

Scottish Affairs Committee

Oral evidence: [Digital connectivity in Scotland](#), HC 654

Monday 5 February 2018, Aberdeen

Ordered by the House of Commons to be published on 5 February 2018.

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Members present: Pete Wishart (Chair); Deidre Brock; David Duguid; Hugh Gaffney; Christine Jardine; Ged Killen; John Lamont; Danielle Rowley; Tommy Sheppard; Ross Thomson.

Questions 104 – 182

Witnesses

I: Amanda Burgauer, Chair, Scottish Rural Action, Callum Hay, Acting Chairperson, Borders Community Broadband, and Alison Macleod, Local Development Officer, Applecross Community Company.

II: Robert Emmott, Director of Finance at Comhairle nan Eilean Siar and Member of the Infrastructure Action Plan Portfolio Board, Simon Haston, Head of IT, Aberdeen City Council, and Councillor Steven Heddle, Chair, Environment and Economy Board, COSLA.

III: Hugh Aitken, Former Regional Director, CBI Scotland, Stuart Mackinnon, External Affairs Manager—Scotland, Federation of Small Businesses, and Charandeep Singh, Head of External Relations, Scottish Chambers of Commerce.

Written evidence from witnesses:

- [Scottish Rural Action](#)
- [Borders Community Broadband](#)
- [Comhairle nan Eilean Siar](#)
- [Aberdeen City Council](#)
- [FSB Scotland](#)

Examination of witnesses

Witnesses: Amanda Burgauer, Callum Hay and Alison Macleod.

Q104 **Chair:** We are very sorry to put you off. I know you have made an effort to come here today and we had you sitting outside for a good half an hour; we had private business we had to take. Thank you ever so much for coming here today. You can now hear me, because they have just put a microphone in front of my face, so hopefully that is all right.

Just for the record, say who you are, who you represent and anything by way of a very short statement. We will start with you, Ms Macleod.

Alison Macleod: I am Alison Macleod. I am the Local Development Officer for Applecross Community Company. We have built and have been running our community broadband scheme for the last five years, which provides broadband to around 100 households and businesses. It is a line of sight scheme. We had funding from the Big Lottery Fund and CBS. We were the first community to get funding from CBS and we are now struggling a bit with it, to say the least.

Chair: Thank you. Mr Hay.

Callum Hay: Good morning, everybody. My name is Callum Hay. I am the Chairman of the Borders Community Broadband project. That project has now passed over its interests to the R100 programme, but for the last couple of years we have developed proposals for around 2,000 properties in the deep rural areas of the Borders and have some experience of where we think community interests should go. We are very pleased to be here today.

Chair: Thank you. Ms Burgauer, is it?

Amanda Burgauer: Burgauer. I can't say it right either.

Chair: I am in good company then.

Amanda Burgauer: I am Amanda Burgauer. I am the Chair of Scottish Rural Action, which is a charity and non-profit set up to focus on rural issues and represent the people who live in rural Scotland. I have a specific interest in broadband. Not only was I the chair of my local community broadband company, but I also chaired a working group for Scottish Rural Action of 31 different community broadband companies across Scotland from very rural areas. That resulted in a report in 2016, which I have linked in my submission.

Q105 **Chair:** I am grateful for all of that. We probably know the answer to this, but you could perhaps just confirm it for us and tell us your experience, from your connection with the issues. Why is connectivity in superfast broadband a sore point for rural communities? We will start with you, Ms Burgauer, now I know your name.

Amanda Burgauer: It is about connectedness and the ability to participate in the things that normal people across Scotland participate



in, whether that is work, education, socialising or whatever. Our road and transport infrastructure tends to be rather poor and digital is the only thing that allows ongoing work, employment and education. It has been proved in terms of rural health that the social benefits of being connected are enormous, so we have been suffering from a digital divide between rural and urban for the last 10 years.

There is a risk now of that becoming even more extended and we need to make sure that people can run businesses from rural Scotland or can still go online for an education or can talk to their relatives in other parts of the world. We are trying to combat depopulation in rural areas and young people will move out of our rural villages if we do not provide them with the ability to have a normal 21st century life.

Q106 **Chair:** Just before we go to you, Mr Hay, I have to say that I am very impressed by the sheer number of people from the Borders who have been in touch with this Committee on this issue. I do not know how many constituents of Mr Lamont have written to us, but it is very impressive. Is there a particular issue about the Borders that you want to address to this Committee that you feel is important about connectivity?

Callum Hay: I think we would maybe take joint responsibility for motivating local people to let you know their views. It is no different from anywhere else in Scotland. I think all I can do is just underline everything Amanda has said. Essentially digital connectivity is now a new utility. Just as we take water, power, energy and phones for granted, broadband has become, if you like, that fourth or fifth utility, depending on how you look at it. We see no reason why those people who live in rural areas should be denied access to services of that quality that people in the cities have enjoyed for years.

Q107 **Chair:** We seem to be going over the same sort of issues, which I am certain you agree with Ms Macleod. Are there any particular groups within the rural areas, in your experience, that are particularly affected by poor connectivity?

Alison Macleod: The young generation generally. There are all sorts of opportunities for small businesses in Applecross with the huge number of tourists that pass through, but without good connectivity it is very difficult to set up these sorts of businesses. Our very able young people are leaving Applecross as they leave school, they head to university and then though they might want to come back, they cannot come back because there is no work at graduate level.

I am a graduate and the job I have now, which I have been doing for the last seven years, is the first job I have had at graduate level—you can tell by looking at me I have been waiting for quite a long time—and that of course reflects on the income that I have made during that time, and now just an average income, but it was well below that in the past. That is the same story for a lot of people in Applecross, a lot of whom are surprisingly well-qualified, with Masters' and PhDs, as well as ordinary



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degrees. It is about employment, it is about businesses. We struggle to attract and retain professionals like GPs and teachers, because they expect to have a decent level of connectivity, so that undermines our health and education services.

Q108 Tommy Sheppard: Just following on from that, can you give us an impression of how important you think this factor of digital connectivity is when people are deciding whether to stay in or move to a rural area? I presume there are many other challenges: the cost of housing or transport has been mentioned. Where does this rate now as one of the factors on people's minds, do you think, in determining whether they stay there or not?

Alison Macleod: It is one of two major factors with us. The other one is lack of affordable housing and a lack of access to land to build affordable housing, but digital connectivity is up there with that.

Q109 Tommy Sheppard: The more we do get connected as a country, has that just become a bigger problem because people feel that they are being left behind or is it a bigger problem now than it was five years ago?

Alison Macleod: Yes.

Q110 Tommy Sheppard: Can you explain why?

Alison Macleod: Because it is always assumed that people have connectivity. Everything is designed to work on the assumption that people are connected digitally. We had somebody from the Scottish Ambulance Service who wants us to set up a first responders unit because they are reducing our cover from NHS Highland. We pointed out that we had no mobile phone access at all in Applecross, and therefore anybody that volunteered to be a first responder would have to be by a landline the whole time they were on call. That would badly affect the number of people that would volunteer to do that, because so many people in Applecross are working outside or are going out and about and therefore would not be able to work the day they were on call. It affects everything.

The guy from the Scottish Ambulance Service did not even believe us when we said we had no mobiles. He kept saying, "If your mobile coverage is as bad as you say, it is—" and we were saying, "But we have literally no mobile coverage". The assumption is because the majority of people are used to being digitally well connected that everybody works that way, and everything is designed to work on that basis.

Callum Hay: It is anecdotal, but in the village I live in, some people were moving out and they were trying to sell their house. They reported they were surprised at the number of people who just would not even consider moving to the village because there was such poor connectivity. You are almost at the point where it is becoming a yes/no question for some families as to whether or not they will move to an area. It is becoming that fundamental.



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Amanda Burgauer: I could give an example from the other way around, just from my small hamlet, where there are no longer any people who were born there, it is now all incomers. It is very small, less than 30 houses. At one point seven of those houses were on the market for very, very low prices and then the mobile network was upgraded. Within two months all of those houses were sold and it was considered much more attractive. That was from everybody who had been trying to sell a house, it was the one thing that people asked and tested when they came to the village and tried to check.

Q111 **Chair:** The other issue is cost in rural areas. We understand that broadband packages can be more expensive for consumers in rural areas. Is this a feature that may be acting as some sort of disincentive and do people consider the speeds when they are installing service in rural areas?

Amanda Burgauer: I think there are three aspects to that question. One is about, yes, do you have a good speed, but there are also the issues of cost and consumer choice. While in a city you might be expected to be able to choose from various providers, in most of rural Scotland you will have one choice, if that. That also affects price. We have done some research on price sensitivity and because a lot of remote rural areas tend to also be quite low-wage economies, the price sensitivity is quite low. Where most people want to have good digital connectivity, the affordability of that on rural incomes is quite challenging.

I know that some of the community broadband groups, when they were putting together their business plan, were finding that this was a significant issue in terms of sustainability. Basically it means that people who live rurally are missing out as consumers on both the choice and the affordability that they should be getting.

Q112 **John Lamont:** My question relates to the internet speeds that are advertised by providers and the fact that, very often, they do not necessarily correlate to the services they are able to offer and to what customers are able to receive. I am sure Mr Hay is an avid reader of *The Berwickshire News*. On the front page of the paper a few weeks ago was about Eccles and the fact that while their exchange is fibre-enabled, most consumers are not able to access superfast broadband. Do you think the changes to the rules around how internet providers advertise internet speeds are going to address that problem or do you think that something more substantial has to be carried out?

