



Scottish Affairs Committee

Oral evidence: Telecommunications in Rural Scotland, HC 1094

Wednesday 18 March 2015

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Members present: Mr Alan Reid (Chair); Mike Crockart; Mark Menzies; Graeme Morrice; Pamela Nash.

In the absence of the Chairman, Mr Reid was called to the Chair

Questions 1-241

Witnesses: **Brendan Dick**, Director, BT Scotland, **Paul Morris**, Head of Government Affairs, and **Colin Scott**, Senior Regulatory Manager for Scotland, Vodafone UK, gave evidence.

Q1 Chair: Good afternoon. I want to thank British Telecom and Vodafone for coming along this afternoon to help us with our inquiry into telecommunications in rural Scotland. Perhaps you would start off by introducing yourselves.

Brendan Dick: I am Brendan Dick, the director for BT Scotland.

Paul Morris: I am Paul Morris, head of Government affairs for Vodafone.

Colin Scott: I am Colin Scott, senior regulatory manager, based in Glasgow.

Q2 Chair: I want to start off on the topic of landlines. When we asked for evidence we had many cases of individuals being left without a working phone line for over a month. In fact, in one case it was two months. That meant that people were unable to access help in an emergency, particularly if they lived in a rural area, run a business or be on call for their employers. Brendan, can you explain what went wrong this winter and why people were left without a phone line for so long?

Brendan Dick: Certainly we experienced weather over this winter which, as you know, affected from Argyll up the west coast into the highlands and Orkney and Shetland. We had a particular predominance of lightning strikes. I will come back to what that means

technically in a second. The volume was the worst we have seen in terms of lightning, bad weather and high winds for 47 years, according to one of our Openreach managers. He has been in the company that long. The impact of lightning, unlike for example in power networks which tend to be more core network solutions, is that it impacted on individual lines extensively. In some cases lines were hit three or four times, were repaired and then hit again. It was quite dramatic. That was the worst we had. Clearly it does not excuse the fact that people did suffer and I acknowledge that.

We deployed about 340 extra field engineers. They were brought into Scotland and were obviously focused on the west coast and up through the islands. Of those, about 250 were brought in from down south in England. The backlog has been eaten into, but clearly people were left without service for some time. As I say, in summary, it is the most extreme, for that kind of impact, we have seen in a generation or more. We are working through it, but it was particularly challenging.

Q3 Chair: Why are you not prepared for weather instances like that? Bad weather happens in Britain, so why were you not prepared?

Brendan Dick: We are prepared for bad weather. This was particularly extreme. We liaise extensively with the Met Office at UK and local level, and also very extensively with the civil resilience team in the Scottish Government. One of the challenges that we had this year was the unpredictability of where it would strike. As I say, it was from Shetland right down the west coast, the Western Isles and down to Argyll and Bute. It was the volume rather than whether it would happen; and there was more lightning. Obviously we do get storms in Scotland and in the UK, and we are as prepared for that as we can be.

Q4 Chair: You have an obligation called the universal service obligation to provide a working landline connection to everybody in the country. Are any penalties imposed on you for leaving people two months without a phone?

Brendan Dick: Under normal circumstances people can claim compensation. When things are outwith our reasonable control, there is a thing called matters beyond our reasonable control—MBORC—which I am sure you know of and which we do not invoke lightly; the mechanism for agreeing it has to be that the thing that has cropped up is beyond the norm, beyond our reasonable control, and indeed that the quick solution would be impractical to achieve in a reasonable time scale. That is a model agreed with industry. It is familiar to Ofcom. In fact some recent work over the last few months, during this last series of really bad weather, resulted in dialogue with the communication providers, who are ultimately Openreach's customers, and new procedures being used for that.

Q5 Chair: You said that MBORC had been agreed. Agreed with whom?

Brendan Dick: With industry. That is how it works. Ofcom is familiar with the process and how it works. The results are reported to Ofcom monthly and they have the ability to scrutinise them.

Q6 Chair: You say that it is reported to Ofcom. Do Ofcom have any role in deciding whether or not your declaration of MBORC was reasonable?

Brendan Dick: They have the power to look into that. I do not think they have questioned it on this occasion—to my knowledge. I would have to check the detail of that offline.

Q7 Chair: How many times have you declared MBORC since you became a private company?

Brendan Dick: I do not know; I would have to check that offline. When it became a private company, I was a kid—in 1984. Openreach clearly did not come into existence, without avoiding the flippant comment, until 2006. I am happy to take it offline and check, if that would be helpful.

Q8 Chair: You are the director for Scotland—even if you don't have the exact figure—have you been the director for Scotland since 2006?

Brendan Dick: Yes, I have.

Q9 Chair: You have obviously worked at this very senior level within the company. Off the top of your head, can you tell us how many instances you can recall where MBORC has been declared?

Brendan Dick: No. You could argue that I should know, but I do not know. I would have to check.

Q10 Chair: Are you aware of any other instances?

Brendan Dick: Yes. MBORCs happen. In the last winter they occurred largely on the west coast—in fact, not in December but in January. They occurred down in the south-west and Dumfries as well. There was a small one in central Scotland. At other times on different occasions they have occurred in other parts of the country, so they do happen.

Q11 Chair: Over how big an area during last winter was MBORC declared?

Brendan Dick: They can be declared, and were on this particular occasion, in different geographies at different times, but there were overlaps; for example, I think I said that the south-west, Dumfries and Galloway was from January and towards the end of the month. There was a slightly shorter one in central Scotland, but the longest serving one was clearly on the west coast and up through the islands. That kicked in in December and lasted through to the end of January or early February. That was where the most significant impact was. Basically it depends on where the weather impact is. It is not done by local authority or anything, but broadly speaking that would give you a geography.

Q12 Chair: Do you draw a line around an area on a map and declare MBORC in that particular area?

Brendan Dick: Yes. It will be based on where the exchanges are and where the service impact is. As most of you know, we have a significant number of exchanges in Scotland. There are about 1,070, which is a fifth of the UK total. They are well spread out and many of them of course, in the north and west, are quite small. Broadly speaking, we would report those by geographies that people would understand, like highlands and islands, Argyll and central Scotland.

Q13 Chair: Regarding your performance targets, what is the impact of declaring MBORC?

Brendan Dick: Looking towards how we perform at the end of the year?

Q14 Chair: I will phrase the question differently. If you had not declared MBORC, what does your universal service obligation say about how long it should take you to repair a fault after it is reported by the consumer?

Brendan Dick: The USO is more about providing the connection; it is not about the service. The service levels will be agreed between Openreach and the communication providers. If a customer happened to be a retail customer of BT Retail, they would have a certain service level agreement with them as the retailer. They could have different ones with other retailers. I clearly do not know what they might be. I think behind your question is the fact that, when MBORC is declared, those service level agreements between Openreach and the service provider are put into neutral, just because of the extenuating circumstances.

Q15 Chair: When somebody signs up with a retailer, which could be BT Retail or any other company, does their agreement with that retailer normally give them a length of time that it would take to repair a fault?

Brendan Dick: Yes. It depends on the service they buy, but typically at a residential level it would be a few days. Many businesses, and in fact consumers, are perfectly entitled to have the same connection, and the same speed if it is for broadband, but procure a better service guarantee to get things fixed. Obviously there is a cost associated with that. In terms of the situation we are talking about, as you know, the relationship in terms of the service is between Openreach and the communication provider. In the case of BT Retail, as an example, the customer is perfectly entitled to seek some sort of compensation from Retail. That compensation would have to take place with Openreach as the provider of the network, as it would through any other organisation.

Q16 Chair: The retailer then has an agreement with Openreach; is that correct?

Brendan Dick: Yes, all of them would. Then they discuss that from their own perspective, as the case may be. As you know, across the UK there are several hundred communication providers. Not all of them operate in every geography, but a significant number do. It would depend how that worked.

Q17 Chair: If you declare MBORC, does it mean that all these rules about the length of time to repair faults and entitlement to compensation disappear?

Brendan Dick: Effectively, it is put into neutral. Clearly two things can happen. As I said at the beginning, the agreement is something that is agreed and understood—

Q18 Chair: Could I interrupt you? You said “agreed”. Is it agreed between yourself and 50 or 60 different retailers?

Brendan Dick: Yes. The MBORC scenario is discussed regularly, agreed and reviewed with communication providers.

Q19 Chair: Does every retailer in the country agree with you that MBORC was declared in this instance?

Brendan Dick: The model is agreed with the communication provider network. We would then declare it.

Q20 Chair: When you declare it in a particular instance it is simply you declaring it.

Brendan Dick: Yes, against an agreed model, effectively.

Q21 Chair: What is that agreed model?

Brendan Dick: I do not know the specific detail of how that works with each CP. It is agreed through consensus. I can find out more.

Q22 Chair: Is that something you could write about to the Committee afterwards?

Brendan Dick: I am sure we can; absolutely. That is how it works, but, as I said at the beginning, the model has worked since Openreach’s creation. It flexes and changes over time. There is a mechanism in process, and a dialogue that takes place to review and refresh it, and, as I said, there have been some recent dialogues about that. Critically, communication with the communication provider market is crucial in this, as is the relationship with the regulator.

Q23 Chair: What is concerning me—it certainly concerns your customers—is that there does not seem to be any incentive for you to carry out these repairs quickly. It seems that you can just decide, “We have had bad weather; let’s declare MBORC,” and then all the standards go out of the window.

Brendan Dick: I do not think they do. If that were the case we would not have deployed 350 extra engineers to fix it, but we did because we take our responsibilities very seriously. Obviously this winter was the most serious I have known in my working life. We are trying to look at that and review it to see how we can learn from it. The lightning was particularly challenging.

Q24 Chair: As well as not imposing the length of time you have to repair a fault, am I right that it also allows you to break appointments at will?

Brendan Dick: Appointments are not broken on purpose. The challenge of working with that volume of activity was really difficult. Appointments are made through a system, as you can appreciate. There are dozens of communication providers operating, for example, in your constituency. They flow through a system. Engineers are out there. There was a significant impact on the west coast, of course. It depended on travel practicalities and health and safety. Appointments were certainly not broken at will. Clearly when the bad weather struck there was an increased level of missed appointments. That happened and no one likes to do that, but they are not broken just because we want to break them.

Q25 Chair: My understanding is that once you have declared MBORC there is no rule that you have to keep an appointment.

Brendan Dick: Even without MBORC, the same situation pertains; we have an appointment book that people work to, and they try to make that happen. Occasionally it does not work even on a normal sunny day.

Q26 Chair: Yes, but in this case I was getting a lot of complaints from people that appointments were being regularly broken. Clearly there can be circumstances such as a ferry being off or bad weather, but no reasons were given for appointments being broken; engineers just were not turning up.

Brendan Dick: The mechanism is obviously from Openreach with the CPs—the communication providers—speaking to the customer to help explain that. That should happen. The CPs will be in regular liaison with Openreach job control.

Q27 Chair: If your engineer realises that he or she is not going to make an appointment, does the engineer contact headquarters to say, “I’m going to miss this appointment”?

Brendan Dick: The system would be part of that process. It would be logged on the system that he is not going to make it. Depending on timings, he might realise half an hour or an hour before that it is not going to happen. It is then a question of how that communication to the customer happens.

