

DIGITAL CONNECTIVITY

1. BROADBAND

Digital Scotland Superfast Broadband (DSSB)

HIE has successfully delivered its Digital Scotland Superfast Broadband project contract. The original target was to reach 155,000 premises, more than 177,000 premises are now part of the next generation broadband network as a result of the investment.

More than 250 towns and villages across the Highlands and Islands now have access to superfast broadband. Indeed, the region has seen the largest percentage swing in coverage of any of the DSSB projects. Take-up of services in the region is currently 42%. The Outer Hebrides has Scotland's highest take-up figure at 48%. More than 3,500 businesses and community groups have had help through HIE digital initiatives in recent years.

Customers are reminded that they won't be automatically moved from their current broadband service to a fibre service. It is a different product and you have to order through an Internet Service Provider. Everyone can check what speed may be available at www.hie.co.uk/fibre

Roll-out will continue as part of this contract in 2018. Extended coverage is as a result of efficiencies in the delivery of the current contract and the return of 'gainshare' funding after strong take-up. Continued deployment through 2018 as a result of Gainshare will avoid voiding any significant gap between DSSB ending and R100 starting.

Reaching 100% (R100) Programme

SG has committed to extending superfast access – of speeds greater than 30Mbps - to all of Scotland by the end of 2021. This contrasts with the UK Government's Universal Service Obligation of 10Mbps.

SG is investing £600 million through the first phase of R100 to achieve this goal. Procurement is underway and deployment will begin during 2019.

Ultimately, R100 will provide a future-proofed, national fibre network that will place rural Scotland among the best connected places anywhere in Europe. R100 is a programme entirely unique to Scotland and our ambition – superfast broadband for all – is unmatched in the UK.

The intervention area for R100 has been established through an extensive consultation process with the market and the public in recent months. The Open Market Review demonstrated that there are around 240,000 premises that won't have superfast broadband access delivered either commercially or via DSSB.

The R100 programme has been designed to meet that coverage gap and SG is committing £600 million to the initial procurement. However we believe we need a more co-ordinated approach to rural coverage issues – both broadband and mobile. That would see public investment used alongside regulation at UK level by Ofcom to ensure that the challenges that we face in Scotland can be addressed sustainably over time.

The contract notice was issued in December and the market interest it generated is entirely in line with our expectations. The procurement remains on schedule for a contract award by early 2019. The focus of in the initial procurement is on driving fibre into some of our most remote rural and island communities, to create a truly national fibre network. This will be the platform for a wide range of digital connectivity, including 4G and superfast broadband today; and 5G and ultrafast broadband tomorrow.

To achieve this, the contract will require coverage in specific places. This is a vital part of the procurement, ensuring that bidders will deliver new fibre infrastructure in key strategic locations. These areas are currently being finalised in line with the latest HIE modelling which will determine the last tranche of roll-out under that contract. This requirement will ensure that every part of Scotland is within reach of accessible fibre – creating a future-proofed, truly national fibre network

2. MOBILE

Widespread mobile coverage is just as vital as broadband, especially in rural communities, unlocking a wide range of social and economic benefits. Improving mobile coverage across Scotland – extending access to 4G services while laying the groundwork for future 5G deployment – is a top priority for SG.

Although telecoms is Reserved to Westminster, the UK Government lacks a coherent plan to improve coverage. Therefore SG is using the levers at its disposal to take action.

Mobile Action Plan

The SG Mobile Action Plan – the first of its kind in the UK – clearly sets out how Government, industry and other partners will collaborate to improve mobile coverage across Scotland. Since launch in 2016, good progress is being made against measures set out in the Plan. For example:

- Last year SG legislated to relax permitted development rights which makes it easier and faster for operators to build new or extend existing infrastructure.
- Trial of non-domestic rates relief is underway in a number of pilot locations for new mobile masts in non-commercial areas as a way of incentivising mast build, and extension of this trial is being actively explored. Crucially, non-domestic rates relief will apply to new masts built as part of the Scottish 4G Infill Programme.

The Scottish 4G Infill Programme (S4GI)

A crucial part of the Action Plan is developing **S4GI**. This programme will invest up to £25M (including £10M ERDF for the Highlands and Islands) to deliver improved mobile coverage by tackling some of the not-spots that remain after commercial rollout of 4G services across Scotland.

The first phase of S4GI will tackle a limited number of 'not-spots'. Rather it is SG's intention to first test the market's appetite and refine the programme's approach. For the purposes of this project, a not spot is defined as a defined area where there is no existing or planned 4G coverage from any mobile network operator.

SG believes that uncertainty around the final extent of commercial 4G rollout currently makes it impossible to derive an accurate intervention area of future 4G notspots. Providing mobile infrastructure and services to the most technically and/or commercially challenging of sites may also require additional levels of government support – beyond capital-only funding. Development of a programme which is fit-for-purpose and delivers this outcome is much more complex and will be progressed over the coming 18 months.

Procurement for S4GI will begin in the coming weeks.

SG and its partners have learned lessons from the UKG's failed Mobile Infrastructure Project (MIP), which delivered only 3 of a planned 84 sites in Scotland. None were located in the Highlands and Islands. From the outset, S4GI has been developed on a collaborative and pragmatic footing, working closely with the mobile industry to develop a programme that is palatable to them. By contrast, UKG developed MIP with no industry input and imposed it on the operators.

Collaboration with UK Government initiatives

SG and HIE continue to work closely with the UK Government on the implementation of the Emergency Services Network (ESN).

ESN is designed to provide maximum coverage to motorways and the A & B roads network. EE is the chosen delivery partner for ESN and the majority of the service will be provided using EE's own network infrastructure. EE is continuing to build new masts to increase its geographic coverage. Where EE lacks coverage and has no plans to extend, the Home Office will provide new masts.

SG and partners have worked closely with the Home Office to ensure that wherever possible ESN infrastructure can also provide commercial 4G, pushing coverage further still. Additionally, work is ongoing to exploring how to exploit potential synergies – how to achieve mutually beneficial outcomes for both programmes.