Callum Hay: I think the issue is quite complicated. Sometimes there are things that consumers can do themselves to improve the speed on their lines. In my village I have managed to get a pretty good signal on conventional broadband, as has one of my neighbours, who is an IT specialist, but my other neighbours are failing to do so because they do not have the skills to do it. There is then the question, how do you differentiate that? Should those who are getting the higher speed pay a bit more? There is a practical difficulty there. Our view is let's forget



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about all of these problems around copper and let us look forward to where we hope R100 is going to go and get very close to a fibre network. Most of those problems should then disappear.

Q113 David Duguid: Mr Hay, earlier you described good connectivity or good superfast broadband as the fourth or fifth utility and said it should be treated as such. Do you also believe that it should cost the same wherever you are and you should not be penalised for your geographical location?

Callum Hay: Yes.

David Duguid: That was easy.

Chair: That is how we like answers to questions from this Committee. Ms Burgauer.

Amanda Burgauer: If I could just come back on that, I think there is a, "Yes, but—" there in terms of yes, we certainly should not be paying more in rural areas, but if you look at the value of Connected Communities for e-services, for example, it is important to look at the savings that are generated through e-services that could somehow be passed on in some form of cost savings to those communities. As we have said, rural communities tend to be low waged and we want to encourage them to participate, because it does save money in rolling out all these services. So, yes, but there may be some reasons why over the long term not.

Q114 Christine Jardine: I was going to ask whether, as communities that are going to be in the 5% that will not have broadband in the targeted time, you think that perhaps next time we should look at this issue in a different way and we should give priority to those rural areas that are already behind the curve? I live in a city, I have no problem with broadband, with mobile, but as soon as I leave, even coming up on the train journey today, there are communities I know who do not have broadband and I know in the Highlands it is a huge problem. Do you think perhaps we should have prioritised those communities who are already at a disadvantage, rather than doing the easy fix in the cities?

Amanda Burgauer: In the previous procurement, the goal was to connect as many properties as possible and that was the stated goal of the procurement. With forthcoming procurement, having learned the lessons from that, we should be looking at the remote furthest away properties and prioritising some of those over the closer ones. The concept I believe before was, "If we start to do some of these rural properties, the market will come in and fill in the gaps". I am not convinced that it has done, but what did happen in the past procurement is that there was definitely some cherry-picking of the properties that were chosen in order to get the most properties connected for the money, so best value for money. That meant that there were swathes of rural Scotland, these community networks that were included in the last procurement, and it has left outlying properties with a much higher cost



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now to deliver, because they were not included in the previous procurement. It is very important that in any forthcoming procurement that is not allowed to happen again.

In my submission I mentioned some numbers about the actual cost. Overall it should be about £1,600 per connection, but if the procurement just allows the easy ones to be done, then the cost of outlying ones could double, so £3,500 per property or something like that. I think that is a really important point.

Chair: I know Ms Macleod wants to come in, but we are getting slightly short of time, if you do not mind. I am sure you will manage to shoehorn your comment into some other question. We will go to Danielle Rowley.

Q115 **Danielle Rowley:** There are constantly new ways of keeping in touch or new technologies available. Looking at things like fixed wireless, satellite and mobile coverage, do you see these as viable alternatives to fixed broadband in rural communities?

Callum Hay: Based on our research—and I think I can speak for my colleagues here too—satellite is not really an option. There is something called latency, which is the time lag involved with satellite signals, which makes it useless for some applications. If you are going to be using a lot of data, it can get extremely expensive. We have talked about the low-wage economy, so it is not really a long-term practical solution. It is out there because that is the only solution some people have at the moment, but I think, given an alternative, they would move from it in a minute.

There are very clever technologies that will work over the existing copper network, but not for very long distances, so they do not really work either and they are probably a stop-gap solution. I think on the table here, we would all say that if we are going to make a public investment, we are probably going to only make this once in the next 50 years. Let's get it right and make sure it is fibre and fibre everywhere, if we possibly can.

Danielle Rowley: That is fairly conclusive, thank you.

Chair: It is always good when somebody speaks on behalf of all the other panellists. That is very helpful. John Lamont.

Q116 **John Lamont:** My question is about the UK Government's universal service obligation, the USO, but more particularly the cost threshold, whereby the providers will not be required to meet the request if it is going to be too expensive for them to put in the level of service to meet the USO. Do you think that is going to present particular challenges in rural communities, where the cost might be excessive or above that threshold?

Callum Hay: Again, I think I can speak for my colleagues here. We are dismayed at how low the USO setting has been. Why we would want to set the USO at a third of the nationally-accepted standard of superfast broadband is a mystery to us. If you look at what a lot of European countries are doing, who are setting far higher expectations on their



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suppliers, it is rather disappointing that the USO proposed in the UK is so low. We accept that there is a cost issue here. I think the best thing to do, from our point of view, is to see where R100 gets to in about a year's time. With those that are left out, we think that communities may have a role in being able to extend that coverage.

Q117 Chair: On the relationship between the UK Government's USO and the Scottish Government's R100 programme, in your view, how will they operationally work together? Do you see that as a partnership or is there any sense that we should be concerned about competing tensions in both those programmes?

Callum Hay: It seems rather odd to me anyway that we should have a far more ambitious target in Scotland than we seem to have in the UK USO. Certainly from my project's point of view, we would see the Scottish number, whether it is 24 Mbps or 30—it is of that order, anyway—that is probably a bare minimum for today. If you look, for example, in Sweden, they are making a commitment to provide 1 Gbps to 98% of the population, 100 Mbps to 1.9% of the population and the 0.1% remaining 30 Mbps and for that to be available across the entire country, whether it is at work or at home, by 2025. That feels to us like a much more sensible kind of commitment.

Chair: That is Sweden, you said?

Callum Hay: Sweden. In that context, 10 Mbps seems pretty mean and not really in tune with where we need to be going as a country that wants to be digitally connected.

Q118 John Lamont: I accept much of that, although my question was about the cost thresholds, the exemption for the providers not having to spend the money to make that commitment where the cost of providing that service is going to be too high, as opposed to the level of internet speeds.

Callum Hay: It is quite difficult to have these kinds of discussions at the moment until we know what the R100 programme is likely to deliver. We probably will not know that for about another year or so. That is probably the time for that discussion in terms of when we know what coverage can be achieved with the current proposed public investment. Of course there will be some commercial investment running alongside that. That might get quite close to 100% coverage, but I do not suppose any of us know yet, so maybe that is a debate to be had another day. Let's see what can be delivered with the current proposals.

Q119 John Lamont: Can I just go back to something you said before, Mr Hay, in respect of the shift of your own scheme from the Borders Community Broadband in Scotland over to the R100? I looked up your September 2017 update, where you stated that you were under the impression that R100 would deliver roughly the same results in the same timeframe, but you expected the R100 contracts to start in late 2018. Given that now what we hear from the Scottish Government is that they are not expecting the contracts to start until mid-2019 at the very earliest, does



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that raise any concerns, given your shift over to the R100 scheme?

Callum Hay: No, the 2018 figure is accurate in the sense that that is when the OJEU notice came out. We recognise there is about a year's procurement process. Had we run our own project, we would have been on exactly the same timeframe. From our point of view, there was no time lost in moving over to R100.

Q120 **David Duguid:** Moving on to mobile network coverage, Ofcom's coverage obligations required mobile network operators to provide telephone call coverage across 90% of the UK's land mass by the end of 2017. Clearly that is the UK average; that is going to be a different figure for rural areas in Scotland. First of all, do you have a feel for what percentage of Scotland's land mass is not covered? Secondly, what policies are required to be made to help cover that?

Amanda Burgauer: It is important to say that the measurement of some of this is rather strange, because if you have to go outside to make a phone call, that is sometimes included as covered. With that proviso, obviously urban areas have better coverage than rural and England has much better coverage than either Scotland, Wales or Northern Ireland. Inside UK premises in England, 90% of people can make telephone calls on all four mobile networks, but when you come out into the rural areas, that drops down to 57%. When you come to making outdoor phone calls, that is 70% in geographic UK, but only 40% in Scotland. There are some big gaps in our mobile coverage within Scotland. It is estimated that 17% of homes suffer from poor connections, compared with 2% in the towns and cities. That gives an indication.

Q121 **David Duguid:** Thanks for that. For the rest of the panel, what do we need to do from a technological standpoint or from a policy and a financial standpoint? For example, just coming here, I think it was mentioned earlier that when you are on a train, it becomes very obvious if you are trying to make calls where the blackspots are. I was the same driving here today—hands-free, of course—trying to make a phone call and going through blackspots. There does not seem to be any real reason for it. There seems to be a wide open area and there must be some communication. My main question is what do you think needs to be done about that?

Amanda Burgauer: The networks are telling us one thing that could be done is improve access for upgrading masts, which is a planning issue, but there is more work to be done. There was the Mobile Infrastructure Project, but the funding for that was pulled in 2017 without it having been completed. We are now in a situation where they are trying to enforce this participation in national roaming networks. In many places that is working well, but it does not work in places like Applecross, where there is no coverage at all. It is not just a matter of, "Now it doesn't matter which network provider you are with", if there is no mast in your area. We need to encourage the building of more masts in rural Scotland.



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Q122 Deidre Brock: Just to throw in some more percentage figures, the FSB Scotland has recently come out saying that 17% of Scotland's land mass has 4G coverage and 60% in England. The National Infrastructure Commission, the UK body, I think last December, called for stronger legal and regulatory changes to end what they describe as "digital deserts". Would that be something that you would support? Is that something you would like to see happen? Ofcom has some regulatory powers now, but as I understand it from previous evidence, they have not really enforced anything as of yet on phone coverage.

Amanda Burgauer: I think that is true. The other area where Ofcom can help would be in terms of consumer protection and what have you. We mentioned briefly the speed you get isn't necessarily the speed that you are paying for and things like that. There has not been enough follow through on some of those commitments.