Q28 Chair: Is that automatically communicated to the retailer?

Brendan Dick: It gets communicated to the retailer but it can be too late to communicate that to the customer.

Q29 Chair: So there is no automatic—

Brendan Dick: Once the engineer has logged on the system that he is not going to make it, it would be; but that timing might struggle.

Q30 Chair: It is then up to the retailer to tell the customer, is it?

Brendan Dick: The normal dialogue is between the communication provider and the customer, yes.

Q31 Chair: That sounds very cumbersome. We will come to mobile phones later on, but often the consumer still has a mobile phone that is working. There are plenty of cases where, although they have given that mobile phone number to their retailer, they never get a call on their mobile phone to say that the appointment has been broken. Why can't the engineer simply phone them?

Brendan Dick: If they have contact and they know what it is, that is possible. I obviously do not know in every case whether they do or do not.

Q32 Chair: Can you give any explanation for the large number of broken appointments?

Brendan Dick: I think it is just the volume. It is not ideal.

Q33 Chair: You said this was a lightning strike. I presume therefore—

Brendan Dick: Lots of lightning strikes, over a month and a half.

Q34 Chair: It was not just a lot of lightning strikes on the one day; it was a series of lightning strikes over a sustained period.

Brendan Dick: Yes. I can quote an example in Orkney. I do not know the name of the customer or the address, but I know that this happened throughout the whole of the west coast quite a lot. The ops manager in Orkney had one customer who didn't just need their line repaired; when lightning strikes it burns kit, so extensive engineering work was needed five times. It would be fixed and then they would have to go back, and so on and so forth. To be fair, that was probably quite extreme, but over that period throughout the winter, and over Christmas and into January, it was not uncommon to have some customers being affected several times.

At the beginning I alluded to one of the particular challenges of lightning strikes, and it is true across all industries; they are very localised to lines. It is not a question of an exchange going down. That occasionally happens with a service, but they are usually back on either instantly with back-up generators or, even if that fails, within hours we have other routes so then the whole community is back online. These are all very individual faults, which occasionally happened multiple times.

Q35 Chair: Do you have records of the number of appointments broken and the number of people where you failed to repair the fault within a month?

Brendan Dick: That information will probably exist. I do not have it with me.

Q36 Chair: Could you write to us with the information?

Brendan Dick: I can give you an indication of what happened; yes, we can do that.

Q37 Chair: It concerns me that there just does not seem to be any incentive for you to carry out repairs within a quicker period of time. Openreach is a monopoly so people cannot say, “I am fed up with them and I am going to somebody else.” If you declare MBORC, there are no fines. There just does not seem to be any incentive whatsoever.

Brendan Dick: I think there is, because we will get beaten up, and rightly so, by our customers who are the communication providers.

Q38 Chair: But if you are a monopoly that does not actually help matters.

Brendan Dick: We are not a monopoly in the UK. There are other providers, albeit not in your area, I accept.

Q39 Chair: For the vast majority of people in Britain, Openreach is—

Brendan Dick: No; 50% of lines in Scotland have Virgin. Not in Argyll; I accept that, but it is not true that BT is a monopoly.

Q40 Chair: They are in rural Scotland though.

Brendan Dick: That is largely true, but it is a regulated monopoly. This goes back to what I said at the beginning. Not only do we agree the MBORC arrangements with the industry, but they can be scrutinised by the regulator as necessary; reports go in. It seems to be a model that works fairly effectively, and has done since it was introduced some years ago.

Q41 Chair: People without a phone for two months will not see it as working.

Brendan Dick: If I was without a phone for two months I would probably be climbing the walls, but none the less it is not true that we did not pull out every stop we could to try to redress the situation. As I say, if it had been wind-related in our network rather than lightning, it would have been a completely different scenario. The lightning this year was unique.

Q42 Chair: What was the factor or the bottleneck that was stopping repairs happening more quickly?

Brendan Dick: Volume, clearly, and repeat faults. Related to that, although it was not a major factor, but none the less a factor, was the weather, which affected travel and the ability to get engineers around, particularly on the islands. That would have some bearing on it.

Q43 Chair: If you had had more engineers, would that have allowed the repairs to have happened more quickly?

Brendan Dick: In an ideal world you could. As I say, we deployed 340 more, both from Scotland and with 250 coming from down south in England and Wales. We try to

anticipate as best we can. In that period of time it was very difficult to predict where the impact would happen. It was much more extensive than one might have imagined. On a typical work profile, as a business, we have to try to run our engineering work force at an optimal level.

Q44 Chair: That is what worries me. It goes back to you having this monopoly. By optimal level, I presume that means you want to maximise your profits.

Brendan Dick: To say that we are a monopoly suggests that we can do what we like. It is a regulated monopoly. The price is set—

Q45 Chair: There does not seem to be any regulation. You can declare MBORC without—

Brendan Dick: But the regulation on things like prices matters. We are regulated on price as to what we can charge our communication provider customers for a whole range of services.

Q46 Chair: But that would appear to put an impetus on you to cut costs rather than to carry out repairs—for example, not to pay overtime.

Brendan Dick: We do. The guys or girls that were called in—they were mostly men, but that is by the bye—had a lot of overtime. There were clearly a lot of engineers staying up from down south. That has a cost both in terms of not doing work elsewhere but also for accommodation and so on. We did plough resource in.

Q47 Chair: But not enough. Could you have put more in?

Brendan Dick: From where? We put in 340.

Q48 Chair: Was that every spare engineer you had?

Brendan Dick: Yes; we ploughed in as many as we could. We are recruiting a lot of engineers. We just announced the other day that we are recruiting another thousand—for a variety of tasks.

Q49 Chair: If you had had the extra thousand engineers, would that have meant—

Brendan Dick: It depends what they do. They are going to be doing a whole range of things. I do not think it is fair to say that we are not investing in engineering. We invest a lot of money in engineering. For the last few years we have been recruiting.

Q50 Chair: But clearly you had not invested enough, if people were waiting two months without a phone.

Brendan Dick: But it was a unique situation. The lightning strikes—

Q51 Chair: Is this a once-in-50-years event?

Brendan Dick: Who can tell? I do not know; I am not a weather man.

Q52 Pamela Nash: I want to ask about your recruitment of engineers and staff. Are you recruiting easily for all the vacancies that you advertise?

Brendan Dick: It depends where you are. Do you want me to talk about Scotland rather than the UK? I can do either if you want.

Q53 Chair: We are the Scottish Affairs Committee, so it would be proper to concentrate on Scotland.

Brendan Dick: In Scotland there are good jobs, particularly for youngsters coming as apprentices. It is a valued skill to learn. Recruitment is generally going well. It has been challenging in places like Aberdeen because obviously, until fairly recently, the oil, gas and renewable sector dominated, and we found it very hard to recruit; but that has eased recently. Typically—I will come back to the UK general figure—I think I am right in saying that, last year or the year before when we opened up our application process, we had 24,000 applications. I may have to double-check that. Clearly we were not recruiting 24,000, so, generally speaking, engineering in BT, whether it be in Openreach or elsewhere, is seen as a pretty good job to have, with a good training.

Q54 Chair: If there are all these engineers queuing up to work for you, why don't you employ enough so that you can repair these faults within a reasonable length of time?

Brendan Dick: Because it is a once-in-a-generation challenge.

Q55 Chair: So you are saying it is a once-in-30-year event?

Brendan Dick: As I said, the operations manager in Orkney has worked for BT for 47 years. I do not know if he was in the cradle; he must have joined at 15. He has never seen anything like it in Orkney. It looks like that. Clearly it has been a significant challenge. I am not for one minute downplaying it. We have been taking it very seriously, and clearly we are looking towards next year and one always tries to learn, as one should. We have to try to provide optimal resourcing. Obviously there is a norm in the summer and a norm in the winter. By winter standards this was exceptional, massively so.

Q56 Chair: Can you explain what you mean by optimal?

Brendan Dick: As in any organisation, you try to resource up to deliver the service you are required to provide with the right level of resource and in an affordable way. That is how I would describe it.

Q57 Chair: That sounds to me as if you are putting as your top priority containing your costs rather than delivering a service to customers.

Brendan Dick: No. If we were containing our costs, we would not have deployed another 340 engineers. We do not have them sitting there waiting in case there is a once-in-a-generation lightning strike. Correct. Right. I accept all that.

Q58 Chair: If you employed more engineers, are you suggesting that they would spend years sitting doing nothing? Is that what you are saying?

Brendan Dick: If you resourced on the west coast of Scotland, which is the area we were primarily talking about just now, to accommodate the kind of requirement for repairs we have just seen, yes, they would be sitting on their hands doing nothing.

Q59 Chair: But you can move people about the whole UK. Are you really saying that if you employed more people throughout the UK they would spend 30 years twiddling their thumbs?

Brendan Dick: No; we are employing more people in the UK, partly because the demand for services is also growing. So far we have been talking largely about repair, but in the whole communication sector—I am sure it will be true of mobile as well—demand is increasing, if not exponentially, at a consumer level for a whole variety of reasons. It is certainly going up at a business level for higher bandwidth services, so in part that is driving recruitment. I know you are not suggesting this, Chair, but I do not think it is practical to resource staff on the basis of the most extreme weather situations we have had for a generation. We move people around; as I said—

Q60 Chair: Are you saying that this is something that is going to happen once in a generation and people just have to put up with it?

Brendan Dick: I do not know that, but I do not think it is realistic or fair for us to resource up in the event that a once-in-a-generation thing might happen next year. Clearly we will be looking at this come next—

Q61 Chair: I hope we are not sitting here next year.

Brendan Dick: I know you will be looking at it as well; we will be.

Q62 Chair: We hope to be sitting here. I hope you are not sitting here.

Brendan Dick: Clearly our eyes are on it.

Q63 Chair: Has the problem now been resolved? Have you cleared the backlog?

Brendan Dick: We are well through it. I know this is no comfort to customers who have suffered extreme outages. We anticipate that by the end of this month, which is a couple of weeks away, we will be back where we should be.

Q64 Chair: You are going to tell me that this is once in a generation, but what lessons have you learned from this year that you will put into practice to minimise the impact should it happen again very quickly?

Brendan Dick: I will give you an example. I do not want to get too complex because it is partly due to the way the industry works generally. Obviously Openreach takes orders from its communication provider customer base, who interface out to customers in the community, businesses or residential. In a repair situation, the orders flow through from the end user, the customer, into the communication provider and to BT. The jobs basically get allocated and dealt with on an automatic basis. Clearly that works pretty well in a mainland and even rural mainland situation. It is more challenging on islands. One of the things we work on quite hard in the island communities is how we can get tighter working with job controls to try to be as bang up to speed as we can on geographic problems. On an island off Orkney, for example, we try to be bang up to date, from a variety of communication provider sources, with what is happening.

Secondly, we prioritise things. For example, a number of elderly individuals in the community not only have telephony but alarm systems. Communication providers do not always know about those alarm systems, because unless you register them it won't happen. A line might go down and they might be treated as just another line, but clearly it is quite critical for that individual and their broader family because the alarm systems depend on the line; so one of the things we are trying to do with customers and CPs is to make sure we know more about those. That then allows our engineering work force, as they would do appropriately, to try to prioritise things like that better. There is still a lot of work to be done on that. Obviously there are several communication points in the chain, but these sorts of things are important. It is certainly something I have discussed with local authorities in Scotland, who quite often supply some of these services. It is helpful to have a better way of knowing about them right through the system.

