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Mr Terry Shevlin  
Clerk of the Public Audit Committee  
Room T3.60  
The Scottish Parliament  
EDINBURGH  
EH99 1SP



26 October 2016

Dear Mr Shevlin

I refer to your letter of 16 September 2016 requesting a response to the report published by the Auditor General for Scotland and the Accounts Commission entitled "[Superfast broadband for Scotland: a progress update](#)". The report recognises that good progress has been made in addressing the recommendations from the February 2015 report. It also acknowledges that deployment of fibre broadband through the Digital Scotland Superfast Broadband (DSSB) programme is progressing well and that a higher than anticipated number of premises are capable of receiving superfast speeds (>24Mbps).

The report also identifies four priority areas for development. My response will focus on those areas and the work that the Scottish Government is, or will, undertake to address these points.

**1. The finalisation of clear plans setting out how 100 per cent access to superfast broadband is to be achieved, so that no communities are digitally excluded.**

As set out in the Programme for Government, the Scottish Government is committed to delivering 100% superfast broadband access by the end of this parliament, in 2021. Work is already underway to finalise plans to extend superfast broadband access. A key first step in delivery will be finalising the coverage footprint to be delivered by the Digital Scotland Superfast Broadband (DSSB) programme. The DSSB contracts have generated Gainshare – a return on our investment due to higher than anticipated levels of early take up on DSSB infrastructure. BT are currently modelling how Gainshare, and other residual funds, can be used to push fibre coverage even further through the DSSB contracts.

Ahead of any public investment in broadband, it is a state aid requirement that we undertake an Open Market Review – a formal consultation with broadband suppliers to determine commercial investment plans over the next 3 years. Following finalisation of the DSSB coverage footprint, we will launch a new OMR(s) for Scotland, which will allow us to define

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an intervention area. We can then launch new procurement activity, likely to be from early 2017.

On 9 September the Scottish Government published a Prior Information Notice launching a formal supplier engagement exercise, to gauge market interest, further improve our understanding of the broadband market and help shape our procurement strategy. This will inform an overall delivery plan, to be finalised in the autumn.

Community Broadband Scotland (CBS) will continue to support those communities that it is currently working with. The future role of CBS will be considered as part of the Reaching 100 per cent project.

## **2. How best to use digital technologies and build a world-class digital infrastructure fit for the future.**

A key part of the Scottish Government's vision is future-proofed digital infrastructure that will deliver world class connectivity across all of Scotland. Our strategy goes far beyond infrastructure - but future-proofed infrastructure that supports connectivity on any device, anywhere, at any time underpins all aspects of our world class ambitions. The investment we are making through the DSSB programme, alongside commercial roll-out, is a vital first step but we realise we will need to go further.

Scottish Government is currently working with Scottish Futures Trust to develop our World Class Digital Infrastructure programme. This is taking a longer term view and assessing how we best incentivise industry to deliver the underlying infrastructure that will support the future evolution of digital technologies – whether from superfast to ultrafast networks; or from 4G to 5G.

In June of this year, the Scottish Government published a Mobile Action Plan which contains a series of measures designed to improve and increase mobile coverage across Scotland, including a commitment to further planning reform, maximising the impact of the UK Government's 4G-based Emergency Services Network, and the development of a Mobile Infill Project. As set out in the Programme for Government, the Scottish Government has committed to develop a plan to address the gaps in 4G mobile coverage by spring 2017.

The work being undertaken on mobile infill is influencing our approach to delivering 100% superfast broadband access, with officials working closely to ensure that synergies between both the mobile and broadband workstreams are identified and maximised.

## **3. How best to continue to encourage take-up to ensure the benefits of investment are maximised.**

Within the DSSB programme, take-up of fibre broadband currently sits at 24.98%, with many Local Authorities reaching over 30% adoption (including Aberdeenshire; Angus; Midlothian; Renfrewshire; South Lanarkshire and Perth and Kinross). A total of 22 Local authorities are at or above predicted adoption levels, while some exchange areas have reached over 50% (Pilton, Edinburgh) adoption of fibre. These encouraging take up figures have been achieved through a robust communications, marketing and engagement strategy, across all 27 local authority areas in scope.

The 'Demand Stimulation' team, operated through BT, will continue in their current marketing role until March 2018 to help raise public awareness and work in local communities across deployment areas encouraging take-up of fibre broadband. As well as quarterly

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announcements about up and coming deployment to local communities, press releases and events are tailored to the local area, with local businesses, sports personalities and other well known faces invited to photo calls and events to increase awareness and engagement. Press releases, social media announcements, as well as local authority and other partner communications channels are utilised to ensure that messaging reaches the widest audience possible. Local business portals including Chambers of Commerce and Business Gateway have also been used for this purpose. We will continue to use all available media to encourage take-up and ensure the benefits of investment are maximised.

**4. Improved public reporting of progress and performance, to measure the benefits achieved from its investment and to allow benchmarking with other countries.**

The Scottish Government recognises that individuals, businesses and community organisations need clear information regarding progress in delivering access to superfast broadband across Scotland. The Digital Scotland website provides a range of information to the public and includes a postcode checker which allows members of the public to check progress of the DSSB programme in their area.

In recognition of the need for improved reporting, the Digital Scotland website has been enhanced to provide users with both a better understanding of the deployment process and an improved view of how their cabinet is progressing in the deployment cycle. The cabinet tracker that was launched in September, shows users where their cabinet is in the journey and explains the tasks involved at each stage. The website is currently being reviewed to ensure that it is providing users with the information that they need.

In January 2017, the DSSB programme will issue a report setting out the progress of the programme at a Scotland and local authority level. It will contain information about the level of fibre coverage provide by the programme; the percentage of premises that, when combined with planned commercial deployment, have access to speeds of greater than 24Mbps ;and the level of take up on cabinets funded by the DSSB programme. The report will be available on the DSSB website and will be updated every three months with the latest verified figures available.

The Connected Nations Report, produced annually by Ofcom, provides details of the UK's evolving communications infrastructure and enables benchmarking to be carried out between Scotland, England, Wales and Northern Ireland. Ofcom also publishes an annual European Broadband scorecard to enable benchmarking of the UK's broadband performance with other EU Member States in terms of: coverage; take-up and use; price; speed; and, choice; although its data is at a UK level.

**Conclusion**

The Scottish Government welcomes Audit Scotland's progress report. Since publication of the initial report back in 2015, the Scottish Government has made significant progress which we are happy to see has been reflected in the most recent report. We recognise that extending broadband coverage to our most rural areas will be challenging, but the Government remains committed to delivering 100% superfast broadband access by 2021.

Yours sincerely



**SARAH DAVIDSON**

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