Deidre Brock: You would like to see more of that. Mr Hay.

Callum Hay: I do not have any expertise in mobile, I am here with a broadband hat on, but what I would say is that some of the very core infrastructure that you need for one could be shared by the other, so if you fix one problem, you would go quite a long way towards fixing the other.

Q123 Deidre Brock: FSB Scotland has also called for nation-specific coverage obligations to be considered by the UK Government. Is that something you would also support?

Amanda Burgauer: When we look at the difference in areas, the numbers that I quoted were from the "Connected Nations 2017" report. When you look at this, there is obvious disparity across the four nations, so yes, reporting back might help us to identify whether there are issues and what they are.

Q124 Ross Thomson: You have all been involved in community-led broadband initiatives. Can you tell me a little bit about your experiences in terms of the positives and negatives of that? Also, can you answer the question as to whether or not you think that communities have a responsibility for providing broadband coverage in areas that are not covered by commercial or public rollout and whether that is fair?

Amanda Burgauer: Communities are very good at lots of things. Some of the volunteer work that has been done in communities on broadband and other things is quite tremendous. In certain communities where they have the right mix of skills—and I am thinking particularly of the Broadband for the Rural North broadband project in Cumbria—they have a gigabit community-owned network that took no public funding. It has been self-funded and it is fantastic. They have a very specific set of skills. We also have other operating community broadband networks—in the Borders there is one—which are doing a fantastic job. I do not think that every community can run or wants to run their own network, but it certainly can be done and they have proven to be sustainable and work



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very well, and have brought those services to their communities a lot more quickly than commercial providers would do.

Your question was do they have an obligation to provide it and I think that becomes a very difficult situation because we are talking about our national infrastructure and I do not believe that communities have a responsibility to provide their own community infrastructure. Why would we not want to share our infrastructure across our country? If we make that a community obligation, what comes next? Does that mean everybody has to have their own community energy network? Maybe that is not a bad thing in the long term, but this is about removing responsibility from a national level down to community level. I think that is a step too far.

Callum Hay: Some communities are really good at helping move projects on and, as Amanda referred to in the B4RN project, actually building networks, but the real issue is how you sustain that. That is not something that communities are well placed to do. In fact, you introduce a risk to consumers if you are relying on what is effectively a semi-volunteer network to provide essential services and that is not really where you want to go.

I run my own business from home and I would not want to be dependent on a volunteer broadband network because I need it to be there 24/7.

Q125 **Ross Thomson:** A quick follow up. In evidence to the Committee we have heard that as part of the broadband rollout package there is a focus on urban areas, often at the expense of rural areas. In your view, do you think there has been too much focus—and apologies to my colleagues sitting on the other side of the Committee—on the central belt compared with other parts of the country?

Chair: You can always rely on Mr Thomson to ask the more controversial questions.

Amanda Burgauer: It is a very good question. The reason that we need great connectivity in rural areas is because it is essential as an economic driver, for education and everything else. Of course the central belt needs all that just as much as rural areas do. It is not wrong to focus attention where the bulk of the people are but we now have to make sure that rural communities are not left behind because this is going to be the last chance, I believe, in terms of public investment, to get it right and we have to make sure that we have a fibred Scotland where all participants, regardless of where they live, can contribute at the same level. Sure, do the central belt first, but now, please, do not leave rural Scotland behind.

Q126 **John Lamont:** In their written evidence, the Heriot community broadband group said that their current experience with Digital Scotland and the R100 team is that they are inflexible bureaucracies that are unable to engage with community schemes in any realistic way. Do you share those concerns?



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Callum Hay: From my own project's point of view, it is too early to tell. We will not know what the success of R100 is until maybe this time next year when contracts are let and we have some idea of what the standards and coverage will be. It is perhaps a bit premature to be judging where that is going.

Chair: We have not heard from Ms Macleod yet. How about a contribution from your good self?

Alison Macleod: I suppose we broke the rules—we just ignored them. We are not looking at R100 and we do not know much about what is involved at policy level. I just want to emphasise just how challenging it is for a very small community to be operating a broadband scheme, given that we are an organisation that is trying to do multiple things to tackle the problems in our area. We are building housing, we built our own hydro scheme as an income generator. We have looked at providing our own energy systems because we do not have access to three-phase. We are looking at setting up public transport, which is community owned, because there is no actual public transport. This is a very small group of people with a volunteer board. We cannot keep on doing these things ourselves. Our broadband scheme is not sustainable for all sorts of reasons but we have put five years of very hard work into it. The service we have provided and are still providing at the moment is much better than BT's offering. We are providing 15 Mbps at the moment, which is a huge improvement.

Q127 **Ged Killen:** Many community projects have opted in to the R100 programme. How can community needs and priorities be protected in the context of a Scotland-wide scheme like that?

Amanda Burgauer: There are some really difficult things that community projects have had to deal with over the last four years, from the time that the Community Broadband Scotland scheme was announced to now, there are a lot of communities who feel that they have not been listened to and that they were putting in a lot of work that was not well supported.

They also have to live in the communities that they are trying to do the projects for and a lot of community broadband companies will understand this. Community broadband activists do not dare go into their local post office if there has been an outage or there is no news, and so on, because they will get a lot of abuse from local communities. People want it all and they want it now. I think we will find that a lot of the projects that have moved to R100 were very aware of the responsibility on them to ensure that their community got the very best possible service going forward. They have seen the R100 commitment to 100% as being something that they cannot afford to pull out of because of the good of their community. If they are not in it and they end up giving their communities a poorer service then they have that responsibility. There has been some quite heartfelt searching within broadband community groups about should we or shouldn't we, because we do not really know



what R100 is yet, we only know that there is a commitment there, but we cannot take the responsibility for our communities not getting the very best service possible going forward.

Chair: Thank you. Our apologies once again for the late start to the session. It has been very helpful to the Committee. I do not need to tell people from the Borders to submit evidence to this inquiry, but if there is anything further that you feel would be useful, any further written evidence would be more than welcome. Thank you very much for attending this morning.

Examination of witnesses

Witnesses: Robert Emmott, Simon Haston and Councillor Steven Heddle.

Q128 **Chair:** I understand we do not have Councillor Davidson, who unfortunately cannot join us this morning, but we do have three very distinguished gentlemen, which we are very grateful for. Thank you very much for helping us with our inquiry into connectivity in Scotland. For the record, please state who you are, who you represent and anything by way of a short opening statement—the emphasis being on short. We will start with you, Mr Haston.

Simon Haston: Good morning. My name is Simon Haston. I am Head of IT and Transformation at Aberdeen City Council. I also have responsibility for delivering the Digital Place programmes, which include digital infrastructure and in particular the digital infrastructure as part of the City Region Deal for Aberdeen.

Councillor Heddle: Thank you for inviting COSLA to give evidence to this Committee and for inviting me back to my former university. I am Steven Heddle, Environment and Economy Spokesperson for COSLA, Scotland's local government association. I am a councillor from Orkney and former leader of the council in the last term.

In giving evidence, local government clearly has a role here in promoting the use of digital services through our business gateway and through the planning and partnership with the Scottish and UK Governments to enable the rollout of the new services. From our perspective, we believe that pervasive and fast broadband access is essential to our local government to modernise services and service delivery, and to reduce inequality of opportunity, especially in the most socially and geographically disadvantaged areas. To be truly pervasive, broadband must be both available and affordable and truly a universal service, and not just one for the easiest to reach 95% or 99%, otherwise the digital divide will just become wider and more entrenched.

Chair: We are grateful. Mr Emmott.



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Robert Emmott: Good morning. My name is Robert Emmott. I am the Director of Finance and Corporate Resources at Comhairle nan Eilean Siar and I also sit on the Scottish Government's Infrastructure Action Plan Project Board and within its remit is the R100 project.

Q129 **Chair:** A general question to get things kicked off. You can maybe help the Committee by explaining and describing the role of local authorities in the general rollout of broadband. We will start with a councillor, Councillor Heddle.

Councillor Heddle: I pre-empted myself in my introduction there. The partnership is probably one of the key roles, partnership with both the national UK and Scottish Governments and indeed with the providers. Through my involvement with the Convention of the Highlands and Islands we have had a productive discussion around the rollout of mobile infill in the Highlands and Islands. We have had most of the mobile providers present and discussed how we can take things forward. Clearly local authorities have a role in planning, enabling planning applications within the planning process, reflecting the changed attitudes people have towards mobile infrastructure and also in enabling access to the infrastructure that the local authorities have, where masts can be placed. There is a direct role there and an indirect role through the promotion of broadband through the Business Gateway, a successful digital boost programme to do that.

Where additionality can be demonstrated there is potentially a role for local authorities to help extend the reach of programmes but clearly additionality in terms of where the national programmes are going to go is difficult to demonstrate because there is difficulty in getting information to know the extent. The situation is perhaps muddled by subsequent gainshare, which is not where you would necessarily expect the intervention to be going in the first place.

Q130 **Chair:** Thank you. Has Councillor Heddle missed anything, any of you gentlemen? No?

Robert Emmott: Apologies, Chair. I would say there is an advocate role. You heard in the last session from community organisations. There are many people who are in remote and rural places for whom the councils are the people who are advocating for what they want. I would agree with some of the comments there that there are some communities that have been well placed to take advantage of opportunities and we have seen that in both energy and broadband development. There are other communities that do not have that capacity and we have an obligation, within councils, to speak for them and make sure they do not get left behind.

Q131 **Chair:** Are there any constraints in how councils can facilitate?