Q65 Chair: We obviously hope it does not, but say the same lightning storms happened either in the same part of the country or in a different part of the country next year. Would your response be any better?

Brendan Dick: In the examples I have provided I think, from some of the learning this year, that we would be able to swing in faster. It would be more effective. Certainly from my point of view—to take, for example, the vulnerable who have things like those alarms—one of the things I would want to do, talking with social services, is to make sure we know faster where they are. Those are a couple of examples.

Q66 Chair: These storms happened in remote parts of the country. If it had happened in London, what would have been the response? You would have far more consumers affected.

Brendan Dick: The processes would have been the same.

Q67 Chair: It would have taken two months to repair people's phones.

Brendan Dick: Depending on how many there were.

Q68 Chair: Or could it have taken longer because there were more people involved?

Brendan Dick: But there are not ferries and things to get to customer problems in London. The processes would be identical. Clearly in a tight geography—it could be London, Glasgow or Edinburgh—it is easier to get engineers to places. Those are just the practicalities of it all, but the mechanism is the same. This is partly going back to how we do the local knowledge base. It is sometimes harder in rural parts. You have islands and so on, and things going on, but the system is the same.

Chair: If there are no other questions to Brendan on this part of the inquiry, we will move on to mobile phones.

Q69 Graeme Morrice: I want to raise some specifics about the rural parts of Scotland. One relates to Islay, which is the Chair's area, and Aboyne in west Aberdeenshire. We had a situation where there was an outage in mobile phone signals for periods lasting as long as 10 days. Vodafone would certainly cover Aboyne but I am not sure about Islay. Why did we have a situation like that and why did the outage last for as long as 10 days? That seems to be quite excessive.

Paul Morris: We were in contact with the Chair. The first thing to say, as we have said to the Chair and his constituents and our customers, is that when we get an outage we apologise for that. We obviously want to run a service all the time. There are challenges to that. Clearly through this whole process we continually look at what we can do better. We can give you a couple of examples of things that we probably could do better, but equally it is quite a complex model. It includes working with Openreach to provide a connection to many of our masts. Clearly these things are exposed to the weather.

The outage you are talking about was affected by the bad weather. We had 200 sites that went down all at once, including in the areas you mentioned. The main problem for us was power outage, although high winds were also a problem. Our engineers tell us that it is all right up to about 100 mph and then we get problems. The way that we connect these masts is by using microwave links, so we basically use radio waves in between the masts. There is not a fixed line that we can connect the masts to all the way to the islands, so we have to use innovation to connect the masts. The storms really affected that. The power went down and the wind blew some of the equipment around. Then it was about getting it back up and running, and it clearly took time to do that. That was basically the story. It was a case of getting around and changing the masts.

We have a slightly complex model where there are a number of players that we need to get involved in the mix. The radio equipment might be run by a third party so we need to get them on site. We may need to get BT on site. We have a particular issue which will be of interest to policymakers. We have quite a lot of legislation which is out of date. A lot of it was introduced when BT was privatised. One of these things is property law. We cannot always get access to sites very quickly. We have a relationship with the landlord. Our average access to a site, would you believe in 2015, is 48 hours? It can be as long as 10 days. There are some issues where we need some help on the policy front.

Ultimately after that outage, to be perfectly honest, we did, and are still doing, a big reflection on ourselves to see what we can do better. Colin has had a look at that. Some of the personal stories of the engineers are quite interesting.

Colin Scott: With those 200 sites down, there was obviously a huge engineering challenge. Some of our engineers were faced with real difficulties. One of the big difficulties was actually getting to the cell sites. They are often on top of hills and way off the roads. They are not even accessible by 4x4s. They have to walk miles with their equipment and kit. Then, when they get there, they might find that they are unable to climb the mast because it is covered in ice. There is a whole bunch of stories.

We had issues in Mull where the engineers did not change their clothes for three days while they were trying to fix one site. It was a core site that was central to other cell sites in the area. There has been a huge amount of hard work going on in the business, for my colleagues in Glasgow and elsewhere in Scotland, to try to get the network up and running. We do not want to disappoint our customers; it is not in our interests.

Q70 Pamela Nash: Are there any advances in technology on the horizon or any research being done to ensure that the equipment is more robust, does not become covered in ice and is excluded from engineers?

Colin Scott: As part of our 4G roll-out we are replacing loads of kit. We are not just putting 4G kit in; we are replacing existing 2G and 3G kit. That kit is more robust than the stuff there now. With things like the microwave links, the new boxes we are putting in have heaters so that the ice does not build up, and it does not obscure the signal. Obviously when wind moves a microwave link there is not much we can do. Certainly we are now putting in more robust kit.

Q71 Graeme Morrice: I want to move from mobile phones to touch on superfast broadband. I know we will go into further detail on it later, but I have to leave soon to go to another pre-arranged meeting.

Brendan will be aware of the numerous correspondence that has passed between us over the last number of months and years with regard to the roll-out of superfast broadband in my own constituency. You will be familiar with some of the towns and communities such as Murieston, Kirknewton, Mid Calder and Winchburgh in my constituency. Obviously there is a rurality aspect to my constituency, as I am sure there are in others. In particular, you may recall the Winchburgh situation and the proposed massive housing development in that area. That village is going to grow to four times its current size due to new housing and other facilities and infrastructure. A number of people who have moved into the new housing that has already been built do not have superfast broadband. When I have raised that specific issue, the kind of response I have had—not just from BT and other providers but also from the Scottish Government—is that as a default position that infrastructure is not going into new housing developments. They have to wait their turn, along with everyone else. I find that quite surprising. It seems a short-term fix, as opposed to looking at the overall long-term solution. I imagine that in the long term it would be a more cost-effective solution to put in the infrastructure when you are putting in the roads, footpaths and everything else. I am just wondering why that is and why we can't do a bit better on that.

Brendan Dick: I agree with you. The way it works is this. There is a lot around exactly where you are; I know it well. If there is new housing going in from developers, sometimes, when it is done well, the developers will approach BT proactively—because we do not necessarily know everything—and say, “Look, we are doing this new site.” There might be multi-developers, which can sometimes cause a problem because there are a lot of smaller numbers. “We are doing this new location. Can we talk to you about how we provision?” If you think back to the Chair’s point about USO, we have to make provision for basic telephony and copper.

If you are starting with a brownfield or a greenfield site, it is frankly pretty effective to put in the best technology you can, because you are doing it without having to dig up the pavements and roads afterwards. The way it works, Graeme, is that the developer would approach us, we talk about what is required and we effectively put the modern infrastructure in at the time the estate is being developed. That would then clearly mean that the customers can take up service at a certain point.

They do not have to come to us. They do not have to come to BT to do it. They could go to other providers. Where it does not work is if the developer does not want to engage, with BT in this particular case, with Openreach, or does not think about it, and you can get the situation that you refer to. One of the things I have been doing—to be fair it has worked in some parts of the country—with the economic development and planning departments of local authorities is encourage them to not push things BT’s way necessarily, because that would be inappropriate, but at least make developers aware that there is an optimal way to do this and encourage them to engage, so that not only do they think about water and human basic needs but they think about provision for telephony and high-speed broadband. I think it is getting better, but there have clearly been some gaps in the last couple of years.

Looking at where some of the gaps are is part of the process of the high-speed broadband contracts that are deployed—this is not unique to Scotland—in counties in England and Scotland. Working with the Scottish and British Governments and going to phase two, which they are beginning to look at now, we would certainly want to know those locations as part of that process, so that as Government put funding into phase two, we would try to lock those up. Housing estates typically have a lot of families with children, and demand will arguably be higher than in many other places. That is what happens. It is imperfect. Local authorities have a key role to play as a catalyst for those conversations. It is just a question of getting better at it. If you want to talk offline about specific ones and talk about developers, I will happily do that.

Q72 Graeme Morrice: That is interesting. I understand the role that a local authority will have in this regard. Maybe I need to speak to my own local authority about that in particular. You are saying that where you are approached by developers you will do it.

Brendan Dick: Yes. We have relationships at a Scottish or UK level with a whole lot of developers. Colleagues of mine who work with them have regular dialogue. Typically, we have stronger and regular dialogue with the bigger ones than with the smaller ones, but it does happen. We have basically an account relationship with a number of the national ones. I do not know the specific developers in the area you are talking about, but we could explore that quite easily.

Graeme Morrice: I have written to you about it. We can carry on that conversation at a later date.

Q73 Chair: I want to go back to Vodafone. What is your opinion of your performance in Islay over the past year?

Paul Morris: Over the year it has not been ideal. I checked yesterday how much our network was up, and also today, and it is in the very high 90s, about 99%.

Q74 Chair: Ninety-nine per cent.

Paul Morris: Yes.

Q75 Chair: On Islay.

Paul Morris: Not on Islay. As you know, as would be the case, we have an issue today on Islay.

Q76 Chair: You have an issue on Islay every day.

Paul Morris: We have had some issues on Islay; that is absolutely right. As Colin says, the network in Scotland is in transition. We are transitioning the network from basically a voice network, which we call 2G, to a voice and mobile internet network. That includes quite a lot of investment across the whole of the UK. It will improve the reliability of coverage generally. The voice coverage in Scotland is not that bad for us. When it does not work it is bad, but when it is working it is not that bad. The major improvements for us will be over the mobile internet. That will mean new equipment across the board, as Colin said. It will mean more stability and it will also be mobile internet.

What is happening, of course, is that when the service does not work at all people notice; but, equally, people are getting the new technologies and they really notice when it is not working. We are in transition. As an industry, we are in transition in terms of the investment cycle, and I would ask you to judge us at the end of that investment cycle. There will still be areas where we need to work together, and there will still be areas where we need innovation like the rural open sure signal. We are doing some of that in the Chair's constituency and other constituencies in Scotland—over 40 in Scotland—and that will vastly improve it, but equally we will still need to do some work together to—

Q77 Chair: Effectively, you are promising jam tomorrow but not today.

Colin Scott: As we speak, those engineers are trying to fix—

Q78 Chair: There are engineers on Islay most of the time. You said 99% operation. Was that in Scotland or in the UK?

Paul Morris: That figure is for the north and Scotland. It is an equivalent figure for the rest of the UK.

Q79 Chair: The north of England and Scotland. Do you have a figure for Islay?

Paul Morris: As you know, today the two sites are not working on Islay. At the moment the figure will be very low on Islay.

Q80 Chair: Zero.

Paul Morris: Yes. We apologise for that, but we have an engineer trying to fix it.

Q81 Chair: Do you have a figure averaged out over the past year for Islay?

Paul Morris: I do not have averages over the year. I asked for that but we do not have that over the year; sorry.

Q82 Chair: When a fault happens on Islay, why does it take so long to get it repaired?

Colin Scott: The Islay story is a complicated one. Rather unfortunately there was water ingress to the kit, so the kit has been replaced several times. It just seems to be a run of bad luck. We are not discriminating against Islay.

Q83 Chair: Wait a minute, it is not bad luck. It sounds as if it is just not being properly maintained.

Colin Scott: We replaced the kit, and there was water ingress which damaged the new kit. The kit has had to be replaced again.

