

Scottish Affairs Committee

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

Tuesday 17 April 2018

Ordered by the House of Commons to be published on 17 April 2018.

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

Questions 254-319

Witnesses

I: Fergus Ewing MSP, Cabinet Secretary for the Rural Economy and Connectivity, Sara Budge, Programme Director, Digital Scotland Superfast Broadband, Clive Downing, Programme Director, Reaching 100%, and Robbie McGhee, Head of Digital Connectivity Policy, Scottish Government.

Written evidence from witnesses:

- [Scottish Government](#)

Examination of witnesses

Witnesses: Fergus Ewing MSP, Sara Budge, Clive Downing and Robbie McGhee.

Q254 **Chair:** Welcome, Minister and your colleagues, to the Scottish Affairs Committee to help us out with our connectivity in Scotland inquiry. We are at the stage where we are listening to the respective Governments, so you are the first to be with us this morning. For the record, please tell us who you are and who you represent, possibly introduce your colleagues and give anything by way of a short introductory statement.

Fergus Ewing: Thank you, convener, and good morning everybody. Thank you very much for the invitation to give evidence to this Committee this morning. I am Fergus Ewing, the Cabinet Secretary in the Scottish Government responsible for the rural economy and connectivity. I am joined this morning by senior officials: Sara Budge, who heads up the Digital Scotland Superfast Broadband programme, Robbie McGhee, a senior digital official, and Clive Downing, who heads up the R100 programme. I have a brief opening statement that I will proceed to share.

I am delighted to have the chance to appear today to cover this matter, to outline what I believe have been the remarkable achievements and improvements in digital connectivity across Scotland in recent years and what more is planned for the future. It is rare that I appear before a Westminster Committee on this topic, largely because telecoms remain wholly reserved to the UK Parliament.

Broadband coverage in Scotland has traditionally lagged behind the rest of the UK, but I think it is true to say that we have very much bridged the gap in recent years. About 890,000 additional premises in Scotland now have access to fibre broadband and that has been achieved through the Digital Scotland Superfast Broadband roll-out. Our internal data, as well as that of the impartial commentator thinkbroadband—incidentally, the same independent analysts that are used for the UK Government—shows that by the end of 2017 we had exceeded our target of 95% fibre broadband coverage across Scotland. In fact, I think it is now at 97% or thereabouts. The vast majority of people in Scotland now have access to superfast broadband at 30 megabits per second or above.

Thinkbroadband's data shows that superfast coverage in Scotland is now over 93%—I think it is 93.3% and rising. That is within two percentage points of the overall UK total. That gap, which is now 2%, was 10% in 2014 and 19% in 2012. That proves that the gap has very considerably narrowed from 19% to 2% over the past six years. No matter what source is used, it is a matter of fact that we have caught up dramatically with the rest of the UK. The success of the DSSB programme under Sara's leadership has made a huge contribution to this and Ofcom recognised this in its last "Connected Nations" report.



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We recognise, however, that there is more to do. I will not be happy until every home and business in Scotland has that access. That is when I will be happy and satisfied—not until then. We have more work to do. That is why we have committed £600 million to the initial phase of the R100 programme, which will extend superfast access to every home and every business in Scotland by the end of 2021. Just £20 million of that total of £600 million has come from the UK Government. That is a mere 3% of the total.

UK Ministers appear to have decided that a 10 Mbps universal service obligation is sufficient for rural Britain. We believe that that is a grave mistake and it is one that we are not prepared to stand by and just watch. I wholeheartedly agree with John Lamont, who is on the record as having said that the UK Government should have been more ambitious and set the USO at a higher speed than just 10 Mbps. I am sure that other members of the Committee will share that view and support the commitment we have made to ensure 100% superfast access across Scotland. It would be helpful if all Members could urge the UK Government to contribute more financially to the programme, better reflecting the fact that it is a reserved responsibility under section C10 of schedule 5 to the Scotland Act 1998.

In conclusion, of course digital encompasses more than just broadband. We are also investing £25 million in the mobile infill programme, again focusing on the rural areas that have not. The Scottish Government are therefore taking forward a very wide range of activity as part of our overarching digital strategy and I very much look forward to answering questions in the course of this morning's proceedings.

Q255 Chair: Thank you, Minister, for that concise summary. To get things started off, you said in your opening introductory statement that broadband is wholly reserved to Westminster. What, if any, is the Scottish Government's statutory role and have you any comment about some of the things that have been said by the UK Government, particularly at Secretary of State and ministerial level, about what the Scottish Government are doing to ensure that Scotland is enabled with broadband?

Fergus Ewing: I have noticed that Mr Hancock has made some pretty strong criticisms of the Scottish Government's record. With respect, I wholly refute those criticisms. I believe he has said that we are three years behind. This simply flies in the face of the facts. I have already quoted from two leading impartial commentators or bodies that have a role: thinkbroadband and Ofcom. No one would argue other than that these are impartial bodies. Each recognises that Scotland has made great progress. In fact, I think it was Ofcom that said that Scotland has made quicker progress in enabling access to superfast broadband: an increase of 26% compared with 16% over the past few years. I do refute those charges, but what is most important is that I would like to try to reset the relationship. We want to have constructive relations with the UK Government. I have been a Minister for nearly 12 years and I have had



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many constructive relations with previous Ministers. I look forward to meeting Margot James, who has relatively new responsibilities in this area.

There are three areas where I think it would be good to co-operate. The first is on funding. I think the UK's contribution of 3% is mean and that Scotland has been short changed. A purist would say that the contribution, because it is wholly reserved, should be 100%. A pragmatist might say that the DSSB contribution, where the UK put £100 million in, would be a comparator, which, if followed, would lead to a contribution of £218 million by the UK Government for our £100 million. Their contribution is not £218 million; it is £21 million—a tenth of what would be reasonable by that comparator. Funding needs to be sorted out, and I have asked the UK Government—and Mr Hancock in person—to make a more commensurate contribution.

Secondly, there is the process. Two years ago, we suggested that in the process of developing policy in the UK about telecoms more widely, there should be UK body—a standing committee with the UK, the devolved Administrations and Ofcom. For example, with the USO recently announced by the UK Government, we need to understand the eligibility criteria in order to understand how that interfaces with R100. We have suggested that and it is on the table; the Committee may be interested in pursuing that.

Thirdly and lastly, there are the pragmatics. The pragmatics and delivery, particularly of fibre—which is a form of infrastructure—are complex, like any infrastructure project: road, rail, housing or whatever. Practicalities about planning permissions; building warrants; wayleaves, some of which are the responsibility of the UK Government; the hiring of people with the necessary skills; the provision of the necessary training—these pragmatics are ones where we take a hands-on approach with team Scotland.

I would like to reset the relationship and look forward not back, starting, above all, with the UK Government reaching out for its chequebook.

Q256 Chair: On the £600 million that you announced as part of the R100 programme, is there any requirement for the Scottish Government to give that type of funding to these projects? As you have said, this is a responsibility for the UK Government—it is a reserved issue—yet, as part of the last budgetary announcement, £600 million has been put in. Why did you give this money? Were you obliged to give extra support?

Fergus Ewing: That is a very fair question. We are not legally obliged to but we felt that it was the right thing to do, because if we didn't, much of rural Scotland where individuals and businesses do not have access to broadband—even basic broadband, never mind superfast broadband—would be disadvantaged.

I think we all recognise that if you are running a tourist business in Achiltibuie and you are not on the internet—if customers cannot book a place at a B&B or a holiday cottage on the internet and pay; if you cannot advertise your wares, your services—then you are not really capable of



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operating a business in the modern world. Equally, for people who have a young child, as I do, and want to go over their homework with them, increasingly, the days of textbooks and jotters have long since gone.

For individuals and businesses, the internet is a *sine qua non*. It was simply the case that we could not wait, and we did not believe that the approach that the UK Government seemed minded to take of having a USO of only 10 Mbps was going to tackle the issue. In short, what we are promising with R100, as opposed to the UK Government, is a right by 2021—and for many people before that, starting from next year when the contracts are awarded and rolled out—to get access to superfast broadband. What the UK Government appear to be offering is a right to ask for superfast broadband at some stage in the future. We don't think that is acceptable. Moreover, the USO of 10 Mbps will, I believe, encourage many companies who are in the business of seeking to provide the access services to use wireless technology, which is suboptimal and will simply lead to a requirement to revisit that plan and have a further programme in about three or four years' time.

Q257 Chair: Lastly from me as part of these opening questions, one of the criticisms that has been levelled by the UK Government is on the procurement process—this idea that somehow the Scottish Government were sitting on funds that were not being applied to what they refer to as phase 2. Could you describe the Scottish Government's process for procurement, and does that in any way differ from how the approach has been progressed in England with the local authority based schemes?