Robert Emmott: The biggest constraint, as I am sure you know, is about funding and the costs. For example if you take where we are, with the cost of reaching some of the remote communities, the universal



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service obligation is only universal up to a particular point. It is a real barrier. I can draw an interesting comparison. My neighbour down the road from me can remember when the electricity came, when the light came; we did not leave anyone out when we rolled out electricity and telephony to everybody's house, but with broadband there is barrier where people say that it is not good value because it is expensive. I would argue, and the council would argue, that we know it is expensive and our plan should be ultimately to roll out the same service to everybody.

Q132 Danielle Rowley: Looking at the relationships between the different stakeholders in funding and supporting broadband delivery through the Scottish Government and UK Government, local councils, and service providers, how well do you think the relationships are working there and what has your experience been of dealing with different stakeholders?

Robert Emmott: Perhaps I can start, because I am a good example with the involvement that I have had representing island communities with the governance board, looking at R100. That has given us some insight into the programme and how it is being developed. I would say there is a sense of working together. Councillor Heddle has mentioned the work that we are doing in Highlands and Islands, working with mobile operators. I would say there is a huge challenge and we have made some enormous steps. The first round of the next generation infrastructure that saw fibre links connecting the islands and bringing that connectivity provides a really good starting-off point. Although the islands are still behind where everyone else is at, we have a good starting point in terms of fibre backhaul to the islands but there still remains a lot to be done.

I would say that objectives are by and large lined up. What the Government is trying to do in Scotland in terms of its aspiration to reach everyone by 2021 is entirely in line with what we would like to see. Our biggest concern would be that the last people who are reached are not reached with an inferior service.

Simon Haston: It is a complex environment and there are quite a number of different levels of government involved. Just speaking from the Aberdeen City Region Deal perspective, we are quite fortunate that we have a good governance structure set up so we have quite good communications to the UK and Scottish Governments and also, importantly, back through our local councils to communities and, more importantly, a lot of the suppliers and mobile operators are suppliers to the council so we have a direct line and quite a lot of influence with the market.

Councillor Heddle: I would agree with the comments made already. The thing that would allow local authorities to work better with the providers and with the government programmes would be the availability of accurate information. I know this is a familiar mantra that has been taken forward by other witnesses, but the ability to predict where the interventions are going to go would be very useful for us.



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Q133 David Duguid: The UK Government has announced that Scottish local authorities can bid for funding from the local full fibre network scheme. To what extent do you think this is going to change the role local authorities play in the broadband rollout overall?

Simon Haston: As a region that is bidding for that, if I could answer that. I personally think it is a game changer because we are looking at gigabit connections here. Apologies, because I appreciate that the rural gigabit is a dream, but in cities full fibre is the backbone of all the other technologies that are being deployed, as the previous panel said, including 5G, white space and mobile. Being full-fibre and gigabit connected is future proofing. We have already started that process in Aberdeen city. That puts more responsibility on to local authorities around the delivery and the success, and how that is actually managed locally.

Q134 Deidre Brock: With regard to the gigabit voucher scheme that is being proposed, the briefing we have been provided with suggests that the expectation is that broadband providers will likely extend connectivity to nearby premises. Given the difficulties we have heard about in rural areas about commercial providers extending that provision, what difficulties might you expect around that?

Simon Haston: As a region that is part of the voucher scheme pilot, the messaging needs to be quite careful on that. Obviously, there is a barrier of £3,000 so if you are not near, if you are passed by fibre—

Q135 Deidre Brock: It is a loan, isn't it? Is that right?

Simon Haston: No, it's on capital cost. It doesn't pay for revenue. However, this scheme provides an opportunity for an aggregate, so three or four different companies can come together and bid for more than £3,000. It is not going to cover everybody. If you are quite far away from full fibre, that is where the fuller full fibre becomes even more important so that we can actually offer it.

Deidre Brock: Mr Emmott?

Robert Emmott: We are in a different place. We are waiting now to see what R100 is going to bring as much as to see what the gigabit offering is going to be. As has been correctly pointed out, we are in a different place to the big cities with the gigabit connection. As a council, we have an eye on it from a business perspective in our key locations as potentially making sure that we are opening up opportunities. If you think about what most of our concerns are about, it is about having any kind of connectivity, much more than having fifth generation connectivity.

Q136 Deidre Brock: With regard to local authorities being asked to take on some of these responsibilities potentially, we heard from former witnesses that there are some concerns about them being asked to take on the extra work. As I understand it, there hasn't been a post mortem done yet of the experience of local authorities in England of this. There



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are many different procurement models being pursued by different local authorities without, apparently, any sort of central forum to discuss that in. What concerns might you have around that situation if duplicated here?

Robert Emmott: I suppose there are two things. I would say are moving on from a very complex market. Certainly if you think about the islands, we had the Connected Communities broadband network, which was an early win, but in terms of long-term sustainability, it was superseded once the next generation fibre came in, although it has not been bettered in some parts of the islands. Moving towards a single R100 programme and services provided by one provider is probably going to simplify that landscape.

As an authority, we are happy to get involved in things that enable our communities to get access to services. The biggest challenge, however, is that there is no competition. We are in a position where in the most remote places, there is no one who will provide a service. Perhaps Councillor Heddle may comment; I think it might be slightly different in Orkney. We do not have people competing to provide services and one of our concerns is that we don't know yet how far the £600 million in the R100 will get. It is not going to get to everybody, and what solutions are going to be available for people at the very end of the road?

A voucher system is not going to work unless it is significantly higher, presumably, than the £3,400 cap for 10 Mbps, but there are some people in some of those communities who will be delighted to get a 10 Mbps service. I suppose one of the difficulties is there is a communication thing here about what we are going to see on the ground. We talk about speed, but members of the previous panel were also asking what offering you get. Do you get one service provider? Can you get sports packages as part of that? Have you got capped capacity? Whereas you might have a BT package for £40 a month that has unlimited capacity, someone on a satellite might be paying £80 a month for a 40 Mbps capacity. There is a big difference in the equality of access and there is a divide there.

Deidre Brock: Councillor Heddle, were you going to say something?

Councillor Heddle: Yes. In an ideal world we would have no need for fragmentation; we would have no need for the community schemes; there would be a high standard of service available everywhere. That has to be our aspiration for both R100 and the USO, even if it is just set at 10 Mbps. There has to be an understanding that that network and the offering need to be completely future proofed at some point and that we are going to have fibre end to end, from the backbone to the premises. If we are going to make a vast investment in the future that is going to be truly future proofed, perhaps we should be aiming for as much fibre, end to end, as possible.

Q137 **Chair:** The Digital Minister, now the new Secretary of State, Matt Hancock, said in the House of Commons that he was of a mind to bypass



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the Scottish Government and directly fund Scottish local authorities in what he described as phase 2 of broadband delivery in the BDUK programme. Have you any idea what he meant by that, what you can usefully do with—is it £20 million that is part of this programme that he has earmarked for it? I am having difficulty understanding exactly what was being proposed and how local authorities would pick that up. Maybe Councillor Heddle can help us with that one.

Councillor Heddle: I have to confess I wasn't sure how that was going to operate. Certainly on the trajectory at present, we will have two credible schemes, R100 and hopefully the complementary universal service obligation.

Q138 **Chair:** Do you want to pick this up? I think, as he saw it, there is a frustration with the Scottish Government, so he was going get things fixed and give it to local authorities.

Councillor Heddle: I used the word "additionality" first of all in my introduction. What would this add to the end point and why would local authorities wish to embark on doing something that might be displaced by the national and commercial interventions?

Q139 **Chair:** That was my understanding but I am interested in your view as representatives of local authorities. Perhaps Mr Haston can help us.

Simon Haston: Yes. There are a number of models that local authorities can use to drive broadband take-up and one of those models is what is called an anchor tenant model: we invest in our own networks, which are schools, community centres, our own council, our own network and what that gives you is quite a significant breadth across the council estate, and therefore gives the place and the region a significant full fibre presence. That is about upgrading our own networks. It can be done through SWAN, which is a national programme, so that becomes—

Q140 **Chair:** Is that what the Minister was referring to?

Simon Haston: I am going to assume that. As receivers of funding from both the UK and Scottish Government, that is how we would use it. What that does is give you a full fibre network across the whole place, because public sector—in fact, with our colleagues in SHA and the NHS, that is what we are hoping to build. What that does is give you a much more commercially viable private sector to come in and put it into residences and businesses.

Robert Emmott: Chair, it is very important on this that we work together or we are going to be at cross-purposes. If someone was going to give us additional money to do more with, then I would want to do more with the existing contracts. The idea of R100 is it puts in a fixed solution as far as it goes. So the further we can get that solution right to the end of the road, then we ought to be pushing that.

Q141 **Chair:** Do you think the tone the UK Government have taken just now,



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the criticism of the Scottish Government, is helpful with the work that you are doing?

Robert Emmott: From the point of view of the citizens who do not have a service, it is really important that the parties work together and look at what is being done and how we can do as much as possible with the resources. The biggest limitation on this ought to be the money that needs to go in to get all the way to the end.

Chair: So partnership is the key to this?

Robert Emmott: I would agree, Chairman, that we all have to work together.

Chair: We have to stop fighting over this, is that what you are saying?

Robert Emmott: I am trying to avoid the politics, Chairman.

Q142 **Ross Thomson:** The UK Government have recently announced the introduction of a universal service obligation for broadband and the Scottish Government have initiated the R100 programme. First, do you think that these policies are able to reach the final 5% adequately to address the individual needs in those specific areas?

Robert Emmott: The R100 programme will go a long way and we don't know at the moment how far it will go. That is going through a commercial process at the moment.

Q143 **Chair:** It says R100—doesn't that mean 100%?