Q84 Chair: There is a lot of rain on Islay. Surely you can design equipment so that it is waterproof.

Colin Scott: It is not clear whether it was a fault at our end or a fault with the kit manufacturer; I do not know, but the kit has been replaced again. We apologise to everyone on Islay for the loss of service.

Q85 Chair: When was it replaced?

Colin Scott: It was replaced in January, and it failed shortly after that.

Q86 Chair: There was a fault last summer and it took you 18 days to fix it. Let me start with that one. Why did it take 18 days to fix that fault last summer?

Paul Morris: Generally what happens with all sites is that there is a process of discovering what is wrong. That can be a number of things. It could be a connection to the site. It could be radio equipment. It could be misalignment of microwave dishes or antennae, so it sometimes takes some time, and the further away it is means we need to get people there as well from the major centres in Scotland. That is why it sometimes takes time.

We get people on site quite quickly. The time it takes is often a combination of that and checking what the problem actually is. These sites are all interconnected. Sometimes we get there and think, “This is the site which is the problem.” We do a lot of work on the site and then discover that actually it is also the site next door, so we have to go to that site. As you know—because of course you know the geography—sometimes we can be on two different islands looking at the link. There are some complications. It is a combination, and we are continually looking at whether we can do better, as we certainly are over what happened in January. It was weather, but can we do better?

Q87 Chair: You still have not answered the specific question of why it took 18 days last summer to repair the fault on Islay. This was in June/July so it was not really weather related. I thought the Clerks had told you to read over the e-mails that you received from us, so I hoped you would come prepared to answer these questions.

Paul Morris: With Islay it was the fixed link. It was the link first and then we couldn’t—

Q88 Chair: What happened?

Paul Morris: We thought it was the link.

Q89 Chair: That was the link to where?

Paul Morris: The link that links the site to other sites. It is a broadband link.

Q90 Chair: Is it a fixed link?

Paul Morris: On Islay I think it is a fixed link, yes.

Q91 Chair: To another site on Islay.

Paul Morris: Then we triaged it and it was unclear whether it was a link that caused the radio equipment to break or the radio equipment that caused the link to go down. It was one of the two, but that took a bit of time to figure out. That has been the ongoing problem on Islay. Then we had the winter weather.

Q92 Chair: It took 18 days to work out what the fault was.

Colin Scott: There was a transmission kit failure. This is the fibre that is over the electricity wire, right at the top. I think it was 12 miles from the nearest road. It was not actually on the mainland and we had to get a fibre-wrapping machine to wrap the fibre round the earth cable on top of the pylons. These are really remote locations and very inaccessible, so it does take time. Obviously we would prefer to do much better than 18 days.

Q93 Chair: But can you explain why it did take 18 days?

Paul Morris: It was a combination of finding out what it was, getting the kit and getting people on site. Sometimes we cannot get on site immediately. All of those things can sometimes add up, and if it is a very difficult problem it can take 18 days. We obviously try to fix it much quicker than that. We have had a run of issues on Islay that are obviously still occurring today. The point is that in reality we are looking to replace some of the kit in cycle, and when that happens we should get more stability. When we start to roll out fibre in more parts of rural Scotland, that will also help, because we will use fibre as well as a mixture of microwave, which can also be vulnerable. That means there will be fewer links to each site.

Q94 Chair: Let us move on to the fault that happened on 11 December on Islay. Again that took 18 days to repair. Why was that?

Paul Morris: It was a similar problem.

Q95 Chair: The same problem as in the summer happened again.

Paul Morris: Yes.

Q96 Chair: I thought you had fixed it in the summer.

Paul Morris: The thing is that you can fix it and then it can go wrong again. It is equipment out in the middle of nowhere, in remote areas, and it is just one of those things. The problem was fixed but I think that was again the radio equipment that went wrong.

Q97 Chair: You think.

Paul Morris: It was the radio equipment, but again it is difficult to tell because if—

Q98 Chair: Why did it go wrong again five months after you had repaired it?

Paul Morris: The kit is coming to the end of its life. That is why we are replacing it. It sometimes goes wrong.

Q99 Chair: When are you going to replace it?

Paul Morris: We are replacing all the kit and all of the upgrades across the whole of the UK over the next couple of years. We are in the process of planning the rural areas now.

Q100 Chair: Since Islay has all these problems should it not be given priority for this repair?

Paul Morris: The challenge there is that the network is rolled out in packages. If we cannot get the internet connections to the site, we cannot deliver. This is the problem the MIC programme has been having.

Q101 Chair: So you are blaming Brendan for not providing the internet connection.

Paul Morris: No. They are all interlinked. The reality is that rural areas will need those connections—

Q102 Chair: Are you waiting for BT's broadband upgrade on Islay?

Paul Morris: For fast mobile internet at least we will need some of those fixed links to be closer to where they are at the moment. We are as reliant on Openreach as everybody, frankly. Everybody is reliant on Openreach to deliver internet connectivity, be that mobile or fixed.

Q103 Chair: Have you checked with BT that their plans for Islay mean that you will be able to implement that upgrade fairly soon?

Paul Morris: Certainly we will be involved with BT, and our programme will be mapped to that. It will be part of that roll-out. It will be rolled out, I am afraid, from cities, towns and then the rural areas. That is the way the plan works.

Q104 Chair: You repaired it on 29 December. According to my records, it failed again on 12 January.

Paul Morris: That was the weather. There were winds and all the rest of it. That was caused by the storms.

Q105 Chair: You were a bit quicker this time. It took 14 days to repair.

Paul Morris: Yes.

Q106 Chair: It has now failed again, apparently.

Paul Morris: Yes. It was only yesterday, so we are trying to get it up and running quickly.

Q107 Chair: Can you understand why your customers on Islay are feeling a bit upset?

Paul Morris: Yes, of course. It is not what we would want. The reality is that we have a commitment to get people out there as soon as possible and to fix the problem as soon as possible.

Q108 Chair: But it seems as if it is costing you a lot of money repeatedly having to send people out to fix the problem.

Paul Morris: Yes.

Q109 Chair: Obviously people are not making calls so you are not getting money in.

Paul Morris: Yes.

Q110 Chair: Why?

Paul Morris: The truth is that, with the way the replacement equipment works, there is not a lot of point putting in brand-new equipment that cannot work until we can put in equipment for everything. That is basically what we are doing.

Q111 Chair: Are you saying that until BT provide you with this internet connection there are just going to be repeated failures on Islay?

Paul Morris: No. We will repair it and hopefully we will have a good run.

Q112 Chair: Hopefully? Come on, can you not do a proper repair?

Paul Morris: The site is flagged, and it is being monitored all the time. We have thousands and thousands of sites in the UK. It is no accident that we are on that site today. We are monitoring that site. We know that we have not delivered the service we would want to deliver. We are watching that site all the time. You continue to tell us if and when there are issues. Customer feedback is important. We will repair that site if there are issues. Of course, we are hoping that frankly this repair means that it will not go wrong again. When you repair something you hope that.

Q113 Chair: Given that this is the fourth time in the last year that you have repaired it, what makes you think you will be more successful this time?

Paul Morris: To be honest, in January it was weather conditions.

Q114 Chair: Islay gets strong winds every January.

Paul Morris: Every time you put in a repair, clearly you are not repairing it for it to break again. We will do all the tests we can and we are watching the site. It is one of our flagged sites because we know we have had a lot of trouble with it. All I can say to you is that we will repair it to the best of our ability and we will monitor it to the best of our ability. That will hopefully mean that it will be up and running and we will not have any problems.

Q115 Chair: To summarise, you do not anticipate solving the problem properly until BT provide you with this internet connection. Until then you will just keep patching it up. Is that a fair comment?

Paul Morris: We have had a bad run, but up to this point it has run okay over the years. Hopefully, we will continue to run a good service off the island for the period of time until we replace the equipment, which will basically provide better connectivity in terms of mobile internet and new equipment. It is not that we are not doing anything; we are doing all we can to keep the service running.

Q116 Chair: Until BT give you this internet connection you are doing the best you can without that internet connection. Is that what you are saying?

Paul Morris: We cannot really do much more with mobile internet and other connectivities without—

Q117 Chair: People just want to be able to make phone calls.

Paul Morris: We can and should be doing that.

Q118 Chair: But you are not.

Paul Morris: We cannot today. We will get an update and tell you at the end of this meeting. Hopefully people will be able to make phone calls by the end of the day.

Q119 Chair: It is not just this mast in Islay. There is a station on Mull that seems to be key to all the islands round about. Is that correct?

Paul Morris: Yes.

Q120 Chair: On Luing—the neighbouring island between Mull and Islay—the service went down on 12 January. I was told yesterday that it was fixed, but as soon as I contacted somebody from the island they told me that it was not. Do you have any idea when—

Paul Morris: That is up and running again. I think it was fixed on Monday.

Q121 Chair: It failed on 12 January. It must have been the same failure that affected the Islay mast, or maybe it was just the same storm. It was supposedly fixed on 16 March, which was Monday. When I reported this back to somebody on the island they told me yesterday, “No, it has not been fixed.”

Colin Scott: This is the one that the first responders went to. We are aware of it.

Q122 Chair: That was 12 January to 16 March. Why so long?

Colin Scott: Again, it is conditions. It has taken time. There have been a lot of spare part issues, trying to get things fixed. There is also the access to the island. The site in Mull was the one I referred to earlier, where our engineers were stuck for three days without a change of clothes. They were trying to get up that coastline—

Q123 Chair: That was three days. From 12 January to 16 March, off the top of my head, is 60-odd days.

Colin Scott: It is unacceptable and we apologise. It is obviously not in our interests to deliver poor service to customers.

Q124 Chair: That is what I question. Because it is a remote area with a low population, presumably you get very few calls made. Have you just decided that the cost of carrying out the repair is more than the cost of the calls you will lose?

Colin Scott: Absolutely not. We do not make that judgment at all. We try to get to all our cell sites, regardless of whether they are in central Glasgow, central London or Argyll and Bute.

Q125 Chair: I cannot believe central London being without Vodafone for 60 days.

Colin Scott: There are a lot more cell sites. Unfortunately in Argyll and Bute, local communities tend to rely on one site and when that goes down they feel the impact more than in a city centre location.

Paul Morris: To be honest, the damage to our reputation is sometimes louder in your areas. You think we do not focus on this, but I can tell you that we very much focus on it.

Q126 Chair: There was a fault on the mainland which took a long time to repair. Again that was probably caused by the storm on 12 January. Can you explain that?

Colin Scott: Whereabouts in Argyll and Bute?

Q127 Chair: It seemed to be centred on Lochgilphead and Ardrishaig. I certainly e-mailed you about it. I never got an explanation.

Paul Morris: We had 200 sites that went down in that period, so it would have been a combination of things.

Q128 Chair: Do you think it was the storm?

Paul Morris: Yes. The storm knocked out 200 sites.

Q129 Chair: But you don't have any explanation handy.

Paul Morris: Not on that one, no. We can certainly get you information for particular sites.

Q130 Chair: To summarise, are you telling me that the equipment is out of date and not worth replacing because you are going to be doing an upgrade in a year or two anyway? Is that a fair summary?

Colin Scott: When a part fails we replace it with a new part. We are not putting in old parts.

Q131 Chair: But it keeps on failing though.