Fergus Ewing: We have progressed things in a different fashion in a couple of respects. First, the DSSB programme that injected just over £400 million has delivered access for 890,000 homes and businesses. That was actually a partnership between the UK Government, the Scottish Government, local authorities, HIE and ERDF. We put in £170 million or £180 million, BT put in £126 million, the UK Government put in £104 million, and local authorities and ERDF put in funds. It was a partnership. Incidentally, it was agreed by the UK Government even though Mr Hancock has criticised its operation.

Only after the DSSB was substantially rolled out was it possible to define those who "have not" in rural and island Scotland. In other words, we could not have started the R100 programme until the DSSB programme had been substantially rolled out, because it would not have been possible to ascertain which premises remained to be provided with access to 30 Mbps superfast speed. It would not have been possible to do it earlier, nor would it have been desirable. Nobody would have bid other than one company, because only that company would have known what the specification was likely to be.

In the R100 programme, we have divided the £600 million into three lots. That is to secure the best value for the taxpayer and the best outcome. Had we done it as one unum quid, there might again have been only one bidder. To attract the likelihood of competition, we divided Scotland into three lots. Down south, the approach has been to operate on a local



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authority basis. Had we done that, we would have had 32 different tendering processes. I do not think that would have made any sense.

The way we have done it has delivered not only 890,000 people and businesses with access, but gainshare. BT benefits commercially from gaining customers who have access to fibre broadband for the first time. The contract assumed that BT would get 20% of the customers from those provided with access. That figure has been exceeded. The contract contained a clause providing that BT would contribute more financially, in addition to the £126 million, to provide even more people than was originally envisaged with fibre access. Indeed, that work enables more connections under the DSSB to be rolled out this year and possibly into next year.

So the procurement has been different. I would argue, and I am backed up by Ofcom and thinkbroadband, that it has actually been more successful than down south.

Q258 Christine Jardine: It is nice to see you again, Minister. You mentioned the procurement, the different strategy and the flaw, you suggest, with moving to local authority procurement. Is there not an argument that local authority-led projects would prevent contractors from cherry-picking the easy parts of the project in the easy parts of the country and neglecting our rural communities? A lot of people would argue that is exactly what we have seen. We have seen the easy areas, such as my own, connected to broadband, but some of the rural areas in the highlands or Aberdeenshire are much more difficult and are lagging further and further behind. Perhaps local authority procurement, rather than centralised procurement, could overcome that problem.

Fergus Ewing: It is important to bear in mind that under the DSSB programme, local authorities, funded from Scottish Government block funds, contributed £90 million. They were not passive recipients. Mr Lamont looks puzzled, but that is a fact. Local authorities were active participants as a player in the DSSB roll-out. We work with and have very good relations with local authorities. I do not think what you say is correct. Had we had a procurement instead of the one we did, with Scotland divided into the north and the rest, we would have had a far poorer outcome.

On the point about cherry-picking, the task that we have is to provide everybody in Scotland with access—those in the islands, those in rural communities—and that will not be done by the market alone. This task needs to be a partnership between the public and private sectors. In my view, that partnership must involve the application of some public funds. As Christine Jardine has alluded to, commercial operators will simply not invest in places like Achiltibuie or locations where there are very few customers, because they will not make money out of it. That is why there needs to be a public-private partnership approach, and that is the approach we take. I do not know if Sara Budge would like to add anything to that, because she was, after all, the leader of the DSSB programme.



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Sara Budge: Thank you, Cabinet Secretary. There are two further points. First, as with any significant programme, economies of scale are absolutely fundamental. You drive more economies out of a mix of deployment from urban versus rural, because the premises in urban areas are probably £200 per prem, as opposed to, in some instances, well in excess of £3,000 or more in very rural areas. By getting the mix of activity across the country, you effectively get a far better proportion of funds out in rural areas, so there are economies of scale.

Secondly, those programmes are delivered only by having significant tier 1 suppliers. If you have a limited pipeline of build or deployment in any local authority area, it is more difficult to attract the right T1 supplier, and again, there are potential cost issues.

The other aspect I would raise is that this sort of complex transformational programme requires a certain skill set in the programme team to drive the best outcomes from the programme. That skill set would not be readily available within a local authority—that is not to say they could not bring them in—but again, you have a benefit. When I was doing the bid, I looked at the size of the team that I was proposing in our project implementation plan, and worked out that if I had been in Cornwall, for example, I would have had a team of 152 people if I was pro rata-ing the skills and the numbers to deal with the size of the procurement and the complexity of the delivery.

Q259 **Christine Jardine:** Nevertheless, there is a feeling, particularly in rural areas, that the centralised approach is not quite delivering for them. Would it not be better to have a more tailored approach through the local authorities? How do you feel that the Scottish Government could tailor the broadband roll-out to the specific needs of different areas, so we do not see the kind of disparity that we have at the moment, where, for example, some banks that are losing branches because of the popularity of online banking are in areas where they cannot use online banking because the broadband is so far behind?

Fergus Ewing: We have good relations with local authorities—we have done and we continue to do so. On 7 April, I met the South of Scotland Alliance from Dumfries and Galloway and the borders; I recently met COHI from the highlands and islands with John Swinney and others; I met South Lanarkshire fairly recently; and we are reaching out—I have written to every local authority. We have good relations with them.

I would point out that the facts are as follows: had it not been for the contract that Sara and her team oversaw in partnership with the UK Government, which invested £400 million, instead of being at 93% fibre, Scotland as a whole would have been at 66%, the highlands and islands would have been at 22%, and the Western Isles, Orkney and Shetland would have been at 0%.

The partnership approach with local authorities has worked well. I can say that because we have worked with them on, for example, enabling permitted development rights for mobile telephony masts and so on. The



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work that goes on in relation to that—roadworks issues, wayleaves issues—is because we know that it is best that we work closely with local authorities. Lastly, Robbie has met COSLA—can you share your thoughts on that?

Robbie McGhee: Just to reiterate the point that, from our perspective, neither the DSSB programme nor R100 have been done to local authorities, they have been done in partnership. There are real distinctions between the programmes. The R100 programme will be more about specifying that particular bits of infrastructure should be delivered in particular places—thinking particularly of our island communities where there have been gaps.

Just to go back, I think that the one risk that would be attached to a local authority-led approach is that there is scope for cherry-picking—you talked about cherry-picking—as bidders might decide that they do not fancy the more challenging local authorities and do not bid, or else we get bidders coming forward that have lower quality technical solutions, which could lead to regional disparity in terms of the type of infrastructure that exists. We have really, really strong relationships with individual local authorities, and with COSLA, which represents them all, and those will continue right the way through R100 deployment as they have done through DSSB deployment.

Q260 **Christine Jardine:** So you are confident that the Scottish Government's centralised approach is working and there is no need to devolve it further to local authorities.

Fergus Ewing: I will bring in Clive in a minute, if I may, because he is dealing with R100 and he does a lot of work with local authorities. It is really not correct to characterise it as centralised; it is a partnership approach. The reasons we have heard from Sara and Robbie, for having the tender process carried out in the way that we are, are compelling, and the risks, were we to go down a 32-tender process, would be enormous.

Clive Downing: In terms of crafting the R100 programme, a key responsibility of mine is to look at lessons learned and to look at good practice elsewhere. The engagement with local authorities for DSSB was held as an exemplar at a DCMS meeting recently, so we have looked to replicate that and will carry it forward. I and colleagues in the team have met almost all the local authorities at an executive level. Also, as we move forward into deployment, a key element is working with roads and planning to make sure that there is a smooth and speedy deployment. Some of the best practice with DSSB has been rolled forward to ensure that we capitalise on that learning.

Chair: We have David Duguid, before we move on to John Lamont.

Q261 **David Duguid:** Welcome to you all, and thanks for coming. Ms Jardine covered a lot of the points I was going to cover, particularly on the centralisation versus decentralisation argument, which we can debate all day—I do not propose we do.



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When we four were first elected, one of the things we campaigned on heavily last year was being a voice for our local communities, and one of the key aspects of that was the need for the improvement of rural broadband. When the UK Government, as you have pointed out, started criticising the Scottish Government's performance in the roll-out, was it not the case, Cabinet Secretary, that you used the fact that you had only two DSSB projects—the highlands and islands project and the rest of Scotland project—whereas the rest of the UK had something like 52 all going concurrently, as a reason why the progress had not been so rapid?

Fergus Ewing: With respect, I do not agree with that. I have, in my opening remarks and in response to the convener, indicated that both thinkbroadband and Ofcom say that progress in Scotland has been quicker than in the rest of the UK in providing fibre access and superfast broadband access. There is still a gap, but it has narrowed from 19% to 2%. I have gone over that.

In respect of Mr Duguid's own constituency, I can say that at April 2014, prior to the DSSB contract, fibre broadband coverage was 31% and three years later, in December 2017, it was 89.1%. That is a gain of 58.1% in fibre broadband coverage. With superfast broadband coverage, in 2014 it was 29.7% and in December last year it was 79.6%. That is 49.9% of a gain. Therefore, demonstrably and with some sadness, I think that the comments by Mr Hancock do not have any basis in fact. I would like to try to move forward from that, convener. I know you will be hearing from him, so no doubt some of these matters can be canvassed with him—that is for the Committee.

