflect this. Coverage alone not enough, affordability is also important. The last 5% not covered are those who most need it and there has been some work done that says we are not getting worse but certainly not getting better in deprived neighbourhoods. TR said he was keen to see this work and to address in its whole SFT have tried pilots with Housing Associations which needs more work. MN added that some of the areas that are most deprived are the most challenging to get State Aid clearance for due to their urban nature. With regard to planning, conversations with MNOs suggest that 97% of planning apps for masts in Scotland are approved. It could be that they choose areas of confidence, leaving more challenging areas untested suggesting that it's not just rules but also behaviour that needs looked at and it is hard to take sensible short term steps without knowing this.

Evelyn McDowell wondered what kind of private sector intervention could we see for those in socially rented homes? If we know nobody will touch it, what's the plan for dealing with the problem? TR responded that understanding where commercial people go is important because you can then identify where they will not go, and then you can plan what to do about it. It is not about waiting and then starting that planning, it is about getting ahead of the game.

Jan Miszalowski talked about a project which will be running until March 2016, doing a review of the current planning regime in Scotland. Looking at what's happening in England, consulting with local planning authorities and industries to capture their needs.

WC thanked everyone for their participation and welcomed Mike Neilson, Director, Digital at Scottish Government to speak.

## Mike Neilson, Scottish Government

The work of SFT is an important framework for what Digital Scotland is doing in policy terms. On Broadband, Scotland has hit the target of 85% of premises by 2016 on SFBB six months early of where we were expecting to be. That's 7,000 premises a week however the remaining 15% are getting more impatient. On Mobile, things are happening which will make a big difference to mobile coverage; commitments have been made by the commercial operators. The approach the Scottish Government has been trying to take, and what DFM John Swinney is taking a strong lead on, is to work with the industry in order to maximise coverage. This involves reducing planning time and cost, which may take us in the direction of taller masts, additionally finding a way of taking business rates out of the equation. We can find ways we can loosen up planning regulations so public land can be made available at a way which reduces the cost to operator, increasing competition. The emergency services contract is an important factor in increasing coverage on the roads and the Coll community owned mast is another model seeking to decrease costs for operators.

Digital skills are the second building block after connectivity. The estimate is that we are about 11,000 skilled people short of what we need each year. We have a skills investment plan in place and steps are being taken, Scotland needs the HE sector to promote digital skills to young people. Upcoming priorities include looking at public services. In the next spending review period the shift to online services is going to be one of the most important elements in improving services and cost effectiveness.

We are still seeing that in social housing the rate of internet use is much lower than other forms of tenure. We are engaging with the Housing Delivery Group which is driving the housing delivery strategy, in order to ensure that the digital opportunities are implemented.

The lessons learnt so far are that collaboration is effective; sharing solutions is effective and creating evidence of efficacy is helpful – a number of pilots are demonstrating that you can cost effectively provide services on a small scale.

## Q&A

Willie Coffey MSP asked what impact has public intervention had?

MN responded that the most straight forward way of looking at this is that, without the big two broadband projects, coverage would have been 66% coverage in Scotland. We can be confident that it has made a difference. We have a more complex picture with the mobile operators; the same type of intervention is not really an option there.

Professor Fourman asked if the extension actually affected the inequity of distribution, the gap funding essentially said BT has a funding envelope, it means they still invest in the places that are most profitable. We are not changing BT's investment structure to something more equitable. We have not mentioned SMEs as a deprived group. They naturally migrate to cheap places on the peripheries of semi urban areas.

MN responded saying that in Scotland we have influenced BT, the roll out has required a certain amount of coverage by local authority area. In terms of fibre roll out, there comes a point when fibre roll out is no longer the right option in cost effectiveness terms. The issue

for Scotland is which are the technologies will get us into the remainder of areas. For some the solution will be fibre, for some it will be wireless.

PMF said that if the goal is to get as many people connected as possible, what is being done is a pretty good way of doing it, it seems to me it's now time to change the goal post and to say we need to bring those most at the bottom, up. We cannot afford to have whole communities that are not connected.

MN said that the new USO proposal will offer some form of safety net but we should be aspiring higher. We should be encouraging BT and other to invest more in research into additional technologies.

Sarah Beattie-Smith said she hadn't heard anything tonight that inspires confidence that we will reach the last 2% or that we have a strategy in place. USO has to be the direction of travel, it is increasingly vital for everyone to be connected.

MN said that the USO is partially about spreading the load of the investment across all users. All of the work that SFT is doing, the discussions we have having with the MNOs and about broadband infrastructure, are focused on getting the best solution for the final 5% and to getting geographic coverage in premises.

David Walls, Lothian Broadband said that they have found barriers to what they are allowed to do, not just in terms of funding but access to backhaul is one of the major issues. They could deliver superfast speeds, but cannot due to the terms of their funding agreement from CBS, nor can we extend that network to neighbouring villages as a commercial operation because that is publicly funded. MN clarified that the areas cannot be subsidised twice, so if BT are rolling out in an area, cannot subsidise someone else to roll out in that area too. He is keen to grow the number of small providers and access to backhaul is largely a regulatory issue.

DD said that one of the most vital things that can happen is reform of the ECC.

David Byers, Scottish Enterprise said that all the evidence shows that the operators seem to be stuck on an incremental mode of development, what is it going to take to make that quantum leap to world leading development mode as outlined in the study?

MN replied that there is no single silver bullet, but there is a potential virtuous circle. Scottish Enterprise providing effective support to businesses so they are digitally competent should strengthen skills base increasing demand and making it more profitable for providers to invest in infrastructure. There is not one place in the circle we can start; we need to be doing a lot of these things.

Vicki Nash closed the meeting updated on some of Ofcom's ongoing work; the DCR consultation closed in October. On the USO, Ofcom are in discussion with the UK Government. Ofcom's Connected Nations report is available online, and highlights data by local authority area. Members were also very welcome to attend Ofcom's Annual Plan consultation event.