Colin Scott: It is just 2G generation kit we are putting in. When the site is upgraded it will be 4G kit. It is more resilient than for 2G and 3G.

Paul Morris: Newer kit is going in, but the whole kit is going in. At the moment we are repairing individual faults. We are investing to put in new radio equipment across the board, which will be for all technologies.

Q132 Chair: Am I right in saying that you are replacing old parts with new parts, but presumably some other old part in the equipment then fails? Is that a fair assumption?

Colin Scott: Most of this kit is fairly reliable. It is just that there have been some unfortunate chains of events, and some areas have been affected more than others. We have put in new parts, but when the site is upgraded there will be a completely new cell site.

Paul Morris: A lot of what happened for us in January was energy—power outages—which means that it is not necessarily the equipment that fails, although it can cause the equipment to have a failure. If it goes down, the batteries last for six hours and if it is out for a long period of time what can happen is that some of the sites will go up but some have to be visited to reinstall. It is not just water, or radio equipment breaking. Sometimes it is issues like that.

Q133 Chair: Why can't you have batteries that last longer than six hours?

Paul Morris: Some of this is the standard kit on the site. We also use generators. You don't really expect—

Q134 Chair: But from what you have said it is going to take a lot longer than six hours to carry out the repair, so why not have batteries that last longer?

Paul Morris: We are also looking at things like generators to make sure—

Q135 Chair: Why not do that?

Paul Morris: That is one of the things we are looking at. We are making sure that that is in place. On most sites six-hour batteries are usually okay, because you do not get power outages for that long.

Q136 Chair: But in rural Argyll it can be out for a lot longer.

Colin Scott: Again, that is part of the challenge—trying to get a generator to the site if it is off-road. Sometimes these are helicopter installations, so it is a big undertaking.

Paul Morris: It is one of the things we are looking at as well—that side of things. Equally, just to give you an example, some of the problems we get are not necessarily kit breaking.

Q137 Chair: One other problem that seems to arise is dropped calls. Can you explain what happens there? I think at one point the mast was supposed to have been repaired but then there were dropped calls. Can you explain how a dropped call happens?

Paul Morris: Dropped calls can be caused by a number of issues, including the handset; but if a site is not working at full capacity in a rural area it could cause dropped calls. It can be a number of issues, and that can be one of them.

Q138 Chair: Until this new internet link comes, do you think people in Islay will see a better service? Are you going to give priority to faults in Islay?

Paul Morris: We already are, yes.

Q139 Chair: This is a priority.

Paul Morris: If the kit works, it is fairly good. It is not perfect, and I know you will tell me it is not perfect, but we can give reasonable voice coverage there. Our intention is to deliver that service until we upgrade, and then to deliver a better service including mobile internet. That is our intention.

Q140 Chair: Do these faults get reported to Ofcom?

Paul Morris: Overall, yes. We communicate overall coverage stats, because we obviously get judged on that for our spectrum licences. It is things like dropped calls and all that sort of thing.

Q141 Chair: Would the specific situation on Islay be reported to Ofcom, or is it just UK-wide statistics?

Paul Morris: It is generally UK-wide. We also get requests, to be honest; we can be asked on an individual basis as well.

Q142 Chair: When I wrote to Ofcom they replied: “When a security or availability incident occurs which has a significant impact on the operation of a network or service, the legislation also requires the provider to report this to Ofcom.”

Paul Morris: Yes.

Q143 Chair: What do you interpret as a significant impact?

Paul Morris: That is a good question. Let me come back on that. To be honest, I do not know. The question is whether the outage in January was significant enough that we should have informed Ofcom. I actually do not know the answer to that. What we generally do is inform Ofcom about the things they ask us, but they ask us about quite a few issues.

Q144 Chair: According to this letter from Ofcom, there is a duty on yourselves to report to them.

Paul Morris: Yes, I just do not know the scale, that is all.

Q145 Chair: You do not know whether this was reported to them or not.

Paul Morris: I do not know the scale.

Q146 Chair: Could you find out and write to us?

Paul Morris: I will, yes.

Q147 Chair: Customers who have contracts with you are obviously feeling a bit upset that they have a contract and they are not getting a service.

Paul Morris: Yes.

Q148 Chair: Will you pay compensation to customers who ask for it?

Paul Morris: Yes. If the service is out three days we pay a refund.

Q149 Chair: A full refund.

Paul Morris: A refund on the monthly contract, yes.

Q150 Chair: A full refund on the monthly contract.

Paul Morris: It is on the days that it did not work. We refund you on the days that it has not worked.

Q151 Chair: Does that happen automatically or do customers have to ask for it?

Paul Morris: They have to contact us. The nature of the technology is mobile, so generally we do it on a person-by-person basis.

Q152 Chair: But the onus is on the individual customers; they have to write to you or phone you.

Paul Morris: They can phone us, yes.

Q153 Chair: Assuming the landline is working, they will be able to do that.

Paul Morris: Yes.

Q154 Chair: Are they advised of this or do they just have to know that they have to phone you and claim their compensation?

Paul Morris: It is available. Anybody who wanted to claim compensation can look it up—do a quick web search.

Q155 Chair: Just to finalise before we move to the next topic, what is your message to your customers on Islay?

Paul Morris: First, we realise it has been difficult. We apologise for that. We are doing all we can to keep the service to the standard that they expected before the last few months, when it has not been where we would like it to be. We will be investing significant sums. We are investing over £1 billion across the UK this year alone to improve the service and bring them the latest technologies, including mobile internet.

Q156 Chair: But you are waiting for Brendan to give them this internet connection.

Paul Morris: It is one of the things we will need to roll out higher speeds.

Brendan Dick: It does not solve telephony.

Paul Morris: It is a combination of upgrading the kit and having the links so we can do—

Q157 Chair: But you say there is no point in upgrading the kit until BT have provided you with this internet connection.

Paul Morris: Exactly. The kit is ultimately a cross between voice and mobile internet. We will need that connectivity to make it work properly.

Chair: As we were talking about internet connections by BT, we will move on to that subject. Mike wants to lead off there.

Q158 Mike Crockart: I will canter quickly through the provision of superfast broadband because we are already over time. There has been significant investment by the UK Government, mainly through BDUK in the rest of the UK, but obviously that has been devolved to the Scottish Government within Scotland. We were talking about almost £1 billion-worth of investment across the UK. As I understand it, the two contracts that have been specified for Scotland—one for the highlands and islands and then the rest of Scotland—have a target to deliver broadband to 85% to 90% of premises by March 2016. How are we doing with that target?

Brendan Dick: Specifically it is 85% by that time, and 95% by the end of the 2017-18 year. We are on target to do it, so I anticipate that we will get to 85% by that first period. It is clearly monitored in a great deal of detail, working with the Scottish Government and Scottish Enterprise for the south, with HIE and with BDUK. Regular programme boards take place. In fact, Chris Townsend from BDUK was at the last contract board for the rest of Scotland contract, and we are on target to do it.

Q159 Mike Crockart: By March 2016 are you confident you will reach 85%?

Brendan Dick: Yes, as confident as one can be in 2015.

Q160 Mike Crockart: Which areas will still not have access to superfast broadband?

Brendan Dick: They are spread all over the country, to be honest. It is a similar thing to what Paul was talking about earlier. You tend to build out from the urban areas. It is not just because that is where more people are, but if you do not get the urban bits you cannot get the rural. The Chair is familiar with the importance, for example, of the subsea backhaul. I know that does not affect your patch, but you have to build the motorways before you can do the other stuff. It varies, even including what one would view as suburban patches, but, as I say, it will get out to 85% and then 95%. Clearly, everybody is working hard to stretch that. Within the funding, which I think in Scotland, between all the funders, is £410 million altogether, including £126 million from BT, hopefully we can stretch it a bit further, if we can. That is the objective.

Q161 Mike Crockart: You say that you start by building out from urban areas, but even my own constituency, which by and large is an urban area—

Brendan Dick: Yes, my office is near you.

Q162 Mike Crockart: It has BT's headquarters in it. Less than three miles from your office there are significant numbers of my constituents who are struggling even to get 2 megabits per second. You say you will start by working out from urban areas, but those areas are still looking at an 18-month wait to get the investment.

Brendan Dick: If I am not mistaken—I do not have all my information in front of me—we are looking at deploying Kirkliston this year, as I think you know. Maybe you didn't know, but it is in 2015-16, so that is coming in. For the physical deployment, although the contract for the rest of Scotland was signed on 9 July 2013, it takes quite a long time to do all the planning and start it going, but the deployments are going well. We are passing 1,000 homes a week. It is a massive engineering job. Yes, it takes time to get everywhere. I appreciate that your constituency is not in a particularly rural patch like the Chair's, but none the less it is not 2017 either. There is a resourcing challenge to do this and we have to optimise the way we do it.

Q163 Mike Crockart: Your argument is that it takes a lot of planning to do this. That would work were it not for the fact that originally, using the Kirkliston exchange as an example, the work was meant to be done on that under super-connected cities funding. That was agreed, okayed, and money had to be spent by this election. The work had to be done by May this year, but then there were EU state aid issues.

Brendan Dick: That fell away. Yes, correct.

Q164 Mike Crockart: I struggle to understand why when money is coming from one pot the work can be done by May 2015, but when it is coming from another pot it suddenly needs lots more planning.

Brendan Dick: With respect, there was the super-connected cities programme and the funding for it, and, as you say, the state aid rules kiboshed that, and the planning was not done to deliver it. That was a governmental ambition which never got to the planning stage; it just did not happen. Would it have happened by May 2015? I am not sure, because it never got that far. We never made a commitment through that process to do Kirkliston or any other suburban part of any city by May 2015.

Q165 Mike Crockart: You were not involved in the bid that was put in by Edinburgh to be part of the super-connected cities programme.

Brendan Dick: They put a bid in to Government, as did many other cities.

Q166 Mike Crockart: But they did not have any contact with you.

Brendan Dick: No, they didn't.

Q167 Mike Crockart: My problem is that I have tried to find out what contact anybody has had with Edinburgh.

Brendan Dick: It never got that far. It genuinely never got that far, because you would have had to go out to the market and do things. It would have been an interesting challenge, because we are all working so hard to do the other stuff. It was a great ambition. Specifically sitting on Edinburgh in general, I know it is a frustration for your constituents. I appreciate that, but by the end of this period Edinburgh is going to get, apart from a few wee gaps because of state aid in the middle, up to about 98% coverage. There are still 2% who cannot get it, but Kirkliston will largely be resolved.

Q168 Mike Crockart: By?

Brendan Dick: I think it goes live in the 2015 year. I can check that for you offline. If you want to chat, we can do it.

Q169 Mike Crockart: The problem for those waiting not just for the Kirkliston exchange but for the other two contracts—the 15% who are not going to be covered by the target of March next year—is getting information. Locally, there is a whole Chinese whisper industry about when work is actually going to be done. It depends on whether a BT engineer has come to try to deal with your issues and told you, “It is going to be this date or that date.”

Brendan Dick: No need for that. There is a website.

Q170 Mike Crockart: I have been on that website numerous times. It gives a different answer depending on when you look at it. The last time I looked at it there was nothing to say that the work was going to be done this year.