I would like to reset the relationship, to get a proper deal and funding, to get a good process where we are working together, and to try to turn our attention to the serious challenges of wayleaves, of practicalities, of getting the job done, of getting the men and women to do the work. Much progress has been made in that respect. I think arguing about the stats has gone, because all the independent commentators show that, just as in Mr Duguid's constituency, without the DSSB contract—the approach he is criticising—58% fewer people would have access to fibre broadband. I think we have delivered a good result, but I won't be happy until that figure is not 89.1%, but 100%. That is why in Scotland we are investing 600 million quid to try to complete that task. Down south, they are investing zero to complete that task. I think that is a profoundly wrong approach.

Q262 **David Duguid:** Just to be clear, I am not criticising the partnership approach. I believe that is the approach that is required. As you have pointed out, if it was left to just commercial levers, we would be looking at something like 60% coverage across the whole UK, which obviously isn't enough.

I appreciate your bringing up my constituency of Banff and Buchan; I was about to. The figures I saw are close to the figures you have reported. My constituents come to me and ask not about what has been delivered but what about the 18% or 10% or 20%—we can quibble over the numbers,



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but it is of that order of magnitude—that isn't being delivered.

I want to clarify a point going back to your opening statement. You are saying that the focus of R100 is going to be on the rural areas—the same rural areas that are not currently covered by superfast broadband. Is that an entire focus on the rural areas? Or are you going to be developing even faster speeds in urban areas as well at the same time?

Fergus Ewing: The focus is on rural—remote rural and island rural areas. The rationale for that is that in urban areas, you have a larger population and a larger market and the market therefore should be served by commercial operators who are investing and are doing so because they expect to deliver a profitable return for their shareholders and reward their staff hopefully commensurately. I would say that I am very encouraged that this year there have been announcements—not far from Mr Duguid's constituency—in Aberdeen, that CityFibre in a partnership with Vodafone is investing 40 million quid there, I think. BT and Virgin Media and others are investing in cities and towns throughout Scotland. We don't want to use public money where there is no market failure. We don't want to displace commercial investment. We want to work in partnership with the private sector. Indeed, I have met every major player and built up, I hope, workmanlike relations with them, and will continue to do so because, as I said a moment ago, this is a team effort with the public and private sector working together—Governments and infrastructure providers and internet service providers working with Ofcom hopefully as a team to overcome a series of complex technical and practical challenges.

Q263 **John Lamont:** Good morning, Cabinet Secretary. It is very nice to see you again. I am regular correspondent with you on behalf of my constituents and the communities I represent regarding broadband delivery and connectivity.

Going back to your opening remarks, you spoke in glowing terms of what you felt were the Scottish Government's achievements, with percentages of access to superfast broadband. One of the frustrations that many communities and many residents have is that, yes, their cabinet may be enabled for superfast broadband, but because they are too far away from the cabinet, they cannot actually access it. Eccles in Berwickshire is a very good example of that. Technically, all the properties connected to the Eccles exchange are counted as having access to superfast broadband, but the practical reality for those residents who live too far away, which includes many within the village itself, is that they are not actually able to get it. They are counted towards the percentage target but they are not actually getting it. They get very, very angry when I send them your letter that lays out in glowing terms what the Scottish Government have done, when they are not actually seeing that delivered. I wondered how you would respond to that and how many properties that you have identified fall into that category—connected to superfast exchanges but cannot actually get that service?

Fergus Ewing: I am surrounded by those who have more technical expertise than myself, but I have gleaned that part of the problem is that the traditional supply of internet has been through a copper wire network



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and that really is yesterday's technology. It is widely accepted that in future—as BT recognises, of course, as everybody does—in order to provide a digitally connected nation and a future-proofed service, fibre has to be used. Fibre is very cheap to purchase; it is the laying of it that costs money—the practicalities. I suspect that that is the nature of the problem.

I can share figures with Mr Lamont. In April 2014, the fibre broadband coverage was 30% in Berwickshire, Roxburgh and Selkirk. By December last year, it had risen to 90.3%—so approximately 60.3% more of your constituents now have fibre access. There is more work to do on superfast broadband. As I said—I do not think I used the word “glowing”; that was your word—

John Lamont: “Remarkable.”

Fergus Ewing: I did say I would not be happy until everybody had this provision in the modern world. I will not be happy until then. I have made that absolutely clear to everybody. In April '14, 27.5% had superfast in your constituency, Mr Lamont, and by December '17 that had risen to 81%, which is a gain of 53.5%. I think that is pretty remarkable—I think that is good—but that 19% gap is why we have the R100.

I just wish the UK Government shared our ambition to have superfast broadband for all those, rather than 10 Mbps, which will lead to wireless-based solutions—arguably yesterday's solutions in some cases, instead of tomorrow's solutions where fibre access can future-proof and lead to ultrafast broadband, and provide the basis for other digital services as well.

There is a slightly different approach from the UK Government and the Scottish Government. We are proud that we have the ambition to provide all Mr Lamont's constituents with access to superfast broadband at 30 Mbps, which he himself said is the ambition that you should aim for, rather than the ambition that his Government are putting forward.

Q264 **John Lamont:** I am not sure if you are deliberately or subconsciously missing the point I was making. A number of properties, which are counted towards those percentage targets that you claim to have met, are not actually getting access to superfast broadband. Eccles was the example that I used. All the properties on the Eccles exchange are counted as having access to superfast broadband. The reality is that very few of them do, because of the distance from the exchange. I was asking, how many properties that are counted in your target delivery percentage cannot actually get superfast broadband?

Fergus Ewing: I will ask Mr McGhee to come in.

Robbie McGhee: The long lines issue is one we know about, and Sara can talk a bit more about how it relates to the DSSB deployment. A really important point to clarify is that those premises, if they cannot receive 30 Mbps, are not included in superfast—they are not contributing towards the superfast figures that have been read out. They are contributing towards our fibre broadband coverage target, but if a property cannot receive 30



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Mbps, we do not count it as being able to access superfast. It does not contribute towards our target.

Q265 **John Lamont:** But there are properties that are counted towards some of these target percentages—

Robbie McGhee: The fibre target—

John Lamont: —that the Minister has read out this morning, which do not currently have access.

Fergus Ewing: No, but there are two—

Q266 **John Lamont:** That is a fact, isn't it?

Fergus Ewing: I was careful to read out both statistics, because you have to consider them separately. There is access to fibre and access to superfast broadband. The objective of the DSSB contract—Sara will contradict me if I am wrong—which was agreed with the UK Government, incidentally, was 95% fibre. That is what we have delivered, and we have over-delivered, but that does not necessarily enable superfast broadband. Therefore—Mr Downing will contradict me if I am wrong—the objective of R100 is to provide superfast broadband access for every home and business.

Q267 **Chair:** Before you go on, can we clarify what we are talking about here? I think that is really important for anybody who is looking in. What you are saying, in terms of the figures that you supplied to us in the opening statement, is that when it comes to superfast broadband—I am looking at my statistics for Perth and north Perthshire, which say that 84.2% of people there are securing superfast broadband—every one of them will secure that. Is that right?

Robbie McGhee: Yes.

Q268 **Chair:** And when it comes to fibre coverage, I have 89.8% in my constituency who have access to fibre broadband coverage, but there may be an issue in terms of delivery to cabinet, which then does not go to properties. That is my understanding, just to clarify for everybody watching.

Robbie McGhee: That's right. The fibre coverage target is essentially premises—the premises counted towards that are premises that are connected to the fibre infrastructure. It is not necessarily speed-related, although we should stress that the vast majority are able to receive speeds in excess of 30 Mbps. We are talking about a minority of premises that are affected.

Q269 **John Lamont:** The question is how many properties?

Sara Budge: If I may, just to give the numbers: 32,219 have access to fibre infrastructure in your constituency and 27,171 have superfast speeds. The differential of 5,000 does not mean they are getting nothing. It means they will have speeds typically between 2 and 24 Mbps and it



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may be the case that your village community—Eccles—may be sub-2 Mbps.

As Robbie says, we are absolutely tuned in to that challenge and I think it is important to reference the change in focus between the DSSB procurement and now, five years on, with R100. When we started with DSSB, if we looked at areas such as the borders or Aberdeenshire, the commercial coverage was in the low 20s in terms of per cent. The primary objective had to be to get the fibre infrastructure out throughout Scotland. You are building your motorways, your A roads, your B roads, and then you can build out from there. The further we build out with the superfast, we can then leverage that investment and build further.