Robert Emmott: There is a tendering exercise that has started now that is intended to get as far as it can. Then there will be what we have called a series of aligned interventions that will reach the balance. It is not expected that this tender is all of R100, but it is the first phase of it. The hope is that it will cover as many properties as possible. Of course, it has gone out to the market and the hope is that some competition in the market will get that as far as it can go.

My reservation with the USO, as I have already said, is that if you cap it at £3,400, that is not going to get to the most remote places. We already have properties in the current NGB contract that are costing more than £3,400 to reach. There may well be evidence from some of the community broadband schemes of what the average cost of a community broadband scheme is. Bear in mind that for some of the community schemes, the real challenge is about long-term sustainability, so you can put a measure in place for five or seven years and then what is going to follow after that? It is in all of our interests that that is not just a one-off intervention, but that that £3,400 gets us a permanent solution.

Q144 **Ross Thomson:** I should declare an interest at this point, Chair, because having been an Aberdeen city councillor between 2012 and 2016, I worked with Mr Haston, head of IT at Aberdeen City Council.

In terms of the R100 programme, there has been concern about the pace



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at which it is being rolled out by the Scottish Government. Under the current, more centralised system we have, which is delivered and led by Holyrood, we need to ensure that the needs of specific areas are met. Aberdeen has a City Region Deal. My understanding was that as part of that process, there was a request that in terms of the procurement of what we are doing here in the city region, we would be exempt from R100 to do our own thing, so that we could get up to 30 Mbps quicker and faster. Is that correct? Is that what was proposed by the City Region Deal?

Simon Haston: Yes. We obviously worked very closely with the Scottish Government on the R100. Our ambitions are for a gigabit region so that is a bit beyond the 30 Mbps. We also have the opportunity, through the anchor tenant model to deploy quite quickly without elongated procurement processes. What I would say is that it is very much a partnership. It is very important that we work with R100. In fact, what we are doing complements that because our main goal is to get private sector investment in the region, every bit of private sector investment and, say, public sector investment.

Q145 **Ross Thomson:** In relation to the funding that was announced by the UK Government in working directly with local authorities, essentially you said that could be a game changer in your view. Could you talk us through in what way you think for Aberdeen City region that could be a game changer?

Simon Haston: I should highlight that the Scottish Government have also provided funding into this model. It is not just the city; it goes out to the key shire economic areas. We are putting in future proof infrastructure, which again I would emphasise is full-fibre gigabit infrastructure and all the other technologies that hang off that—5G, 4G, white space, satellite. The more full fibre we get in place and the more future proofing of infrastructure, the more Scotland can be truly economically competitive.

Q146 **John Lamont:** I have a question. I want to follow up something that Councillor Heddle said, just in respect of some of the UK Government's announcements. You are representing COSLA today. The Scottish councils have contributed large amounts of money to DSSB, Digital Scotland Superfast Broadband. I think it is £67 million collectively from all councils to the Rest of Scotland project, which is far more incidentally than what the Scottish Government have contributed. How much control do you think you have as councils, collectively, over the DSSB?

Councillor Heddle: It is a difficult one to quantify and I think it is a question that has been asked. It is done by additionality. It is difficult to quantify what value you are getting for your buck when the goalposts are changing as far as the commercial road is concerned, so I think this is a question that the councils that have contributed to this programme are asking: "What difference has the intervention made?" It is a question that all councils must ask themselves moving towards future programmes.



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Q147 **John Lamont:** Despite the concerns that you expressed earlier about the change in policy by the UK Government, do you have concerns about how the current arrangements are working?

Councillor Heddle: I would not go so far as to describe them as concerns. I think everybody is working towards the same goal here, which is truly pervasive broadband, and local authorities are keen to assist that where they can in their own areas where things are going to be demonstrably improved. It is just the difficulty in demonstrating improvement. There is a degree of confusion associated with that.

Q148 **John Lamont:** The question I was going to ask is: how do councils currently support community broadband projects?

Councillor Heddle: This will vary dramatically across the country as the geography varies. It is about the size of the communities; it is about the capacity of the communities in terms of their own community development organisations that exist.

It would be difficult to give a blanket statement for the whole country. This is something that we could perhaps provide as written evidence. We could poll our members and provide written evidence in respect of that, and that would probably be more useful instead of making a bald statement at this point.

Q149 **John Lamont:** That would be very helpful, particularly in light of some of the evidence we have received from Heriot in the Borders area, which expressed concerns about how the R100 team had been able to engage with them. Any experiences that your members have experienced that you are able to share with the Committee would be very helpful.

Councillor Heddle: Okay.

Q150 **Chair:** Thank you. Just on that, it has been announced that some of these community broadband schemes we have heard about this morning will become part of the R100 programme. Is that something that you would welcome or can you identify any issues or problems with that?

Robert Emmott: Chairman, I think if they can be delivered through R100 that would create a more sustainable picture. You had comments in the previous panel on the ability of communities to continue to provide services for themselves in the long-term. I would say that the more we can do through a common procurement the better long-term solution we will have.

Q151 **Chair:** Could you give an example of how that might work, given that I have many broadband schemes in my constituency that operate quite autonomously and that are very much community led. How could R100—other than just the obvious resource issues—be best able to support these initiatives?

Robert Emmott: I suppose, if I compare it with what we have in the Islands. The Connected Communities broadband network was created by



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the council and the enterprise company and it is a wireless network that provides services on the island. That has ongoing revenue maintenance costs that have to be funded and, as the next generation broadband infrastructure is rolled out, the viability of that has been reduced. As more people in the area have been able to access services through BT, for example, which are better and better value and give access to more add-ons, less people are buying into the wireless infrastructure.

Every five years or so, the wireless infrastructure has to be renewed. There are radio licences to be paid for. There are mast licences to be paid for, so the overheads associated with that are much higher than if you have services provided through your telephone line service—although that is probably slightly simplistic, Chair—and it does also rely on having an organisation with the management capacity to run it.

I think one of your concerns would be, while you might at the moment have an enthusiastic competent set of people running that, will you have that in five years' time? Will they move out of the community and how will that change?

I suppose I am thinking about the long-term sustainability. As a consumer, what do you want to buy? Who do you want to be providing it, Chair? That is not to take anything away from the work that communities have done already for themselves.

Q152 Chair: Councillor Heddle, do you want to come in there?

Councillor Heddle: Yes, thanks. I think that is an important point about how R100 can enable other interventions or be future proofed to allow other schemes to come in the door in the fullness of time.

Ideally, we would be moving towards end-to end-fibre—that is the nirvana and the backbone to the premise. At the very least, we should expect from the scheme that we would have a fully future proofed network that will enable access to be achieved in certain areas by mobile broadband services or other innovative technology, such as white space, which I think has been mentioned. It should definitely be an aspiration that those things are enabled.

I was pleased that the Convention of the Highlands and Islands when Alan Johnston, the Digital Director at the Scottish Government, spoke encouragingly of the final procurement. He said it should be something that would create a pervasive fibre network as the platform for future technologies. I think that is very important.

Chair: I was going to ask some more stuff on city deals but David Duguid has a question on that.

Q153 David Duguid: Yes, just around the R100 deal. The Scottish Government have said that a range of public funding sources, including from local authorities, will be utilised to meet the £600 million in support of R100 procurement. Of course, that includes the £21 million that has already



been made available by the UK Government since 2014. Now, because there is no publicly available breakdown of contributions from local authorities, do you from your respective local authorities have any feel for how much is going to be expected or what the financial burden is going to be?

Robert Emmott: Chair, my understanding is there is no presumption that the local authorities themselves will have to make a contribution. I have not seen anything. One of the observations I would make, if you accept that funding for local councils in Scotland is broadly proportionate to population, the areas that we are trying to reach through this last strand are the areas that have less population and, therefore, less funding. It is a conundrum. It is not like the places that have the biggest need have the biggest amount of funding. It is almost inversely proportionate to that.

But the programme isn't predicated on any defined contribution from councils, unless potentially they want to do something more, which is perhaps what Aberdeen is looking at. Councillor Heddle was talking about additionality. There isn't anything in the settlement and the funding that I have seen that suggests that councils will have to make a contribution for the programme to go ahead, but I think we will probably have to wait for the Scottish Government to provide the detail on that.

David Duguid: Is that the same for the rest of the panel? Okay. Thank you.

Q154 **Chair:** Thank you, gentlemen, for being so efficient with your responses. We managed to get through all of that quickly. Is there anything we have missed? Let me just finish by asking you this: do you remain reasonably confident that we are going to get to an optimal solution here in Scotland when it comes to the delivery of broadband? Is there anything that you would suggest that we should be thinking about in order to ensure that we get to that position?

Robert Emmott: Chairman, I suppose competition is one thing. I was at a community council in one of the remote parts of the islands, just a couple of weeks ago, where there are very, very poor broadband services at the moment. Even through the programme, I accept it will be at least two to three years before broadband services potentially reach them. In that time, the risk of depopulation continuing remains there. One of the things we are doing as councils is trying to encourage people to remain in our rural communities and keep them vibrant and keep the jobs, and so it is really important that we do push on with this.

But if you say to those people, "One of the things that is delaying this is competition rules and the European Commission", I suppose then you would be saying, "How is what is happening in a small part of the west coast of Scotland distorting the European market?" So the pace is very slow and I think it necessarily has to be slow. I can understand why it is slow, but the end user struggles with it. Even with the best will in the



world, even if we put all the resources to get to end-to-end fibre, as Councillor Heddle was suggesting, it is going to take time to do it and, as a country, our objective should be to do it and to do it properly and as quickly as we reasonably can. We all know that we are working in hard times financially.

Chair: Mr Gaffney, do you want to add something to that?