Brendan Dick: I will take it offline and check it. I have of course discussed this with the Chair for his constituency a few times. At the end of the day, you have to do detailed planning—boots on the ground checking the detail—because you are not just talking about doing it at exchange level. It is at cabinet level. As you know, it is largely at cabinet level in urban Scotland, and that happens in phases. One might have a view that something is going to happen in a particular geography in 2015, 2016 or 2017. It is not until you get much nearer the time that you can be specific.

You are right that someone can go on to the Digital Scotland where and when website, and it may say, “It is under evaluation”; it may say, “We expect it to come in 2015,” and if it is close by it might say, “It is coming very shortly.” It is not because people are keeping state secrets; it is because, until we know, we don’t know. Detailed planning has to happen. I know it is frustrating, because I get a lot of people writing to me and telling me that. I understand that, but I cannot tell people what I do not know.

Q171 Mike Crockart: But you can commit to coming back to me after this meeting.

Brendan Dick: Yes, sure; no problem.

Q172 Mike Crockart: We are unsure when it is coming. Let us turn to what standard or quality it will be. There was a report recently by Audit Scotland that looked at the contract awarded to you by the Scottish Government. It said it does not guarantee speeds of 40 to 80 megabits per second for all premises. Twenty-four seems to be the accepted industry standard for superfast broadband.

Brendan Dick: That is correct.

Q173 Mike Crockart: How many premises are going to receive broadband speeds of more than 24 and how many are going to get up to the 40 to 80 that was the aspiration in the contracts—the targets being set by the Scottish Government, even if it is not in the contract.

Brendan Dick: No, it is not; you are right. As a Scot, I think it is a very appropriate aspiration for the Government to set. If you look at the “World class 2020” vision, which is about both infrastructure and exploitation, it is frankly very good. There is a whole series of things to do that. To go back to the answer to your question, as far as we can currently tell, about 77% of Scottish premises will get more than 24. A lot will get a lot more. I live on the south side of Edinburgh, quite far from Newington exchange, and get about 40. I have quite a long line from my cabinet. Typically in the UK, speeds can be higher than that.

I appreciate that this is a frustration for people who have particularly long lines; 24 is great but 5 might be nice. Part of this deployment will see that for those who are maybe in the 23%, as far as we currently know—we are currently meeting all the speed targets set by contract—they will in most cases get better than what they have now. Things will change as we go through this. Learning will happen. We announced a few weeks ago a

couple of trials in the UK on a thing called DFAS, which you may have read about. That is clearly designed to try to keep us moving the technology. A really important part of this deployment, which is largely fibre to the cabinet but some fibre to the premises, is that it is a technology that will evolve. If you think back to when we first started deploying this technology under our own investment—we committed £2.5 billion at the time; I think it was 2009-10—speeds were then up to 40. They are now up to 80. Technology changes pretty quickly but I am confident that that evolution will continue.

Q174 Mike Crockart: Let us try to pin things down a little bit. The target is to deliver superfast broadband to 85% by 2016, and 95% by 2017. What will they be getting? Will they be getting 24 or will they be getting 40?

Brendan Dick: The 40 is a governmental aspiration. What we are delivering successfully just now is a fibre-based infrastructure to 85% by 2016 and 95% by 2017-18. At the moment, as I indicated earlier, in the region of 77%, and maybe more as we learn more, will get over 24.

Q175 Mike Crockart: Seventy-seven per cent will get over 24.

Brendan Dick: Yes.

Q176 Mike Crockart: Forgive me, but that seems to be significantly less than either 85% or 95%.

Brendan Dick: The targets were premises passed. That is the contract. We are delivering premises passed—businesses or consumers—with the infrastructure. As I say, as we currently understand it, about 77% will get over 24, and the majority of those who don't will get better than what they are getting now—for many a lot better. Many over 24 will be way above that at 40, 50 or 60.

Q177 Mike Crockart: All that the 85% and the 95% are getting is access to a network. They are not actually getting the promise of a speed that would qualify as superfast broadband.

Brendan Dick: They are not getting the promise of a speed but a lot will get it, and they will get a lot more than that. That is true across the UK, not just for Scotland.

Q178 Pamela Nash: When we discuss this as policymakers we almost always talk about download speeds but we do not really talk about upload speeds. In my constituency this has certainly been raised with me. There are not only areas with lower download speeds than would be expected, but also areas where the download speeds might have come up but the upload speed has not. Can you tell us a bit more about why that is happening? Is that included in the improvement works?

Brendan Dick: Yes. Is it on the old technology or the new technology that the upload speed is an issue?

Q179 Pamela Nash: It is both. There is an area in my constituency where it has recently been upgraded and it remains an issue for some, although it has improved.

Brendan Dick: We can maybe take the specifics offline because I obviously do not know, but in general the technology that is being deployed not only delivers a higher download speed but also delivers a significantly higher upload speed. That is important because for a lot of businesses today, and certainly in houses, media and videos are a pretty big thing. The speeds that are offered will depend on the product. Remember that this is a wholesale network. That is an important point. You already have over 100 communication providers selling services on the back of this. Different communication providers offer a different service, which in part will be related to speeds, but the technology supports much higher upload speeds.

On top of that—this is probably more pertinent to businesses—if you are in an area where the technology is already out there, fibre to the cabinet, at a price frankly that is much cheaper than it might have been even two or three years ago, there is what we call a fibre and demand product. Small businesses who are high bandwidth users could start looking at up to 300 megabits coming down and 30 up, or more. Of course, larger businesses—certainly a lot of large corporations—and indeed public sector bodies will use ethernet services. Coming back to what Paul was saying, it is those kinds of services that high bandwidth users require. I can take your specifics offline, but there is a range of options available from a range of providers for businesses depending on their size and what they use.

Q180 Chair: I had better declare an interest. My house has what is called an exchange only line, which is apparently going to give me difficulties getting broadband. I had better declare that interest before we go on to the next line of questioning.

Brendan, can you explain what is in your contracts with Highlands and Islands Enterprise and the Scottish Government? What do they actually say you have to deliver?

Brendan Dick: The figures quoted there broadly cover the two things together. In the HIE contract, as you know, it is a much tougher geography. The figures we were talking about before were aggregated at a Scottish level—the 85% and 95%. In HIE, given the funding available, and given where we are with technology and what we are learning, we are looking at about 84% coverage across the highlands and islands geography at the moment. Personally, I think it will get a little bit better; from my experience of working in broadband for about 15 years, I hope it would. That is where we are aiming.

Q181 Chair: Who decides where the 84% are?

Brendan Dick: There is a very strong partnership with HIE, and indeed with the Scottish Government generally. This is an important part of the contract. Our job is to pass as many premises as we can with the money available. You do modelling, as we do across the industry generally. We look to how we can optimise that. Then we would sit down with the customer—HIE or the Scottish Government—and review it, go through it and go with the plan. That is basically how it works. Clearly as time moves on, there will be more

funding coming in, which the Government will have to allocate to whoever, and I think these conversations have taken place with one or two local authorities who might put money into the highlands project, so it is possible to say, “I would rather have it there than there.” There is a cost-benefit question about that, but contractually it is premises passed.

Q182 Chair: You have to deliver to at least 84% of premises; that is what the contract says.

Brendan Dick: That is what we are contracted to do, yes.

Q183 Chair: You seem to suggest that the decision as to which premises is a joint one between yourselves and HIE.

Brendan Dick: We do the bulk of the modelling. If the customer felt that a particular area was more important than another but there was a cost to that, if it cost a lot more money it might knock coverage down to 83%. Those conversations would take place, but broadly speaking our modelling, and then detailed planning, will largely determine the optimum way to reach the target.

Q184 Chair: I am thinking in particular of the village of Whitehouse in Kintyre where your cable going north from Campbeltown stops a few miles short of the village and your other cable coming south from Lochgilphead stops a few miles short of the village. Whitehouse naturally feels aggrieved by this. What is the reason for that?

Brendan Dick: As do others who have cables going down the road in front of their houses. I could quote a few. At a very simple level, it is an understandable assumption but a wrong one to assume that because there is a cable going through a community it can easily be done. The bulk of the costs in deploying the service are down to cabinets in a street, including if you have exchange only lines. As you know, the answer can be to build cabinets—cabinets in the street, engineering and just doing all the heavy lift that we do for these kinds of technologies. It is not necessarily where the cable is.

I have not been in Whitehouse, but you get into however many premises there are, so that you get cost optimisation. In the highlands and islands, as you know uniquely, we have successfully deployed both a significant amount of subsea backhaul cable and mainland backhaul cable, which was required—the big pipes—but that has not been necessary in the rest of the UK.

Q185 Chair: You have pre-empted another of my questions, which is about people who see the road dug up outside their house and make the inquiry: “Can I get connected up tomorrow?” and are told, “No, you are never going to get connected up.” Can you explain why the technology is such that even though a cable passes your house people cannot get a connection?

Brendan Dick: I hope they have never been told that they would never get connected up, because they certainly would not be told that by us. Although the targets are as we described earlier, in an ideal world we get to everybody.

Q186 Chair: To be fair, I probably should have said that they were not going to be connected up by that particular project.

Brendan Dick: I see. As I said before, the bulk of the costs of deploying to a community come down to some of the local engineering for cabinets and hooking that all in.

Q187 Chair: For lay people, can you explain exactly the significance of the cabinet?

Brendan Dick: In a typical community where there aren't exchange only lines, you have your small green cabinets on the street. We see them all over the place. What we do is deploy physically a bigger cabinet quite close by. It is bigger in part because they need power, so there is a very strong working relationship with either SSE or Scottish Power in Scotland, which clearly has a cost. Then that new cabinet is hooked back to what we call the head end, which may not be the local exchange, by fibre. Then it hooks into the current cabinet, which has the copper lines in it, and the last few hundred metres would be delivered by the copper in the network. Basically we are taking fibre—

Q188 Chair: That is where people have the existing green cabinets, is it?

Brendan Dick: Yes. If you are on an exchange only line, as you are, there are a couple of options. One is basically that you create a cabinet, so you take people away from being an exchange only line to a fibre to cabinet solution; or in extremis you would have them directly connected by fibre all the way to the premises, but that is a lot more expensive. Certainly what we are seeing with fibre to cabinet technology, even in exchange only areas, is that as a general rule it is more effective to deploy it that way.

Q189 Chair: For the likes of myself, or the other 20% of people in the same community who are also on exchange only lines, you will have to construct new cabinets. Is that what you are saying?

Brendan Dick: That is one of the likely scenarios. It does not have to be, but that is the sort of technology we would use. We are deploying already in some parts. If you want me to look at it offline, I would be happy to do so.

Q190 Chair: I have already made the inquiry. Does there need to be a critical mass of people on exchange only lines to justify the building of a cabinet?

Brendan Dick: Yes. The point about a cabinet is that it tends to work in clusters. Where cabinets become not necessarily completely uneconomic, but where you have houses scattered everywhere, the point where you have to deploy the cabinet would probably be at the exchange, because that is a sort of focal point. Alternatively, if you have a community that is a way from the exchange but still done by direct lines, you might deploy a cabinet in the community. It depends on the individual circumstances. That is why the detailed, literally on the ground, planning is important.