There was mention earlier about the benefit of gainshare and one of the primary principles of any further investment that is available for DSSB is that it will be prioritised into rural areas. With the last gainshare investment, we were able to uplift speeds for 23,000 premises, which were already connected but have now got uplift of speeds above 24 Mbps. Clearly, the world has changed, the focus is now on speed, because the infrastructure is there on which you can leverage to move out further and deliver the speed. It needs to be looked at in two stages.

Q270 John Lamont: Lastly, the Minister has made much about the £600 million investment from the Scottish Government. I don't see it as a head within the current budget, so it is going to be future spend, is it? It is not currently allocated within the Scottish Government's budget.

Fergus Ewing: The Scottish Government has allocated £600 million in total in order to achieve this between now and 2021. Of that, the UK Government has contributed 3% and in the many letters that I have sent to Mr Lamont, I invoke and encourage him to join us in arguing that a more commensurate contribution would be fairer.

Q271 John Lamont: So is the rest of the money new money from the Scottish Government?

Fergus Ewing: It comes from our capital budget, which raises the point that the more we spend on the internet, the less we can spend on building new schools and roads and railways. It comes from our capital budget, which, in itself, has been reduced fairly substantially since 2011. It is a choice we made because we agree with many Members from all parties that this is very important to people in their lives—for their businesses and for their lives. We made the choice, but it is a choice that has consequences, because that money cannot be used to spend on other very important things. In my constituency, I would like to see some new schools, for example. I am sure that other Members around the table would share that.

The point I am making is that I do think, given that it is a reserved matter, that the UK Government should honour its obligations under the Scotland Act, just as it would argue that it is correct to do so for matters relating to defence, foreign affairs and public general taxation.



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Q272 **John Lamont:** So all of it is coming from the capital budget—there are no other sources of funding.

Fergus Ewing: All of it is coming from the Scottish Government capital budget for the £600 million, other than the £21 million from the UK Government. We are putting in £579 million—97%—and your Government are putting in £21 million, which is 3%. I have not met anybody who thinks that is a fair allocation.

Q273 **Deidre Brock:** Good morning, Cabinet Secretary and everyone. I want to return to the USO and the UK Government's commitment that everyone in the UK will have access to speeds of at least 10 Mbps by 2020. In the Scottish Government's response to the UK Government's initial consultation, you said it was crucial for the Scottish Government to be involved in the design of the USO, so that there was a co-ordinated approach. Can I ask about the Scottish Government's involvement in the design of the USO? Can you describe it and give us some indication of how that has worked?

Fergus Ewing: We sought two years ago to have a pan-UK standing committee to work together with policy formulation and development. We have not actually had a rejection of that, I don't think. We have written numerous times to the UK Government on many occasions and I think we have received two or three replies. Convener, I am happy to share all this correspondence with the Committee, because we cannot have time to go over it today.

It is disappointing to us that we have not had a greater role in the design of the USO. We think that the particular problem is that the eligibility for the USO potentially will adversely impact on the roll-out of R100. For technical reasons, I wonder if Mr McGhee could explain that for the benefit of the Committee.

Robbie McGhee: Our input in the whole USO design process has been limited to our two responses—I think it was two but it might have been three—to the DCMS and Ofcom consultations. Obviously, we have already written to UK Ministers as well. We felt compelled to write again subsequent to the universal service order that was laid before the UK Parliament, which obviously set out in far more detail an instruction to Ofcom to go away and implement it. As the Cabinet Secretary said, it raised some real questions for us about eligibility.

We know what we expect the R100 procurement to deliver—the premises that will have superfast access. It is a no-brainer that they should be excluded from the spec of the USO. In particular, we are thinking about where we mean to design a voucher scheme, as part of subsequent phases of the R100 programme. It would really make no sense for that to be developed in isolation from the universal service obligation, but the suggestion within the universal service order is that we may have to, because by definition of there being a voucher scheme, the USO may not apply. That is why we have sought clarification from the UK Government on that point.



Q274 **Deidre Brock:** Does that mean that everyone in Scotland will get that commitment, or not?

Robbie McGhee: The assumption from UK Government is that everyone in Scotland will get 30 Mbps through the R100 programme, which is true in as much as initial procurement certainly will deliver that coverage quite extensively, but from our point of view, there will be a demand-led element of the R100 programme through vouchers. It would make no sense to have a demand-led programme in Scotland that does not relate in any way to a demand-led programme in the UK. There is definitely a question there for us about both potential confusion for the public and effectiveness of public money and how that interplays with a USO funded by an industry levy.

Fergus Ewing: There is also a difference in principle. Our scheme is a roll-out programme; the UK scheme is not a roll-out programme. I have a letter from Mr Hancock of 28 March, which says, "It is important to note that while everyone"—that is, everybody outwith Scotland—"will have the right to request access to a universal broadband connection by 2020, it is unlikely that everyone would be actually connected by then. This is because the USO is not a roll-out programme but an 'on-demand' scheme." In his letter to me, Mr Hancock appears to suggest that although the Tory manifesto commitment was to deliver broadband access by 2020, in fact that will not happen.

Q275 **Chair:** Can I clarify a couple of things on the USO? I have seen a couple of your comments in the press lately, but I think you are suggesting that Scottish consumers will be cut out of the USO completely, despite the fact that they will be asked to pay for it alongside consumers in other parts of the United Kingdom. Could you clarify what you mean?

Fergus Ewing: As I understand it, the on-demand scheme that the UK Government propose would involve zero capital cost from the UK Government—commercial providers would fund the capital cost of providing the USO. Of course, since the USO is only at 10 Mbps, they can provide that in any way they can, because under EU state aid rules it is illegal—at least at the moment, and I think until the end of 2020—to specify fibre. It has to be technology neutral. Companies in England and Wales that provide the 10 Mbps spec may do so by means such as wireless, which would then have to be updated in a further three years' time. It is fundamentally different.

I should say that the providers would recoup the capital costs by increasing charges to customers. The private sector is paying, but it will pass on the costs to customers. The problem is that those customers will be UK customers, so in Scotland we will be paying for a USO that we were not asked whether we agreed with and that we believe is inadequate, for the reasons I have stated and others. We have superseded that with a 30 Mbps standard, which will be future-proofed. Although we cannot specify and require fibre access—perhaps Mr Downing can describe this—we will award points under the three R100 segmented contracts to bidders who propose to deliver as much fibre and backhaul as possible. Is that correct?



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Clive Downing: Indeed. You are absolutely right that we cannot specify fibre under the technical neutrality element of state aid. However, we can specify outcomes. If we specify a gigabit outcome, currently the only viable technology for that on the mass market is fibre to the home, so that is what we will reward best in the evaluation as we go through the procurement.

Q276 **Chair:** Cabinet Secretary, you have obviously communicated your concerns about the USO to the UK Minister. Have you received any sort of response yet? What solution would you like to see to this issue? We will have the UK Minister in front of this Committee in the next couple of weeks and we will certainly put this to him, but what is it that you are looking for in terms of an outcome?

Fergus Ewing: We want to make sure that the two schemes align. It is up to the UK Government to decide what scheme they deliver for the rest of the UK, and they are contributing to R100, even if it is only 3%. We would like to see opportunities to marry up the design of the USO with any R100 voucher scheme, potentially including a superfast on-demand element. That could drive forward innovation and efficiency, while minimising confusion for the general public and giving a single point of entry for broadband support.

Alignment is what we seek. The best way to do that, rather than having an exchange of correspondence—for the record, we have not had an answer to our requests for clarity on this—would be to have a standing body that met fairly soon to get to grips with these issues and to make sure that the public are best served by having access to superfast broadband across these islands as rapidly as possible. That is what I would like to see.

Robbie McGhee: From our point of view, given the situation that has been described where, in effect, consumers in Scotland will be paying for an element of this, it is incumbent on us to find a way of ensuring that those consumers in Scotland benefit from it. That could well be, as the Minister has described, by having a superfast on-demand element built into it, which could benefit the whole of the UK, not just Scotland, but there are other options. Ofcom is looking at how the industry levy will be structured, but there could be a means for an element of that levy to be ring-fenced for some sort of reinvestment back into Scotland. Those are the sorts of things that we are really keen to explore with both the UK Government and Ofcom in the months ahead.

Chair: I am grateful. We have a supplementary from David Duguid before we go to Christine Jardine.

Q277 **David Duguid:** I appreciate some of the clarity we have heard today. I just want to absolutely clarify that the original DSSB target was for 95% installation of fibre infrastructure, but R100 is not specifying full-fibre infrastructure to deliver 100% superfast. Is that correct?

Clive Downing: It is not, because under state aid rules we cannot specify the technology that is used. However, the specification that we are asking for through the procurement scores higher speeds higher. The absolute



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minimum is 30 Mbps—anything below that will not be counted at all—but we will score higher for 100 Mbps and higher again for 1,000 Mbps or gigabit speed, which is fibre-based speed.