Q155 **Hugh Gaffney:** I have just been listening to the whole conversation today. A lot of households now have done away with the household phone, so there is only your mobile phone and your landline. Is there still a lot of landline usage in rural communities? Basically, that is the question I am asking.

Robert Emmott: The answer is, yes, Chairman. That is what a lot of places have. There are places where only the landline works and that is still the last connection. We had a complaint just the other week about someone who had come off the road on the ice. They were complaining about the gritting but they also complained that when they were off the road they had no mobile signal and they had to walk for some considerable distance to get to a phone to get help, and that was to find a house with a landline or something, so we still are reliant on that connectivity.

One of my observations would be that surely in the long-term the need for copper wires can potentially be replaced by fibre wires. We have an industry, predominantly through BT, maintaining a copper infrastructure. Should we not be looking at upgrading that and thinking about the fact that, if that is upgraded, the cost of maintaining that copper infrastructure might reduce?

There is one other thing, Chair. 4G services, where they are available, are as good to use for accessing services as a broadband connection in many cases but, of course, there is the pricing. You are back to the limitations on the amount of use you can have. So, while you might have a mobile phone it might be capped to 8 gigabytes, so that is not the same as unlimited capacity but there may be ways to manage that.

Q156 **Chair:** Any last words from Councillor Heddle and Mr Haston?

Councillor Heddle: Yes, despite the broadband being able to be delivered over the copper wires, generally it is only a cable service where you can get away with not having a fixed line, so, yes, it is still essential in our areas.

As Robert mentioned, the whole mobile internet aspect of this, which we have not really touched on, is entirely complementary. It is a means of reaching the hardest-to-reach areas potentially and, as Mr Hay in the previous panel said, the infrastructure for one enables the infrastructure for another.



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One of the things about mobile internet is obviously the aspect of coverage. While 4G coverage in the rural areas is much better than 3G coverage ever was, you still find that it is not as much as it could be. People come in often to provide services but cannot provide services because of the cost of the licences and, effectively, spectrum banking by successive operators. We had Faroese Telecom come in with an offer for the three island groups, but that could only succeed if they could get access to the licence spectrum for nothing. I think that raises questions as to whether the entire licensing regime operates in favour of a universal service, and indeed whether, if the operators are showing no inclination to provide a service, they should have their licence taken off them in an area and given to somebody who will.

Q157 **Chair:** Mr Haston, a last word.

Simon Haston: Yes, just very briefly, I think we should remain very ambitious and we should not just compare ourselves with our next door neighbours but globally. This is an infrastructure investment, and it is a relatively small infrastructure investment compared to the traditional building of roads and bridges and what return you get on it, so that would be my final plea: is it a good investment?

Chair: A very good and positive note to end on. Thank you for that. Thank you all for coming along this morning. It has been very helpful. As usual, anything further you can usefully contribute please get in touch with this Committee. Thank you.

Examination of witnesses

Witnesses: Hugh Aitken, Stuart Mackinnon and Charandeep Singh.

Q158 **Chair:** Thank you ever so much for coming along to this Committee's inquiry on connectivity in Scotland. We know most of you but, just for the record, could you say who you are, who you represent, and anything by way of a short statement? We will go to you, Mr Aitken, first, given that your name plate went down before anybody else's.

Hugh Aitken: Hugh Aitken, CBI Scotland. I don't have an opening statement. I was told we would go straight into Q&A.

Chair: Good. That is how we like it.

Hugh Aitken: All right. Fine.

Chair: Good stuff. Mr Singh.

Charandeep Singh: I am Charandeep Singh, Head of External Relations at the Scottish Chambers of Commerce.

Stuart Mackinnon: Stuart Mackinnon, External Affairs Manager, Scotland, Federation of Small Businesses. I am going to be irritating and have some opening remarks, if that is okay.



Chair: Go for it.

Stuart Mackinnon: As you know, the Federation of Small Businesses is a small businesses campaign group. I would like to congratulate the Committee on taking up this important work. There is almost nothing as important to Scotland's small business community as improving our digital connectivity. Three-quarters of Scottish businesses say that new technologies are important to their future growth. For them to succeed they need access to the right infrastructure and the right skills.

I would highlight that there has been good progress made on broadband in Scotland, but not quite as much progress made on mobile. We would like to see Scotland's ambitions on both of those fronts realised.

Q159 **Chair:** Thank you. I did notice your comments, which attracted quite a lot of attention on Friday. I think your appearance here has excited quite a number of people. Some of these numbers that you put forward have been contested from some of the mobile phone operators. Would you want to offer some sort of response to that?

Stuart Mackinnon: Yes, absolutely. These are Ofcom's figures. Ofcom say that only 17% of Scotland can get a 4G signal from all four operators. That compares to 60% in England. I highlight Ofcom's latest "Connected Nations" report, which breaks down all these figures line by line. I would highlight that on figure 20 of the latest Ofcom "Connected Nations" report it shows that O2 only provides geographic data services across 40% of Scotland; Vodafone only offers geographic data services across 46% of Scotland; EE only 54% and Three only 47%.

I would highlight that that means that basically 60% of England can get service from all four service providers, whereas in Scotland, each of the service providers offers about half, meaning that basically Scotland is getting a far poorer service across multiple fronts.

Q160 **Chair:** Thank you for clarifying that for us. To get things kicked off, just tell us—I think most of us understand this anyway—why this type of connectivity is so important to small businesses. We will start with you, Mr Singh, with that one.

Charandeep Singh: Yes, thank you. This particular topic always garners a lot of animated discussion across the chamber of commerce network on a regular basis, and digital connectivity has remained one of our business priorities for a number of years, alongside international trade and skills. Fundamentally, digital connectivity for us and for any business, regardless of size, is not just important for day to day business operations but acts as an important economic enabler for individual businesses as well. Anything that is a barrier to any business having access to a broadband connection or in fact a mobile connection, is not helpful for that business or for that area or for that particular sector.

As an example, there are many businesses in the tourism sector. They do not just rely on good connectivity to sell through online ticket agencies,



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or booking systems; they also rely on good connectivity for their customers to share their experiences. Hopefully, it will all be positive across the board but that acts as a very important enabler for the business to showcase what they have and for the customers to share their experiences as well.

Too many parts of Scotland, particularly in the rural parts of Scotland where the tourism industry is exceptionally effective in providing a service, a lot of customers are not able to share their experiences and showcase their experiences in Scotland. So that is one example. It just showcases not just how important it is for individual businesses in that sector to have strong connectivity to get the customer on board, but also shows a knock-on impact on customers as well.

Q161 **Chair:** Thank you. Mr Aitken, is that all right?

Hugh Aitken: It is as clear as day that a business needs connectivity, both mobile and hardwired, whether it is a start-up, a medium-sized company or a large company. We have members in the top scale who are looked over. If I step back, we did a survey of CBI Scotland members. In the top three issues or areas of focus digital came up every time, whether it is a small company or a large financial services company. The large financial services company was trying to expand on a worldwide basis through video connectivity, video conferencing, and they were experiencing lapses—

Q162 **Chair:** To understand that, that was a very valuable survey that you did, did you detect any difference between usage in rural and urban areas at all?

Hugh Aitken: We did not have much on the rural side of it. That was mainly—

Chair: Businesses in Scotland.

Hugh Aitken: It was mainly businesses in the mainstream, but I can come back to it.

Chair: Please, yes.

Hugh Aitken: I just believe in my own experience. I note all these numbers kicking around but I do believe that we have come a long, long way on digital broadband and, to an extent, mobility. We still have a long way to go. I do understand that certain providers can quote high percentage numbers, but it depends on the quality and the speed of the response that you are getting not the percentage of cover.

I travelled four and a half hours this morning from Ayr on a train—well, two trains—and had connectivity for about 40% of the time. I keenly wanted to use it to make a presentation for Govan High School.

Q163 **Chair:** And here of course.



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Hugh Aitken: Yes, and here. The connectivity wasn't there. We have members in East Kilbride in business parks that don't have connectivity. You cannot get a signal in Leith, so it is not all about urban. Urban is a problem but it should not overshadow that there is a problem in the mainstream as well.

Q164 **Christine Jardine:** Thank you very much for coming along today. Like Councillor Thomson—sorry, Ross, former Councillor Thomson—I should acknowledge that I had some past involvement in this, having been self-employed in a rural area dependent on connectivity in Aberdeenshire. However, there are a lot of small businesses in the tourism industry. To what extent is the tourism industry, as a sector do you believe, dependent on areas where there is low connectivity and that connectivity needs to be improved in order for these small businesses to be able to continue to make a viable contribution to the Scottish economy?

Hugh Aitken: It is huge. Again, from personal experience, last year in July for the first time in 40 years I took a holiday in Scotland, up the west coast of the islands—I have never been there—Skye, Harris, North and South Uist and stuff. The connectivity was a disgrace and we were bumping into hundreds and thousands of tourists. You had to buy a half hour at a time for a fiver or something like that. It was just unbelievable.

We can quote the Glencoe Mountain Ski Centre who pay £1,000 a month for connectivity, and they cannot process credit cards at a certain time in the week, and there are queues of maybe 700 to 1,000 people at 8.30 in the morning, queuing up to pay manually because of connectivity. But these are headlines. I don't want to make this a negative discussion but these are the areas that we know that there is a need and we need to figure out a fix.

Q165 **Christine Jardine:** We need to figure out the best way of getting connectivity to those small businesses.

Hugh Aitken: I do not want to hog this—this is my last comment. Again, I say this from experience, but the salmon fishery business is huge in Scotland. We export worldwide and it is all up the west coast of Scotland. I know one company that has 35 outlets with only two areas of connectivity in the 35. The good news is we have been working with them—one of our other members—and we found a small company not too far away from one of their outlets who has got an answer to it, and he is already plugging five of the sites in over the next three months.