Q191 Chair: I realise that you need to know the particular detail, and where I live there are enough people in a critical mass, so I am fairly confident that you will build that cabinet, but

in general terms a lot of small villages are just being told, “No, we are not going to put a cabinet in your village and you are not going to benefit from this project,” despite the fact that the cable often runs down the main road in the village. Is that because there needs to be a critical mass in the village to make it worth while?

Brendan Dick: It is a combination. I would be interested in that community, because I am curious about why they have been told that they will never benefit from it, but that is by the bye.

Q192 Chair: It is probably fair to say that they are not going to benefit from this particular project.

Brendan Dick: There is a combination of factors. One is clearly the size of the community.

Q193 Chair: Are you able to put a figure on the number of houses you need to be able to justify a cabinet?

Brendan Dick: I honestly cannot—I would rather not, because it does vary. That is one factor and then you have the costs of deployment. You have the cost basis and the customer basis. Certainly if you were talking about 10 or 20 people, it is highly unlikely to be a viable solution.

The other thing I should add, and this is particularly important in the context of rural Scotland, is that we are, as colleagues in the mobile industry are doing, continuing to look at technologies that are better for smaller communities. Although we have cabinets of some size now, and you have probably all seen them, we are looking at other solutions like fibre to the remote node, which is a baby version of that and would be more suitable for smaller communities. I personally would hesitate to say to anybody, “You are never going to get it,” because life moves on and they might.

Q194 Chair: Even if people are not going to get superfast broadband out of this particular contract if they are in the 16%, or slightly under 16%, are you saying that if the cable goes past their house there is a reasonable chance that they will get connected up in the near future? Is the technology there? What is the problem?

Brendan Dick: If we were doing it today, it basically comes back to the cost of deploying cabinets, the size of the community and so on. What I would say—I know people might be a bit cynical about it—is that, whilst the contract says we should deliver 84%, I would like to think we might get a bit more. It is clear that with the funding available, if we get more efficient as we do things, we will spend the money. As you know, talking to HIE, their aspiration would be to get to 100%. We have to get there at some point, whether that is through recycling or whatever. Although this will take time to flow through, claw-back mechanisms exist in all BDUK contracts. If take-up is high—this is a really important point—the excess above the business case model would be for HIE to reinvest in more coverage.

Q195 Chair: What you are saying is that if the taxpayer gives you more money—

Brendan Dick: They do not have to.

Q196 Chair: I thought you said that cost was the problem. When you talked about HIE investing more money, I thought that was—

Brendan Dick: Through the claw-back mechanism.

Q197 Chair: There is a claw-back mechanism and if Highlands and Islands Enterprise choose to reinvest that, by which you mean giving you the money—

Brendan Dick: To be fair, we are investing £126 million in Scotland and I do not think anybody else is doing it.

Q198 Chair: If more money is made available, some of these communities—

Brendan Dick: At the end of the day, as with any infrastructure project, the available funding is a factor. The UK Government, the Scottish Government and any western society today would recognise this technology as a critical part of modern society. It is a critical part of modern economies. Frankly I think what Scotland is going to get at the end of even this phase, and more will happen, is pretty good value for money. Some more funding will help drive that.

Q199 Chair: What frustrates a lot of communities is the uncertainty. They talk, for example, to Community Broadband Scotland, who suggest that there might be a wireless solution. They contact satellite companies and get quoted a very large sum of money to sign up. They are unsure what to do. They do not want to spend a lot of money on another solution and then find, as soon as they have done that, that, hey presto, you come along and give them a fibre-optic solution. Why can't you be clearer on what the future is?

Brendan Dick: There are a couple of points on that, or a variety of things really. First, as I said, the detailed planning happens through a process on six-monthly cycles, so I cannot be certain what will happen in 2017. Secondly—I do not think you would want this, Chair—it would be entirely wrong of me to say, “Right, we’ll stop at 84% in the highlands,” if we could go further. At the end of the day, ultimately long after I am retired and maybe after I am dead, a fibre-based technology—fibre to every premises—is the backbone of what we do, as we know in industry today. Colin uses that to help drive what they do. My aspiration, not just because I am director of BT Scotland but also as a Scot, is to drive it out there as far as I can.

I appreciate that CBS and communities have this challenge. There is a project that you will be well familiar with, and I think CBS are looking at—the Argyll islands space. It is difficult, but the important thing is that we are all driving to do the best we can with the technology we have and the funding available. Inevitably, there is a bit of lack of clarity, but for everyone to say, “Stop, we’ll do this bit” or “We’ll do that bit” will not result in the best long-term solution to meet the 2020 ambition.

Q200 Chair: You will understand the frustration of communities. They see 84% round about them getting superfast broadband but they are still struggling with speeds of often a few K, and their taxpayers' money is going into other projects. You can understand their frustration; it is the uncertainty as to whether to pursue a wireless route or a satellite route, or wait for you to come.

Brendan Dick: I appreciate that, yes.

Q201 Chair: In your position as the contractor, are you telling me that that is up to the Government or the Scottish Government?

Brendan Dick: What I am saying is that we are doing our best, working with Government and HIE, to drive fibre as far as we can, as fast as we can, and to get as many premises passed. I suppose the blunt answer to your question is that it is not my job to say that I am going to stop here or there. You will appreciate my difficulty; I am just trying to do the best I can.

Q202 Chair: One of the many frustrations that arises, and which we have already touched on, is the lack of information. Press releases come out, usually self-congratulatory, making great promises that then do not happen. As we touched on earlier, the information on your website is often different from what people are told. I will just give one example and quote from a press release issued on 16 January 2014: "Oban, Taynuilt and Ledaig in Argyll joint locations in Cullen, Findhorn, Fochabers, and Forres in Moray in a second round of announcements of places in the region where fibre services will be available. Services are set to go live by July." That was July 2014. In a Digital Highlands and Islands bulletin of February 2015, in which I presume they are basing their information on information supplied by you, it says, "the following areas have been announced as coming soon". That includes Ledaig and Taynuilt.

In an e-mail from yourselves in February, when I was inquiring on behalf of a constituent in Ledaig, you say: "I'm pleased to say that it is being included as part of our supplier's (Openreach) commercial plans, and we expect it will be ready by end of March." On the same day, there was a reply from Highlands and Islands Enterprise: "Cabinet infrastructure is in place in Ledaig for the initial roll-out but BT have had difficulty getting access to the Connel Bridge to lay the cable necessary to light the cabinets." It also goes on to say about the particular constituent, "Unfortunately [his] home is not served by these first cabinets. He will receive superfast broadband under the programme but in a subsequent stage later in the year as it will require the installation of a new PCP and DSLAM", whatever they are.

Your announcement of 16 January said the service was to go live by July 2014. This is March 2015 and nobody is connected up yet, and it looks as if it is going to be towards the end of the year. Why do you put out these press releases and then not deliver on them?

Brendan Dick: My name is probably on it but I cannot remember the one from last year that you quoted.

Q203 Chair: You are certainly quoted in it: “Brendan Dick...said, ‘Today is a major step forward in a journey that will transform the communications landscape of rural Scotland and help develop prosperous local economies.’”

Brendan Dick: That was one from last year, was it?

Q204 Chair: You said that in January 2014. You promised people this great vision by July 2014 but they are still waiting.

Brendan Dick: I would have to check the specifics.

Q205 Chair: That is just one example.

Brendan Dick: What I would say, and I think you were referring earlier to that, is that now that the engine of the programme is running pretty effectively—you will know that in your particular patch of Argyll and Bute there are quite a few exchanges coming, and more to come, as you will be aware—that process is getting better and more refined. When we put out announcements about going into communities, it does not necessarily mean that literally everybody is going to get it. I appreciate that this causes a little bit of confusion. It is the first hooking up of that community.

Q206 Chair: But with grand statements like yours, which was probably written by your PR adviser, you give the impression that every premises is going to receive superfast broadband. There was a recent announcement in Cardross that mentioned that 900 houses were going to get superfast broadband. What you did not say is that 20% of that village is on exchange only lines. Why can’t you say this up front in the press release?

Brendan Dick: I do not think we said that everybody in Cardross would—

Q207 Chair: No, you did not say everybody. It was carefully worded. You mentioned over 900 premises but did not actually say that that was only 80% of the village. Would it not be better to be up front?

Brendan Dick: I think we are. We said 900. I take your point and I will take it away, but when we said 900 we meant 900. If there are 900 plus 20% houses in Cardross, I do not think we were hiding anything.

Q208 Chair: But it was misleading.

Brendan Dick: I will take your point on board. I shall have a look at it.

Q209 Chair: It just means that people then go along to the drop-in session and get disappointed because they have read the advert.

Brendan Dick: You mentioned the drop-in sessions, and it is worth mentioning to all of you that we have been doing a lot of drop-in sessions recently. They have been very well received. They have been in the central belt of Scotland, in Fife and Ayrshire. A lot of

people do not know that they then have to order a superfast broadband service. A lot of them think that if it is there it happens, but it does not happen; they have to go to their communication providers. If you are talking to constituents, it is worth being aware of that.

Q210 Chair: Another town we have had a lot of communication about is Dunoon. My constituency office is there. If I put my constituency office phone number into the Openreach website, I get told: “We’re keen to bring Superfast Fibre to your area and are exploring how best to achieve that. We may deliver it as part of our commercial programme, or by working in partnership with your local authority. At the moment you can’t order Superfast Fibre.” If we go to your website, we see that it may happen in the future. If I go to the Digital Scotland website, I get told that “the first premises in this area are currently expected to receive fibre broadband in the period July to December 2015.” I e-mailed you and the reply on 20 February from Robert Thorburn was: “The Openreach Map will show at high level the Dunoon Exchange—a ‘Coming Soon’ flag with a timeline of June 15.” That was a month ago, and it is still showing July to December.

The Openreach website says one thing. The Digital Scotland website says another thing. The e-mail from Robert Thorburn says a third thing. Two or three years ago you put out a press release saying that you were going to upgrade Dunoon to superfast broadband using your own resources last year. Why is all this contradictory information put out?

Brendan Dick: I am well aware of that. Thankfully, we are getting it sorted. It should not cause that confusion. I will be up front about that. Dunoon, not uniquely by any manner of means, is part of BT’s commercial investment and also part of the intervention area, but it is dependent on subsea cable. When that was initially announced as part of the commercial programme, a while ago—

Q211 Chair: It was two or three years ago.

Brendan Dick: Yes. To be honest, the high-level modelling that was done assumed that there was a backhaul pipe there that wasn’t. That should not have happened. Rob is working to get this tidied up between the different databases, but effectively the information you have from him is accurate.

Q212 Chair: So the Openreach website and the Digital Scotland website are both wrong.

Brendan Dick: We are getting that tidied up; yes.

Q213 Chair: But you told me that months ago and you are still tidying it up.

Brendan Dick: We will sort it out.

Q214 Chair: You can understand why customers get very frustrated when they read one thing in a press release and then contact their MP, get told something and then look at the website and get told something different.

Brendan Dick: Yes. Three years ago it was the only announcement made as part of our commercial deployment programme that we got wrong, if I am being honest, but it was still annoying for you and your constituents. This particular one has been a bit more complex because of the subsea cable hook that is nearly ready to go. We are getting this sorted out. As you know—it is an important point from an economic investment perspective—we are also deploying an ethernet node in Dunoon, which gives capability for bigger businesses to get higher speeds. That is coming as a related by-product.