Q278 David Duguid: Forgive my ignorance, but I was under the impression that full fibre to the premises was the only way to guarantee delivery of 30 Mbps. Is that not correct?

Clive Downing: No, that is not the case.

Q279 David Duguid: So, what other technologies are going to be used? Are they going to be more expensive to the consumer? What complications do you foresee to achieve that final 5%, if you like?

Clive Downing: The bidders will come back. The specification to them is at premises level, so they will be given a long list of all premises that are not getting superfast currently in Scotland. They will come back to the bid and they will indicate, with the funding available and their own investments, how many and which of those premises they can get a connection to.

They will also indicate what speed that connection will be. They will score more for specifying a gigabit connection than they will for a superfast connection, which would be 30 Mbps. We cannot determine which technology they use. However, in market engagement with all bidders, they have talked almost exclusively about fibre for the majority of premises because fibre gives that gigabit full-fibre connection, that full speed. I hope that helps.

Q280 Christine Jardine: You have actually answered most of what I was going to ask about the universal service obligation. I just wondered whether you could clear up these figures about the investment and the UK Government money. How much of that £400 million, if I picked you up correctly, that the Scottish Government are investing comes initially from the UK Government?

Fergus Ewing: It is just over £400 million actually. That was the total invested in the Digital Scotland Superfast Broadband programme, which was agreed with the UK Government in 2013, where the UK Government contributed just over £100 million through BDUK. We appreciated that.

The Scottish Government contribution—or the Scottish public sector contribution, if you think of the Scottish Government, local authorities and HIE—amounted to around £170 million or £180 million, and BT put in £126 million. So, that £400 million was for the contract that is coming towards its close.

The £600 million is the budget that we have set for R100 going forward. Of that, £579 million comes from the Scottish Government and £21 million from the UK Government. It is not too late for the UK Government to put its hand in its pocket. At the risk of repeating myself, convener, this may be a matter of considerable interest to members of the Committee.

Q281 Christine Jardine: To be clear, you said yourself that that is a decision



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that the Scottish Government has taken to invest in the R100 programme rather than, as you mentioned, schools or hospitals. That is purely a Scottish Government decision.

Fergus Ewing: That's right. You are correct that that is our decision. It is our decision because we felt that the political priority—not so much a political priority, more a life priority for people and businesses—is that we cannot have second-class citizens in our rural areas. I agree with Mr Lamont about that. It is really about how we get there. It was clear to us that, had we waited for the UK Government to act, we would have been waiting a very long time.

Moreover, the UK solution is not a programme or a roll-out; it is an on-demand scheme. We are creating a right for people to get and to receive, and the UK Government are proposing a right for people to ask that there will be access to 10 Mbps at some future date, which Mr Hancock appears to admit may, in many cases, be after 2020—the date set in the manifesto.

It is not too late for these things to be changed, I think. It seems to me that there is a golden opportunity for this Committee to get to grips with these issues and come to a view collegiately that there might be a better way ahead, not only for Scotland but for the rest of the UK.

Q282 **Paul Masterton:** You mentioned a manifesto there. The SNP manifesto from this year said, "We have invested £400 million to deliver superfast broadband to 95 per cent of properties across Scotland by the end of 2017, and we are on track to deliver this target." Obviously you have not met the target, but that comment is not true at all because, based on what you just said, the Scottish Government did not invest £400 million towards superfast broadband—

Fergus Ewing: We invested the money because we spent the money and it was contributed to by other parties. That is a matter of fact. We have met the target, because the target that was agreed with the UK Government in respect of fibre was 95%.

Q283 **Paul Masterton:** So "we", in the context of the SNP's manifesto at the general election, actually meant the Scottish Government, with 25% of that from BT and 25% from the UK Government. You just ran out of space—

Fergus Ewing: My experience in drafting manifestos is that every word is carefully chosen, and the word "invested" is correct.

Q284 **Paul Masterton:** So it is not correct to say then that the SNP has invested £400 million.

Fergus Ewing: You are making a different political point, but the wording in the manifesto was absolutely correct. With respect, we are not really here to do manifesto analysis. We are here to try to advance the cause of—

Paul Masterton: Actually, we are here to understand exactly what the



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commitment of the Scottish Government is towards superfast broadband in rural communities, and if the Scottish Government is taking credit from investment by private and other organisations, whether that is the UK Government or the European finance groups. I think of that as something that is perfectly relevant and legitimate to raise.

Chair: We are grateful for that, thank you.

Q285 Deidre Brock: Is there any likelihood that a situation could arise where R100 was looking to build in an area where a commercial supplier could also be obliged to provide a connection under the USO? Is that even a possibility? If that were the case, would it be possible to leverage some of the funding that the provider would have to commit to deliver that USO towards the roll-out of R100? Is that the sort of thing you would be discussing or hoping to discuss with the UK Government?

Robbie McGhee: Yes, it obviously falls under the general theme of alignment between the two programmes. In designing an intervention area for the R100 programme, we undertook a really extensive consultation exercise with commercial suppliers, called an open market review. We got detailed premises-level data from them on what the coverage of the company was and what they intended to invest over the next three years. That has underpinned the intervention area that we are going into this procurement with. As we move into the USO space, in particular once the coverage outcome of the initial procurement is known, that is when you could see a read across between some premises. Clearly, our objective is to get the most effective response to that, potentially incorporating resources from both programmes. That is why we are so keen to engage with Ofcom and the UK Government on that.

Q286 Hugh Gaffney: I want to talk about extra funding. The Government recently announced new funding for a full-fibre connection through their local fibre network scheme, and the gigabit broadband voucher scheme. Do you welcome that additional funding for full-fibre broadband in Scotland?

Fergus Ewing: Yes, we welcome any further investment and therefore we welcome that. I think that one of the announcements that has just been made is about the 5G urban connected communities funding—the second phase of the DCMS 5G test beds and trials funding that was launched on 30 March. It is hot off the press, so it is too early to start to make value judgments. As far as the local full-fibre network is concerned, I think it is correct to say that that is primarily stimulating market-led activity in urban commercial areas which, in the main, already have good quality broadband. That would tend to be in cities. No targeted activity appears planned for the most challenging remote rural locations, other than the 10 Mbps universal service obligation for broadband, but obviously we welcome investment in digital empowerment in Scotland, and the rest of the UK.

Q287 Hugh Gaffney: This seems to me like a community thing, with £3,000 for businesses and £500 for residents, as long as they get together—a



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business has to be included in the deal by the looks of it. Would you say that is the right priority? Would you have preferred the extra funding for the final 5%?

Fergus Ewing: There is a variety of different investments that we need here. I mentioned at the outset mobile coverage. There are notspots and that is a big problem in Scotland, which is why we are investing £25 million from Scottish Government money in that. There are other issues involved. For example, there is the auctioning of future spectrum of mobile coverage. There is a serious argument about the tension between revenue and regulation.

In countries like Germany, they have taken an outside-in approach, stating to the private sector, "You must invest for mobile coverage in the rural parts." That means that when they auction their spectrum, they get less revenue because private sector providers have to spend more capital. In Estonia, they have a thing called the beauty-contest approach, where they don't necessarily take the best financial offer—they take the most attractive offer for the public and for the consumer. In France, in order to get rural areas served in mobile and telecoms, they ensure an income over a period of 10 years in order to make it work financially.

It is very important to make the point in this Committee that we are not just talking about internet. We are talking about UK policy on auctioning off spectrum and, thus far, the UK seems intent on maximising the revenue at the expense of not covering rural areas, not just in Scotland but throughout Britain. Therefore in answer to Mr Gaffney's question, a change of emphasis and policy direction—Ofcom after all are just delivering the policy of the UK Government—is something that should be considered prior to the 5G auction and the 700 MHz auction going ahead.

Q288 Christine Jardine: You have mentioned the 700 MHz option. Is there not some tension with private venues, broadcasters and so on? There are an awful lot of PA systems, radio systems, radio mics and so on at the moment that use the 700 MHz system, which will lose, and venues will have to invest an awful lot of money? Have the Scottish Government looked into what the cost might be to individual businesses if the 700 MHz system were used and whether there might be some need for compensation?

Fergus Ewing: No, we haven't looked into that. There is a current consultation where Ofcom propose, on the 700 MHz spectrum, that there should be a geographic coverage obligation. That is the first time that has happened. We have argued for that—there should be an obligation on the providers to secure minimum coverage in Scotland and the rest of the UK. Thus far that has been resisted, but in this case—the Committee might be interested to know this—the coverage obligation is only 76% for Scotland, as set by Ofcom in the consultation paper, 83% in Wales and 92% for England and Northern Ireland. While we welcome Ofcom setting a geographic coverage obligation, and it is the first time it has done so, I don't believe that the coverage target of 76% is fair or equitable. If it were 92%, that would achieve a fairer outcome, but there would probably be



less revenue going directly to the UK coffers. On the technical aspects of potential compensation claims, I haven't considered that. I don't know if any of my colleagues can answer that.