If we can figure out how to broaden the solution and bring in different providers, not just the big guns but the ISPs as well, and work in a more co-ordinated fashion, we can. I think the solution is regional. There is no one-size-fits-all for this. We are never going to get the same thing for the central belt as we are going to get for rural, so we need a plan with maybe 100 points on it for different areas of the country.

Q166 **Ross Thomson:** I want to follow on from the Chairman's question about



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the impact of additional connectivity. Particularly here in Aberdeen we know that the oil and gas industry is a big industry, it deals with an awful lot of data and size of data. A lot of people work from home, so how we can improve connectivity to enable that to happen, with more flexible working? What do you think needs to be put in place to enable that to happen?

Stuart Mackinnon: We know now that half of all Scottish businesses are based in the home and that many people who are home-based will not have a business broadband package. One of the things that FSB has made the case for is a wider variety of products in the market to better reflect the way that people are doing business at the moment—something like a home-based business package where you can get good speeds during the day and the kids can still stream movies at night.

I would also highlight, in relation to superfast broadband availability, if you look at the Ofcom stats what you see is that availability to business premises lags behind domestic premises. That is particularly a problem to do with the fact that there are high numbers of businesses in rural areas and that means that because rural areas are under served that they lag behind. Also, there seems to be a particular problem with business parks. This is an issue that Ofcom has recognised. We wrote to the Scottish Government suggesting that as they roll out our R100 programme that non-domestic premises should be prioritised, as they make that case.

Q167 **Ross Thomson:** In terms of the poor connectivity we have just now, what impact does that have on, first, trying to attract people to come and live in the region, who we need to take up skilled jobs and, secondly, what impact does it actually have on attracting the business investment that we need? We are competing globally and we want businesses to move here. What impact does that collectively have on showing that Scotland's north-east is a good place to live and to work?

Stuart Mackinnon: If I may start, I will pass over to the panel. I would make three points on the community element. Much of our member data suggests that poor connectivity makes it much harder to do business. We did a survey of island businesses towards the end of last year. That showed that addressing mobile and broadband issues was one of their top priorities.

Anecdotally, I would highlight that many of our members, especially high data users, are saying that they will move if they cannot get improved connectivity. I heard about a business in Glasgow who was in a non-intervention zone, so an area where they were not going to get state provided services, and they moved from a very well to do area of Glasgow to a much poorer area of Glasgow to get better connectivity. You could say that the Government is going to win out as a consequence of that change, and that may be no bad thing but still businesses are making decisions about where they locate on the basis of connectivity, especially in the higher tech sectors. If you look at figures from Scotland about where our membership is based, what you find there is that it is



predominantly based in Glasgow and Edinburgh. There is not a causal relationship with connectivity, but it is certainly a coincidence that they are all based where the good connectivity is in Scotland.

Q168 Ross Thomson: I have one last point following on from that—again, other members of the panel may jump in if they like. I know it is always difficult to put numbers on things, but in terms of the overall investment, do any of you have numbers on the potential that we are losing through not having the right connectivity? For example, we know that Aberdeen and the north-east compete globally. We know we compete with the rest of Europe in trying to attract investment but sometimes we don't realise we compete within the UK as well. We are competing with other cities in trying to get that business. Sometimes it is business, sometimes it is big events such as Offshore Europe, and we are competing with other cities to maintain that. Could you put a figure on how much we could potentially be losing if we don't get connectivity right?

Charandeep Singh: There were a few questions from Ross Thomson, so I will try to summarise some of them. I don't have the numbers to hand for what we are losing or what we could gain, but what I can share from what we have gathered is that the membership from the chambers of commerce across Scotland have said that if they had good connectivity, they would see two immediate benefits. First, they would use cloud services much more and, secondly, it would allow them to attract a more flexible workforce to their businesses, attracting women back into the workplace or providing more flexible working policies for existing staff. Those are two additional elements that they do not currently have.

On the international front, it is expected from international investors, especially those we are interacting with—we have a huge drive right now with the chambers of commerce in China. We opened up a trade office in China last year and the difference in connectivity between the regions we are interacting with—we are interacting with Yantai, which is a comparable one for Scotland—compared to Scotland is like night and day. When we host individuals from Yantai in Scotland, their expectation of connectivity is not one that we can provide, so we are behind on that front. International folks have an expectation of what digital connectivity should look like, how fast it should be, and they should be able to connect on the four or five devices they have. That is not just from an investor's perspective. Customers in the tourism industry will have three devices in a hotel on which they want to use wi-fi. The expectation internationally for speed and access to digital connectivity is much wider than what we are currently providing.

Q169 Chair: What sort of packages are on offer from internet service providers of broadband now? Are they sufficient or do you have issues with them?

Stuart Mackinnon: Feedback from our members suggests that it is two-stepped. There are cheaper products that are very much like the broadband you have at home and then there is a much more expensive business product. With that business product comes lots of bells and



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whistles, like promises to get your broadband fixed very quickly if it goes down, but those sorts of products are probably out of the price reach of many small businesses.

Q170 **Chair:** What would you expect to pay for something like that for a small business?

Stuart Mackinnon: I understand that these fixed line products are in the three-figure mark—a couple of hundred pounds—but I am happy to confirm that with the Committee in writing.

Hugh Aitken: The Glencoe Mountain Ski Centre pays £1,000 a month. They have two DSL internet lines, an expensive 4G connection and a satellite.

Chair: My impression was it was a lot more expensive than possibly £200 a month.

Hugh Aitken: It depends on the size.

Q171 **Ged Killen:** We know that large businesses will have whole departments that look at this and can perhaps get a better deal for broadband and mobile services. I know FSB and the Chambers of Commerce do a great job, but how well represented are small, particularly rural, businesses in the collective decisions that may affect them for the best deal from an internet service provider and how we approach connectivity?

Stuart Mackinnon: I was taken by the evidence from Which? in your last session, which highlighted how difficult it can be for a consumer to get the right product. There have been issues where telecom services are advertised and it can be quite difficult to understand what services you are actually going to get. The Advertising Standards Authority came down quite hard on some of the telecoms operators for offering speeds of up to X Mbps, where expected speeds in many of the areas they were advertising would be much lower than that. Smaller businesses will play a key role in community-based broadband schemes. It is just whether those sorts of schemes can fill all of the gaps that we need to be a world class connected nation.

Q172 **Tommy Sheppard:** We have been focusing this morning on the urban-rural split to some extent and I am keen to explore that. You are all membership organisations for businesses and we all view businesses as being an important driver of the local economy, particularly in rural areas. It seems to me common sense to say that connectivity is going to be an issue, but what evidence is there for it? Do you have members who have had to relocate or have gone bust or do you have members who have decided not to move into an area because of connectivity issues? If so, what is the scale of that?

Charandeep Singh: That is not a particular question we have asked of chambers but we are happy to share that question with the chamber membership after today's session and provide some commentary on it.



My immediate thought is that it is not the case that businesses are shutting up shop and relocating but there is potentially an element of them not expanding, so their operations are stable and using the current infrastructure they have, whether it is roads infrastructure or poor internet connectivity infrastructure. It is a barrier to growth rather than an element of, "We are closing shop or moving". There has been some anecdotal evidence from some of the chambers in Caithness and other regions that in starting up a business in a particular region, one of the questions that is asked is what are the broadband speeds like there. Chambers have been encouraging businesses that are looking to start up, before they invest in an office or anything similar, to explore the options that they have before they start a business to make sure that the area they are locating in is efficient for the product and service that they are selling.

Stuart Mackinnon: It is not just about growth. I know that this Committee did some work on bank branch closures. As large public and private institutions continue to shut down their offline operations, it becomes more difficult to run a business without good connectivity. As HMRC rolls out its Making Tax Digital programme, how easy is it going to be to file your tax returns if you do not have good mobile coverage or a fast broadband connection? If both the state and big businesses are going to say to the smaller companies, "You have to deal with us online", it is absolutely right for those businesses to say, "Give us good speeds then".

Q173 **Tommy Sheppard:** I am trying to get a handle on whether or not there are people in Scotland who want to invest and set up businesses in rural areas but who are currently prevented from doing so because of digital issues. In other words, if we crack this problem and do have people and areas on an equal playing field, could we expect that that will be a booster to economic growth and business formation in those areas?

Hugh Aitken: I do not have numbers on that, but common sense would say yes, because there are great opportunities in the rural areas to expand but they won't, given the current environment. I have bumped into companies—and it is too confidential to go into in any detail—that are considering or will consider a move elsewhere if this continues over the next three to five years. The worry about all of this is that data size is going to increase fivefold over the next five to 10 years. If you take today's environment and you multiply it by five, that is when we are going to break.

Q174 **David Duguid:** We are talking mostly about the impact on rural areas. Coming from the rural constituency of Banff and Buchan, mostly domestic constituents come to me with complaints that they do not have any connection at all, never mind what the UK Government recently announced as the minimum obligation or the Ofcom universal service obligation of 10 Mbps. What should be the minimum speed required for the average local small business in rural areas?



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Stuart Mackinnon: FSB made the case that the 10 Mbps proposal from the USO on a UK-wide basis was too low. We suggested that either 30 or 24 would be more sensible. I will check that for the Committee.

David Duguid: Superfast.

Stuart Mackinnon: Superfast. I think there is also a wider issue about definitions and the language we are using here. There is no universally-used definition of superfast. I would highlight that Ofcom's latest report says that it is using a new definition for 4G that the telecoms companies are using as well. We are bandying around terms like "universal" when both the R100 programme and the USO seem to be caveated slightly, where it is "universal to an extent". I think that is very difficult for ordinary people without specialist understanding to understand.