Q215 Chair: What about existing customers? Some existing customers in Dunoon get only a few K, despite the fact that you have sold them a broadband package. Are they all going to get this new superfast broadband in June or is there a sting in the tail about exchange only lines, or all sorts of other stings in the tail that we are unaware of?

Brendan Dick: As with every other community, I do not know the individual lines. The deployment is certainly going to start in June and it will probably carry on.

Q216 Chair: What does start in June mean?

Brendan Dick: The first cabinets will start going live. I do not know the specifics of what percentage of Dunoon will be covered and the very first ones that will go live. It may not be all the cabinets; I just do not know. We would have to take it away to check.

Q217 Chair: Can you investigate that and write to us?

Brendan Dick: Sure; yes. I suspect, Chair, that it will probably be like most other communities where June would be the first phase. For example, when we went live in Lerwick in September, which was early and was great, I think it was quite high. It was about 75% or 80%, but it was not the whole town in phase one.

Q218 Chair: At the moment, part of the problem appears to be that if the network is, to use a non-technical term, full up, some people seem to get a reasonable speed while other people only get a few K, and you have been doing something called network balancing. Can you explain what that is?

Brendan Dick: Sure. This has been a little bit of a challenge in Dunoon but more in some of the smaller areas, including the islands—there are some in your patch but also further north. The demand for bandwidth continues to grow virtually exponentially. I am sure it is true for Peter and Colin as well in the backhaul network. We have been putting a lot of effort into it, with quite a degree of success; in fact, I was talking to our head engineer doing this only yesterday. To some extent at a community level, where the service is just degrading a bit we are working with them because they understand who is suffering; community council leads have been quite helpful in this respect. We then rebalance the network as it goes into different communities. That is where it is coming back out, and then back into the backhaul network. It is an ongoing piece of work. We have a pretty major piece of work to get back on top of it, which I think we largely are on the west coast, and stay there.

If there are individual lines—if, for example, in Dunoon they are getting a few K—there are two things. Obviously one of them, which they may have done, is that they should certainly report them to the communication provider. If you know of clusters, let me know.

Q219 Chair: I certainly know of one constituent with whom I have been corresponding since October. Every time your company tries something and says, “Does that work?” he e-mails me back and says, “No, it doesn’t.”

Brendan Dick: I cannot comment on individual cases. I do not know whether it is a long line or not, but I would be happy to take it and look at it.

Q220 Chair: The final question on Dunoon is this. You are saying that the first customers will benefit from the new upgrade in June.

Brendan Dick: Yes. It might be all of them or it might not; I do not know.

Q221 Chair: If some benefit from that upgrade, does that mean that, because you have increased the capacity, others who are perhaps suffering only a few K at the moment will also benefit?

Brendan Dick: They may. It may help. As I say, there is an upgrade there generally so it might well help. If you have someone on a few K and the problem is not being resolved, please let me know.

Q222 Chair: I have.

Brendan Dick: And that has gone through the system. I was not aware it was still floating around.

Q223 Chair: There is one constituent. It seemed to solve the problem for some, but there is one where it has not solved the problem. I shall certainly e-mail you again. The final question relates to the subject of Vodafone which we raised earlier. They said they needed this interconnection to Islay. When are you going to deliver that for them?

Brendan Dick: In terms of providing 3G and 4G services the problem is not unique to Islay. Clearly if we are going to deploy higher capacity mobile connectivity throughout the highlands and islands, which will be fantastic when it happens, the programme of subsea cable deployment and the programme of significant backhaul that lived in the mainland is all part of that process. As you know, the subsea cable programme physically deployed the cables last year. They are being hooked up as part of the overall network across the highlands and islands now, and that is what is enabling us to say that Dunoon will go soon, Stornaway later this summer, and so on and so forth. That will then allow things to happen.

I do not know the specifics about Islay but—

Q224 Chair: Can you write to us?

Brendan Dick: I can, but I am sure that BT Wholesale and you guys talk about it quite a lot. I am sure we can work it out.

Q225 Chair: But we would like to know when you are going to provide that internet connection, so that we can then make sure that Vodafone follows speedily on with the upgrade.

Brendan Dick: I am sure they will. I know that Paul and his colleagues and my colleagues are in constant regular dialogue about all these things. I do not think anyone will not know it. Anyway, we will come back to you on it.

Q226 Pamela Nash: I have a couple of questions. I know we are running over time but I will ask quick questions and you can give quick answers on the roll-out of the superfast broadband programme. First of all, can you clarify the relationship between BT and the Scottish Government? Does it differ in any way from the relationship with local government in terms of DCMS devolving the roll-out?

Brendan Dick: In England, typically contracts are between counties and BT. That is typically how it works. In Scotland, the contracts are technically between the Scottish Government for what we call “the rest of Scotland” but it is the Scottish Enterprise geography. They are with HIE who are supported by the Scottish Government, and obviously by BDUK for that. There is no contract with local authorities. That being said, in the rest of Scotland contracts, which cover your area, 14 local authorities also put in some investment. They clearly have a significant stake in that, so they are very important partners in how all this works. That is effectively the difference.

Q227 Pamela Nash: Can I get an update on some of the key pledges of the roll-out programme in Scotland? Originally it was pledged at UK level that 95% of premises would have superfast broadband by the end of 2017. Are you on target to meet that goal?

Brendan Dick: At the UK level?

Q228 Pamela Nash: Yes. And in Scotland is it 95% of Scottish properties that are due to get that?

Brendan Dick: Yes.

Q229 Pamela Nash: It is not less because there are more rural areas?

Brendan Dick: No. If we take the two Scottish contracts together, as we were saying to Mike earlier, it will hit 85% by the end of the 2015-16 year, and will hit 95% of Scottish premises by the 2017-18 period. Clearly if you go granular at local authority level, for example—we spoke about the high 84%—it will vary slightly. In the rest of Scotland contract, the lowest one is probably 90% and most are much higher than that. To be frank, it is actually higher than I thought it would be. It will hit 95% at a Scottish level, yes.

Q230 Pamela Nash: Four years ago a goal was set for all residential and commercial properties to have broadband provision of at least 2 megabits. Has that happened?

Brendan Dick: The BDUK framework contract set that, and that is what is being aimed at. It will have to happen as a mix of technologies, I guess. In a sense we do not necessarily have all the answers, but I could imagine in a contract with that built into it—whether a south of England or a rest of Scotland contract—it might well be that there will be some customers who have to get a satellite service. It would not necessarily be economic to do that by fibre for a farmer up a glen.

Q231 Pamela Nash: My final question is about the roll-out and you working alongside the Scottish Government, and who is responsible. I have certainly had experience of neighbouring postcodes, sometimes in the same street, where some are getting broadband and some are not. You were even talking about boxes appearing and the houses that they are in front of not getting broadband. This is particularly an issue on new estates. There is a new estate called Crystal Park in my constituency; some of it is getting superfast broadband and some is not. I have raised this with BT in meetings before. Has this now been resolved in terms of a common sense approach to neighbouring postcodes? Again I am talking about the same types of property, and not just different properties. Has there been progress in the relationship with builders? My understanding from BT was that you were trying to build up a relationship with building companies. This is important for policymakers to ensure that new estates get broadband as a matter of course when they are being built, so that the pavements are not being lifted months later.

Brendan Dick: Yes. On the latter point, progress has been made and we discussed it earlier. It is not perfect, but, broadly speaking, we find that strategic discussions like that about new estates with builders, particularly larger ones, now happen more easily. Local authorities are much more aware of the importance of it. I suppose that is the catalyst for that conversation, because it is then BT and the developer that do the work. It is a lot better, but certainly a request I would have of you and your colleagues is that, if you know of any developers coming in, please make sure that we know.

Q232 Pamela Nash: Does it require legislation to do that?

Brendan Dick: No.

Q233 Pamela Nash: Are there any stumbling blocks?

Brendan Dick: No; it is just people talking to each other.

Q234 Pamela Nash: More co-operation is needed.

Brendan Dick: In theory one could legislate for it. I know that some local authorities in the UK, but not particularly in Scotland, definitely encourage it. Nothing gets past them and I think that would be a good position to get to. If you can do it without legislation, why wouldn't you?

On your first point about optimisation, we try to optimise as much as we can. Why wouldn't you, because you get more bang for your bucks? Interestingly, and you alluded to it, most of us would assume that for a particular postcode or a street all the premises are served by the same cabinet. They are not always, and that is where it can go slightly belly-up, but if you have particular instances that you want me to look at I will happily do it.

Q235 Pamela Nash: I have already raised them with BT. I am just using an example locally to raise it. I imagine it is not only—

Brendan Dick: I know of another area, an MSP's patch, where a similar thing has cropped up; in fact, I was looking at it yesterday.

Q236 Pamela Nash: It is still happening.

Brendan Dick: It can happen. We are just trying to optimise as much as we can. Clearly in areas where that has happened, because the infrastructure has been done—what we call the head end—it should make it easier to get to if there is an exercise further down the line.

Q237 Chair: Is there anything you want to add?

Paul Morris: The only thing I would add is that we did not get a lot of chance to talk about policy changes, which obviously you guys get involved in a lot. I would flag up three things for the next Parliament when you come back. We have heard a lot of talk about focus on digital infrastructure, and the policy changes that need updating. We have had limited change. We have had support in the sense that it needs to be looked at, but we need change. Planning is obviously a devolved matter and we cannot build without planning. Property law needs changing. There is something that DCMS is involved with now, and will return to in the next Parliament, called the electronic communications code.

Q238 Chair: There was a proposal brought forward and then withdrawn again. Is that it?

Paul Morris: Exactly. The final point, which is 10 years on from the last strategic review, which I know you talked about with Steve at Ofcom, is that we would encourage that to include everything, in particular the relationship with Openreach and the rest of the industry, which is clearly crucial, as we have heard today.

Q239 Mike Crockart: I want to ask one final question about something that has been raised with me. It relates to the way that Ofcom has to work within a full merits appeal regime rather than by judicial review. Other companies in your industry have expressed worry that that has a chilling effect on Ofcom being able to regulate effectively. Is that something you would agree with?

Paul Morris: Is this to do with the appeals process?

Mike Crockart: Yes.

Paul Morris: We feel that that could be improved, but we can move round the edges. We think it is important to be able to appeal, because it is a very complex area. Can some of the procedural stuff be improved? Yes, but we have to see the detail on that.

Brendan Dick: I would add, Chair, that the input and questions have been very helpful, as always. I would remind people to stay positive. This is the biggest programme in the UK. It is part of one of the biggest programmes in the world and it is making massive progress. Clearly we have to get the infrastructure out there, but from the social and economic perspective of Scotland it is about using it. The take-up and businesses' growth, particularly small businesses in Scotland, is going to be very important. It is as much on my radar as anything else.

Q240 Chair: Once we achieve the targets, I am sure that the highlands and islands are going to have a really good broadband system and be connected up. It is just that we have to make sure that we meet these targets.

Brendan Dick: And grow businesses.

Q241 Chair: I am sure the end result will be well worth it, but it is certainly a bit frustrating on the road. You are right to want to finish on a positive note: when the contract is completed we will have a first-class system. That is correct, but we just have to make sure that we get there as quickly as we can.

Brendan Dick: Indeed.

Chair: Thank you all very much.