Robbie McGhee: Ofcom is handling that. They obviously handle the arrangements around spectrum auctions and have done a lot of work around ensuring that the spectrum bands are cleared for these auctions to take place. It is not something that we necessarily have any powers or locus in.

Q289 **John Lamont:** I want to return to the R100 scheme. It is fair to say that the evidence that the Committee has received would suggest that there are quite mixed opinions as to the success or otherwise of the scheme. There is a feeling among some that it is going to disadvantage community schemes and is going to focus more on the big commercial operators such as BT and alternative technologies might get left behind. Heriot Community Broadband in my constituency said, "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." I wondered how the Cabinet Secretary would respond to that.

Fergus Ewing: With respect, when one is providing a utility service, it helps to be of robust financial standing. Whether it is electricity, gas or broadband services, there is a lot of commercial sense and sense in consumer protection that fairly substantial businesses and companies are providing the services. Mr Lamont postulated that big companies are somehow at odds with local communities per se. With respect, I don't think that is the case. There is a concomitant risk that a small company providing internet can go bust more readily, sadly, than some larger players. That has happened in some community schemes, sadly. Therefore, when one is involved in public procurement, it makes sense to have demonstrated the robust financial standing of those companies that are accepted for bidding.

As far as community schemes are concerned, plainly under the DSSB contract there has been a substantial benefit, as I have said, to Mr Lamont's own constituency, which has been delivered in partnership with BT—the largest company. I would respectfully suggest that while he and I agree that not everybody is happy because not everybody has got superfast broadband—I think it is 19% short in Mr Lamont's constituency—that is why we have R100. It makes sense to deal with it on scale, to get the benefits that that brings, but obviously we need to work with local communities. I do not know if Mr Downing has anything to add on how we are doing that.

Clive Downing: Indeed. Because of the nature of Scotland and the growth of community internet providers, they are all part of that landscape of what is currently being provided. As part of the open market review, we went out to all of them to ask about their plans and inquire about the quality and nature of the technology they are operating. Under state aid, we treat them with the same rules as anybody, and if they are providing



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an NGA—a next-generation compliant service—they will be taken out of the scope of R100. That has happened with some of them.

It very much depends on the nature of the community and whether you are engaging with a community who is in fact a small businessman operating something to make his living or a community of volunteers who are just waiting for a better, more universal broadband service to come along. We have had communities say, "Please don't leave us out. We have our own network, but we want to close that down and be part of R100." Conversely, we have had others say, "This is our network. We are very proud of it and we want to keep it. We do not want to be ruled over by R100." So we have engaged with many of these communities. Where they clearly can evidence that they have got a quality system providing a superfast service, we have taken them out of the scope. Where they haven't, we have left them in scope but left the door open for further discussion and talk with them about how they might want to proceed or how we could help them to bring their network up to quality. Because they are representing their communities and all individuals and communities come under the remit of 100% superfast broadband availability.

Q290 John Lamont: I think it is unfortunate, based on the Cabinet Secretary's remarks, that the Scottish Government appears to have a prejudice against these small community schemes. Often, these schemes and alternative technologies can provide the solutions that BT and others have failed to provide over the last few years. The UK Government's approach of involving local councils that localism does not appear to be the approach the Scottish Government would adopt, notwithstanding that often that is the best way to provide solutions to many of my constituents and many others across Scotland.

Fergus Ewing: I respectfully disagree with that. I think Sara Budge wants to come in.

Sara Budge: I am commenting on this because part of my team are delegated to operate the UK-wide Better Broadband scheme. That scheme is there to support and provide 30 Mbps provision to rural areas. It is resourced by the Scottish Government, which generates vouchers which communities are encouraged to take advantage of to support whatever scheme they may wish to facilitate—typically satellite or fixed wireless—to bridge the gap. It is about doing something constructively to support that activity, because currently there simply are not the funds to reach those very remote areas. There is activity to support them, albeit it is not part of a core programme.

Q291 John Lamont: In terms of the feedback we have had, I have given the example of Heriot and the strong language it has used to express disappointment in the R100 scheme. How will you address that and ensure that communities like Heriot and those community schemes that could provide solutions much more quickly than BT will be catered for? They are clearly not being catered for just now.



Fergus Ewing: I do not accept that that is the case. Some community schemes have been very successful—indeed, the Scottish Government have funded them. Schemes around Scotland have succeeded. Some have not succeeded. Others communities have weighed up, particularly over the last six months or so, decisions about whether they will go ahead with the community scheme or participate in R100. We have not forced or said to communities, “You must not go ahead with your scheme”. That is completely wrong. We have said, “R100 is coming along. The contracts will be awarded and start to be rolled out in the early part of next year.” If I were sitting in a rural part of Mr Lamont’s constituency, I might think, “I may have to wait until the end of 2021”. If there is a community scheme that can go forward now, well, obviously there will be impatience among those who have not got it. That is why I will not be happy until everyone has got it.

Let us not forget that this is an infrastructure scheme. This is not going into a shop and purchasing some goods off the counter. There are five stages for any broadband internet connection: survey, design, build, connect and activate. It is more akin to a roads project than anything else. The reality is that these things take time. I do not think that we can be criticised for a lack of ambition in aiming to connect every home and business by the end of 2021, but I fully understand that, in some communities across Scotland, there will be great frustration. Incidentally, that is why in R100 we have specifically mandated rural communities where we believe there is a significant lack of access to sufficient broadband at the current time. Mr Downing may be able to add to that.

Clive Downing: With the specification for connected premises, it is incumbent on bidders to go to mandated areas and make fibre services available. Where they are not connecting premises, they are taking fibre that could be used for backhaul for community schemes. In a step—in a leap—you go from a very slow community scheme, which is adequate and useful for the community, but by adding fibre backhaul to that, the whole quality and speed of that scheme is uplifted.

Q292 **John Lamont:** Is that not part of the problem? You have these community-based projects, which will ensure the whole community gets access to superfast broadband, and then a Government-backed BT project comes in, takes off the relatively low-hanging fruit in the centre of that community, and leaves behind the outlying areas, which would have been getting the benefit of the community scheme if they had been able to access Government funding. The BT-backed scheme comes in and undermines the viability of what would have been a community-appropriate end programme, if they had been allowed to deliver it with the Government funding that BT has taken.

Fergus Ewing: The statistics about the performance of the DSSB in Mr Lamont’s constituency that I read out earlier, which show the massive gains of 50% or 60%, illustrate to most people of a reasonable disposition that the DSSB has had some considerable success. There is more work to do, which is precisely why we are investing £600 million to finish the job.



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My point is that without public investment, the job is unlikely to be finished.

Chair: May I say that we have the small community broadband providers coming to the Committee next week, and certain colleagues will want to press them on some of these issues? I do not think it is fair to categorise the bulk of the evidence that was secured about R100 as being critical of what the Scottish Government have attempted to do with R100—that would be rather unfair in the balance of evidence that we have had, just to make that clear. We have David Duguid with a brace of questions.

Q293 **David Duguid:** I want to follow up on Mr Lamont's line of questioning. Mr Downing, you said something about how, as part of R100, particular rural areas that are somehow more deserving—I do not think you used that word—will be focused on first. What criteria will be used to decide whether one rural area will be focused on rather than another?

Clive Downing: In terms of mandated areas, you are correct. There are lots areas without—there are areas where a substantial number of properties are still not connected, where there is absolutely no fibre infrastructure at the moment, or where there is no fibre infrastructure planned to be built by the DSSB or any commercial company. Those areas really were backwards, if you like, in existing or planned digital infrastructure and part of the procurement was intended to rectify that and bring them up to a level playing field with everywhere else.

Q294 **David Duguid:** Going back to the funding question, how much of the £600 million that you, Cabinet Secretary, said that the Scottish Government will invest or spend—we won't argue over the verb—will be required to come out of local authority budgets?

Fergus Ewing: I should acknowledge that of the £600 million we are investing, £21 million comes from the UK Government. None of that comes from local authority budgets. It is all coming from the Scottish Government, with 3% from the UK Government.

Q295 **David Duguid:** So there will not be any burden on existing local authority budgets to contribute to the £600 million.

Fergus Ewing: No.

Q296 **David Duguid:** Moving on, how do you see R100 working in areas that have received, or are due to receive, funding for broadband as part of their city region deals, such as Inverness, Aberdeen and other areas? Supplementary to that, how much of the funding going into those growth deals and already coming from the UK Government is being factored into the overall funding calculations?

Fergus Ewing: The definition of city deals means that most of the investment is in cities and urban areas, and that is not the function of R100. There are some deals, such as in the borderlands and Moray, where these are largely rural—

Q297 **David Duguid:** As is Aberdeen—and region—Inverness and the



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highlands.