Hugh Aitken: I chair the cyber resilience group for Mr Swinney and it needs to be about the 30 mark just to combat cyber. The level of 10 Mbps is too weak, so there is a cyber risk if you keep it at that level. If you are looking for some leverage on these things, cyber is the big one.

Q175 **Chair:** It seems to be quite odd that we have all the different definitions of speed for what superfast is. I am presuming you are going to tell us it would make sense to have all this uniform and a clearer understanding. If it was to be like that, what would be the definitions for superfast and ultrafast? What should consumers normally expect to get?

Stuart Mackinnon: I don't know, but I would highlight that this is a longstanding issue. It is an issue that Audit Scotland identified at least three years ago when they were auditing the historic procurements by the Scottish Government. I think that a common lexicon would be a useful thing otherwise we are all going to be talking at cross-purposes.

Q176 **Chair:** That does not help this inquiry—

Stuart Mackinnon: No, probably not.

Chair: Given that we are straddling some responsibility. Do you have a view, Mr Aitken?

Hugh Aitken: No.

Chair: No, you haven't?

Hugh Aitken: Not necessarily a view. I am trying to pick the right way of saying this but I think we need to look beyond the UK for comparisons in speed, quality, up time and down time. There is not that much in it. We have invested in something called fibre to the premises, or FTTP. You will be aware of it. But the UK is at only 3% on FTTP and Scotland is at 1% and Spain is at 79%, so there is something going on out there that we should shake a stick at and see if it is something we can learn from.

Q177 **Chair:** Do you understand where the responsibility of Government lies in all of this? I look at the Scotland Act and I see responsibility for connectivity and communications and things like broadband is clearly for



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the UK Government. They should be held to account if there is a failure to deliver this, given their responsibility, but then there are issues with putting in extra investment in trying to deliver this. Who is responsible for delivering communications in Scotland?

Stuart Mackinnon: FSB will make no bones about complaining to absolutely anybody who will listen and will make the case to local government, the Scottish Government and the UK Government. If I were a telecoms operator here I would say you look at the planning regime, the rating regime and the levers that local government has. You can look at the use of municipal facilities and infrastructure. It may be fair to say that the business community generally, when they have seen discord among the political class recently, was looking for a more sensible and joined-up approach from the powers that be.

Chair: I think we were all surprised by the sheer scale of attack that was delivered by the Digital Minister at that point, where there was a clear finger of blame at the Scottish Government for the extra investment. Does that help you in trying to get a solution created?

Stuart Mackinnon: The business community wants to see the infrastructure delivered. The business owners that I come across have a strong understanding of where the power lies. They just want solutions and the business community want to see the infrastructure delivered.

Q178 **John Lamont:** I thought it was important to clarify that the UK Government are responsible for delivery of superfast broadband but the job of delivery has been given to the Scottish Government. It is entirely appropriate for the UK Government to challenge why Scotland is lagging behind the rest of the United Kingdom. What the UK Government have announced is that local authorities are going to be given a much bigger role in delivery of superfast broadband in Scotland. Is that something you might welcome, given that it gives, in my area, the Borders Council a much greater say and much greater powers to ensure that the resources are put into those communities most in need of broadband connections?

Charandeep Singh: Thank you for the clarity. Anything that can clear what is becoming a very muddy landscape is always helpful. Thank you. The key thing—and Stuart has also mentioned it—is that we have a very important role to play to help business members and individuals navigate through this landscape, whether it is through the local authority, UK Government, Scottish Government or the providers. That is a role I think we are all playing very well, but ultimately we do not want the process to slow down. Pace and momentum are exceptionally important because the business community is looking at international markets, given the climate that we are in. We would expect that the pace and momentum to roll this out are kept because ultimately digital connectivity will be one of the most important economic enablers for Scotland moving forward.

Hugh Aitken: It is more my opinion than the CBI's, but the dilution of responsibility down to the councils could drive a problem in itself. There



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are 32 councils in Scotland and most of them have their own IT and wi-fi strategy, and that in itself is adding complexity to the issue. I think we need a joined-up strategy for all these councils, Scotland and the UK that all comes together. If you push too hard and downscale or push it down it becomes very siloed, because there is a huge problem and it demands high-level thinking to get a solution. Whether the UK Government own it or not, fair enough, but it is not just the UK Government. It is the providers, private enterprise, the public sector, the third sector. We are all in it and the closer we can get to an aligned strategy to this—a three, five, seven, 10 year road map with some ideas of where we are going to be in those years—the better it will be for inward investment and outward investment.

Chair: I think we need to understand a little bit more about what the UK Government intend with this further transfer to local government. We are hearing from local government that there might be problems and you raised that, Mr Aitken. There is only £20.99 million, compared to the £600 million that has been put in by R100, but I think we need to examine and explore this a little bit more.

Q179 **Deidre Brock:** The UK Government introduced the gigabit voucher scheme to Aberdeen, as well as to English local authorities and I think perhaps Aberdeenshire as well. That was introduced with the aim of stimulating commercial investment and, as I think I said to the previous panel, it seems to carry with it an expectation that broadband providers will likely extend connectivity to nearby premises. Could I get your views on that? Have you heard from any of your businesses about how that is working at the moment?

Charandeep Singh: We have picked up some early commentary from the Aberdeen chamber. It reported that there has not been huge uptake of the gigabit voucher scheme. It has shared that to increase uptake on it, it needs to be more than just a marketing and communications exercise. One of the suggestions that we are putting forward is to use chambers of commerce or trade bodies and associations to look at clustering companies and pooling some of the vouchers rather than individual business operators.

Stuart Mackinnon: I think Charandeep has done an excellent job of explaining initial feedback and I would report something similar from our members.

To make an observation about voucher schemes generally—and I know it looks like the R100 programme will also have a voucher element—they can be slightly problematic in that you often need businesses working together to maximise their investment. If you have two offices and a chip shop and the lines are going to cost £10,000 and the vouchers are £3,000 each, you need to persuade the chip shop that he needs a fibre connection if you are going to maximise your investment. It highlights some of the issues that people are talking about regarding community schemes as well, because that collective action can be quite challenging



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to muster. That is not to say there is not a place for voucher schemes. If they are well understood and there is support for those applying for them, they could play an important role.

Just to make a general observation, I think that probably more is more in terms of investment. More investment is good, generally speaking, but there is a communications challenge with all of that. We have heard from members in the past who had not realised that their local cabinet was fibre enabled and they had to go and search out information. That is going to be an ongoing challenge as the number of initiatives increases.

Deidre Brock: Communication has been commented on by other witnesses as well.

Q180 **Chair:** Mr Mackinnon, your written evidence was very interesting for this Committee and I know it has attracted quite a lot of attention. You are suggesting a further element of intervention in order to rectify what you describe as a fairly woeful situation when it comes to mobile coverage. What do you suggest?

Stuart Mackinnon: I wish I could say it was my idea, but I will take credit anyway. Ofcom's latest "Connected Nations" report suggests that future coverage obligations could be attached to spectrum sales. We go slightly further and say that nation-specific coverage obligations could be attached to future sales, given that there seems to be a substantial disparity between Scotland and England, especially in relation to data coverage. I understand that Ofcom is going to be consulting on this at some point in the future.

Q181 **Chair:** Looking at some of the figures here, I didn't know this but apparently O2 has an obligation to provide indoor coverage of mobile data capable of 2 megabits for 98% of the UK.

Stuart Mackinnon: I understand that there have been coverage obligations attached to previous spectrum sales but that does not seem to have led to uplift—in fairness, the figures are getting better in Scotland. The question is: are they getting better quickly enough and are we closing the gap?

Q182 **Chair:** How important is mobile coverage for small businesses? If we are talking about the whole connectivity package, what part does mobile play?

Stuart Mackinnon: I have seen some figures saying that half of the online sales that took place last year were done on mobile phones. That shows you how important that is to consumers. The other side of it is, as we have talked about, tourism and the interlink between mobile and broadband. I would highlight the experience of one of our members in Sutherland, which is a hotel on a satellite broadband connection. The experience they have is that all of their guests come back at the end of the day, they have had rubbish mobile signals, so they update all of their devices using the satellite broadband connection, which immediately



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maxes out their data. If we fix mobile and we fix broadband, that will take pressure off other services. The importance of mobile and broadband connectivity consistently comes out as a top priority for our members in Scotland in all the survey work we do.

Charandeep Singh: It is absolutely fundamental for businesses to have a strong mobile connection. In the last survey that we did across the membership, nearly 40% of businesses said that their mobile connections were not very reliable or not at all reliable. It used to be, back in the day, that customers would engage with businesses on the terms of the business. You would phone a landline from your landline or you would go to the premises of the business. The environment is changing very fast and it is now being done through mobile and businesses have to adapt to how consumers want to engage with them, which is through social media, digital media and very much online, as Stuart said. The number of purchases that are being done through mobile are only going to increase as we move forward, so it is a fundamental, critical part of every business.

Hugh Aitken: I would underline that private enterprise needs to be a part of the solution. As much as Government owns it, that is fine, but private enterprise needs to be at the table because they have a lot of ideas that may not have not come to the fore yet. I am singing the praises of Fergus Ewing and his team. We have been working really closely with them over the last eight months with private enterprise—with two large companies, which is confidential at the moment—and we are coming close to what we think might be a major breakthrough for the central belt. That shows what can happen if private enterprise and Government get around the table with a positive attitude and the idea of getting together to resolve the problem.

Chair: Thank you ever so much. That was very interesting, as always with three distinguished gentlemen like yourselves. If there is anything further that would be useful, please get in touch with the Committee. Thank you very much.