Fergus Ewing: Yes, so I don't know if it is correct to generalise overall. I was going to make the point that the Scottish part of the borderlands is happy—I believe that there is a level of satisfaction—that R100 will provide superfast broadband at 30 Mbps; but the borderlands also contain part of the north of England, and they are somewhat envious of colleagues in Scotland in the borderlands area where the standard is 30 Mbps, not 10 Mbps. Robbie, do you have anything to add?

Robbie McGhee: We have had quite extensive discussions with both the highlands and Aberdeen city region deals, which are the two confirmed that have a digital component to them. That has been intended to give them the option of potentially utilising the R100 procurement process. Clive has led that engagement with the local authorities in question. The discussion that is still live is around the Highland Council and Inverness city deal. The focus is around identifying a way in which that city deal money could add additional value. It would not be displacing elements of the £600 million in any way. It is about eking out a bit of added value that would come after the outcome of the procurement is known. Clive has been leading the engagement with the local authorities.

Clive Downing: We have talked extensively with Aberdeen and they decided not to put their funding into R100. As Robbie says, the highlands decided to wait and see what R100 delivers and then if there is additionality they could—it is their funding and their option—add to that. Our key point was to ensure that the different funding pots were used for purposes that could be absolutely identified rather than blurred into one contract, as the difficulty is then working out whose money had paid for which element. We wanted to push R100 as far as we can, and then if there is additional funding, add to that, rather than put it into a pot.

Chair: Can I appeal to our guests to speak up a little bit? There is a very annoying helicopter in the background, which is beginning to drown you all out.

Q298 **David Duguid:** This is my last question for the moment. The UK Government have recently launched the future telecoms infrastructure review, which among barriers to infrastructure deployment will look at how investment incentives vary between different areas of the UK. Do you think that investment incentives for telecoms infrastructure vary between Scotland and the rest of the UK?

Fergus Ewing: We have sought to create the best possible environment for investment by the private sector in telecoms in Scotland. Our mobile action plan was the first in the UK. In respect of telephony infrastructure, the accelerator measure in our rates relief package gives rates relief for this year. There is one year's rates relief, and I think that is called the growth accelerator. I am not sure what the position is down south, but plainly the rates rebate is an attraction for capital investment. We have done that.



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On the future telecoms infrastructure review, I am aware that the UK Government are undertaking a review, but there has not been any formal engagement with us and we haven't been invited to provide input. Here again—and I say this not as a criticism, but a plea—if, instead of us being told about things, we were involved and sitting around a table when developing future policy, perhaps that would help everybody; particularly as, which I think is evident today, we have senior officials with a lot to offer, with expertise. The Scottish Futures Trust has been very much involved in this, too—it is not represented here today. We have not been asked to play a part in this review. To be fair, it is private sector-led, so that is probably what Mr Hancock will say about it. On the wider picture, I think a pan-UK engagement would seem to make a lot of sense and could help us to get the best results for everybody.

Q299 Tommy Sheppard: Good afternoon, Minister. I would like to turn to the aspect of competition in the market for building the infrastructure and supply. Previously in written evidence, the Scottish Government said that “the lack of competition in rural and remote areas...means that outcomes for consumers in these areas have often been lacking, with the regulatory environment unable to ensure the necessary investment to maintain or upgrade” networks. You will be aware, of course, that Ofcom has recently brought in some new regulations, in particular to try to make Openreach provide its facilities to other competitors. What is your view on that, and do you think that it will help to deliver for the remote communities of Scotland, or should there be a more Scotland-specific approach?

Fergus Ewing: I welcome the moves by Ofcom to promote competition. I think that in the general public, there is a sense of frustration that, if you have infrastructure, surely everybody should be able to have access to it. That would enable progress to be made with more rapidity from a common sense point of view. But competition is welcome and it should encourage the growth of new fibre suppliers. However, infrastructure competition is more likely to deliver these benefits in urban areas, which already have good connectivity.

To answer Mr Sheppard's question, the problem is that, whereas in his constituency the coverage and access is pretty good—it is 96% or 97% fibre connectivity to superfast—in rural areas there just isn't the same market driver. That has led to rural areas being the digital Cinderella, if you like. That has meant that in Scotland, we had such a long way to catch up and we are still not there yet—hence the need for public investment.

The big picture is that for the last 10 years, the UK has left it more or less to the market—for the first five years of the last decade—and then has realised, “We had better do something about this, because it's not working for rural areas.” It has not quite developed a rural-friendly suite of policies that are likely, in our view, to deliver what is required.

Q300 Tommy Sheppard: Specifically, do you think that Ofcom's new approach is going to be satisfactory, or is more required in terms of opening up the market?



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Fergus Ewing: That is a very interesting question and we welcome the moves, but I have to remain agnostic about how it will work out in practice. I don't know whether my colleagues have anything to add.

Robbie McGhee: When we have provided input to Ofcom consultations in the past, one of the threads that has run through has been a concern that, with the focus on stimulating competition, which will deliver lots and lots of benefits, it is not clear to us yet how that will deliver these positive outcomes in rural areas. I still think there is a big question to be answered. What we would accept is that there are many parts of the UK where it is unlikely to be feasible or affordable to run parallel infrastructures. Where that is the case and where there is a single infrastructure, I think Ofcom needs to be far more flexible in terms of the way that it regulates that monopoly infrastructure and ensures that the widest range of other suppliers can access it. That has tended to get lost in a very broad-brush, UK-wide market cycle review process, which has not always taken into account rural consumers. To be fair, we have got a good relationship with Ofcom and speak to it regularly. I think Ofcom is alive to this, but it has a very segmented, market review-led approach and that does not always lend itself to looking specifically at rural issues, so it is something that we are going to continue talking to Ofcom about.

Q301 **Tommy Sheppard:** It sounds like you think more needs to be done.

Robbie McGhee: Yes. With the onus on regulation that stimulates competition, it is unproven, at best, as to how that will impact rural Britain.

Chair: We have a supplementary question from John Lamont before going to Danielle Rowley.

Q302 **John Lamont:** I just want to pick up on the subtle criticism there of Ofcom. The Cabinet Secretary appointed the first Ofcom board member for Scotland earlier this year. I just wonder what representations the Scottish Government have had with that person about the concerns that have been highlighted in the last few minutes.

Fergus Ewing: I think that person, Mr Downes, is to take up his post fairly shortly, so he is just about to take forward his responsibilities. I think that I am due to meet him to discuss his role fairly soon. Obviously, we will make sure that, in taking forward his responsibility as convener, he is fully briefed about the Scottish Government issues about these matters.

We do have very good relations with Ofcom. I have met with Sharon White. We have held mobile summits in their Edinburgh office and we welcome their Edinburgh office at Princes Street. We do believe that some progress has been made, but sadly we don't think the regulatory approach—responsibility rests with the UK Government for the regulations. Ofcom are delivering a set of rules that are set by this Parliament, so responsibility rests with the UK Parliament to set regulations that will deliver for the whole of the UK, not just urban UK. At the present time, that, sadly, has led to rural disadvantage throughout the UK. It is being dealt with, as we have described already, but not in a way that I think is



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likely to succeed. For example, the attempts to deliver improved mobile coverage for the UK, the mobile infrastructure plan—

Chair: Can we leave that, because—

Fergus Ewing: Oh, are we coming on to that? Okay, I'll just park that then.

Q303 **John Lamont:** It was a requirement of the Smith Commission Agreement that the Scottish Parliament, the Scottish Government, would be given a greater role in terms of the overall strategic role and goals of Ofcom. I just wonder what the Scottish Government have done practically, in terms of trying to influence that, beyond appointing a board member to Ofcom.

Fergus Ewing: I have sought to influence the work of Ofcom by meeting with them regularly, by engaging with them, by corresponding with them, by encouraging them to take account of the circumstances in Scotland by every appropriate means and also, given that they are accountable to the UK Government, by repeatedly writing to the UK Government setting out the Scottish case—but sadly, without a great many answers to the fairly straightforward points that I have had an opportunity to canvass the convener on to date.

Q304 **John Lamont:** Is there anything that the UK Government have said to you in your role as Cabinet Secretary that you have been satisfied with? I am just conscious that in the last almost two hours all we have heard is a picture of doom and gloom from the UK Government and a picture of a land of milk and honey from the Scottish Government. I just wonder whether there is anything that Matt Hancock or his predecessors have said that you are content or happy with or feel is good news for Scotland.

Fergus Ewing: It is a classic move to put words in someone else's mouth that he didn't utter. I would just point to the fact that I have said very clearly that we did have a good partnership on the DSSB. The UK Government did contribute a part of that. I have had good relations with UK Ministers in the past and I have clearly said that, so the characterisation of the question is simply wrong, but just to please Mr Lamont, I can also say that I think that the work that we have done in relation to the ESMCP—the emergency services mobile communications programme—has been fairly good and there has been good dialogue with the Home Office. Again, there is a continuing need to work together, and here is an example. In that respect, will the UK Government ensure that all new mast sites under this emergency services contract are future-proofed with fibre backhaul and greater efforts are made to open these up to all four mobile operators? Again, I am praising the UK Government for working with us on this but there is a bit more to be done, and I think that could best be done with a formal arrangement of process where we sit round the table and work together, as we do in other areas—for example, the Brexit work, where I meet regularly with Mr Gove and Mr Eustice.

Q305 **Danielle Rowley:** Looking at barriers, the Committee has heard a lot of evidence from internet and mobile providers about barriers that they face



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in deploying infrastructure. You have welcomed—Mr Lamont will be pleased to know this—the barrier busting taskforce, but do you think there is a need for more of a cross-Government approach in looking at addressing regulatory barriers across the UK?

Fergus Ewing: Yes, I do welcome the barriers initiative by the UK Government. I think it is correct to say that it is actually not a group but an initiative, so it is not a group on which we sit, but Mr Hancock did agree that we could play a part in that. I will bring in Mr McGhee to flesh that out, but Ms Rowley is absolutely correct that more work needs to be done.

In the delivery of infrastructure projects—I have been involved in quite a lot over the years, particularly in the energy field—issues such as delay in concluding the negotiation on wayleaves can actually scupper the whole thing, particularly if you have a time limit, as we have and the UK Government have. If fibre backhaul needs to be installed under a road service, for example, you need to get the necessary permissions to practically deliver that. You need to be able to close the road. What happens if it is a lifeline road—a single-track road that is the only way in and out of a community? These are all practical aspects.

My worry is that not enough regard has been had to those wayleave issues, where the power rests with the UK Government in particular. The whole debate would be better served if there was a bit more of a focus, as I think Ms Rowley is urging, on some of the practical issues that we need to tackle together. I am therefore glad to say that I think the points she raised are well made. Mr McGhee, is there anything to add to that?

Robbie McGhee: We have had some really good engagement with the barrier busting team in DCMS, which has been positive. We all benefit from sharing best practice examples of where public bodies have worked effectively to remove these barriers. We are sharing details of some of those, very much including the DSSB experience, where we worked proactively with local authorities to smooth a lot of the deployment issues in practice. Similarly, we are really receptive to learning from others elsewhere.

The Cabinet Secretary mentioned wayleaves in particular. Given the reserved nature of that—power for wayleaves resides in the electronic communications code, which is obviously a Westminster bit of legislation—it is even more important that we work together to review how it operates in its initial post-reform phase and how we can jointly take forward any work beyond that. We have had some positive discussions with them in recent times.

Fergus Ewing: There are other practical issues, such as when a new housing development is built. I understand that BT's current practice is to provide fibre automatically where there are more than 30 units in the housing scheme. We have encouraged them to—*[Interruption.]* Yes. These practical issues are worthy of a lot more attention than they perhaps have had, because they do affect people's lives.



Q306 Danielle Rowley: We hear a lot about barriers in rural communities. My constituency of Midlothian is within 10 miles of Edinburgh, and we are at almost the very bottom of the table in terms of internet speed. Openreach visited and said most of the constituency is able to access fibre and superfast broadband, but when constituents have come in, we have checked and they are not able to access it. Actually, in my office, which is in one of the biggest towns in the constituency, not in a rural area, we have really struggled with internet speed. I just wonder what kinds of barriers we would face. It is quite urgent. It is the fastest-growing constituency in all of Scotland.

Fergus Ewing: Is it? I thought that was mine, but there we are—I stand corrected.

Danielle Rowley: We can fight about that afterwards.

Fergus Ewing: You raise a very fair point. Of course, not everybody who has access to superfast necessarily takes that access up and, particularly in communities where there is more disadvantage and poverty, many people will not be able to afford the cost of internet services. I am acutely aware of that. My colleague Keith Brown is responsible for the take-up and provision of skills and training. We are also responsible for programmes for providing access to services through public buildings such as libraries, which is an area we have not touched on.

The figures I have from thinkbroadband indicate that in Ms Rowley's constituency, superfast broadband access was at the rate of 92.5% at December last year, as opposed to 55.7% before the DSSB contract in April 2014—a rise of 36.8%. Plainly there has been progress, but it has not yet reached everybody. I also think—and I do not have the technical expertise here, so maybe Mr McGhee could help out—that there are various practical reasons why there is a perceived discrepancy between the speed that is available and the speed which is actually obtained in a household.

Robbie McGhee: There can be a number of factors within the house—things like wiring, the type of modem that is used and that kind of thing—which is why it is always probably more reliable to do what Ofcom do, which is to measure the speeds that are achievable over the infrastructure, as opposed to taking a reading through a speed test in a house. There are a number of things that can be done in people's properties that can depress and reduce speeds.

In terms of the barriers, there a number of things that we are working through in the context of the R100 programme to try and remove barriers that might exist. That might be things that, potentially, are within the control in Scotland of local authorities around planning and around things like roadworks and what types of deployment are permitted under roadworks legislation. We will talk to the Road Works Commissioner about that. To see it in parallel, there are also things that apply UK-wide, particularly around the wayleaves regime, which is about access to land, and what rights landowners have, as opposed to telecoms operators. It is



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putting those together and having concerted action to address them across the piece that will make the R100 deployment as smooth as possible.

Q307 **Chair:** Can I suggest something that has emerged from some of the evidence we have had? It is something that is in the gift of the Scottish Government, which is the planning process. Where new developments have been proposed, there could be a requirement on any developer to ensure that there would be access to superfast broadband. I do not know if you have any particular views on that, Minister, as to whether it is something you would favour.

Fergus Ewing: Yes, I am aware of the argument and I have referred to the approach that BT takes in respect of new developments. I think that is to be welcomed and encouraged, and I would like to see that reduced because at present for those developments—and they will be largely rural, actually—of less than 30 units, the developer is expected to contribute to the cost. That is an issue and I urge BT to look at that again.

On your point, there is planning permission and there is building warrant. I think there is a technical view that building warrant is the more appropriate procedure to determine the construction—and rules which pertain to the construction—of a dwelling, a structure or a home, rather than planning permission, which is not quite as suitable. I think it is an area that does merit further thought, because plainly the risk of that not happening is that development is finished without proper thought having been given to providing superfast broadband access, leading to the redigging of trenches in order to provide that, when it could have been done as part of the development. I think further thought could be given to that, but thus far the technical advice has been that it is more in the realm of building warrants rather than planning permission.

Q308 **Paul Masterton:** Most of this has been covered by your answer to Ms Rowley, but I was keen to explore how you are working both with the UK Government and with local authorities on buyers that have been identified, particularly for the internet and mobile service providers, in terms of the physical, technological infrastructure they need. I do not know if you have got any final wrap-up comments that you want to make on that point.

Fergus Ewing: I will pass to the officials for the details, but certainly I have met in the last short period of weeks South Lanarkshire Council, Scottish Borders Council, Dumfries and Galloway—all the councils represented in CoHI. I think today one of my officials is meeting the roads commissioner in Scotland about the practicalities there. References were made by Mr Downing to the engagement in the DSSB programme with local authorities as being exemplary; and that was from the DCMS, so it is very welcome. I am acutely aware that it is important to engage with local authorities. I will shut up there, and pass to colleagues, if they have anything to add to that.



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Sara Budge: I will just comment—it is actually part of the benefit of having an approach of scale, in that in areas such as planning, to influence on permitted development, to influence on the removal of charges for badging cabinets for ERDF funding, and being charged for advertising, there are lots of things that give the flexibility that we need to even flex over hours, so that you can actually do the build work between 9 pm and 6 am, so you don't disrupt the lifeline into smaller communities and so on. We are working very closely with the national park planning authorities to meet the areas of special scientific interest pressures.

We are oiling the machine and facilitating a quite complex escalation process. We run a massive escalation tracker, which deals specifically with facilitating rapid progress. It has been essential, because in the peak of our build for DSSB we were rolling out to 7,000 prems per week, such is the scale of the programme. Clearly, removing barriers and getting ahead of the game is part and parcel of achieving that.

Chair: We will come on to telephony now, Minister, which I am sure will please you. I call Christine Jardine.

Q309 **Christine Jardine:** The Scottish Government's 4G infill programme appears to take a similar mast-building strategy to the UK Government's mobile infrastructure project, which was delayed by a number of challenges. Have you been working with the UK Government, and have you learned any lessons from their programme to minimise the risk of encountering the same problems in Scotland?

Fergus Ewing: Yes, we have. Sadly, the UK Government's mobile infrastructure programme wasn't characterised by enormous success because, of 84 masts planned for Scotland, only three were delivered, which is not good at all. One problem, from which we have learned, to answer Christine Jardine's question, is that, unlike in the MIP, we will not require all four operators to deliver service on each new mast. That requirement, which was part of the MIP, prevented a willingness to take part and therefore scuppered the investment, and the masts did not go ahead. We have learned from that.

By engaging directly with mobile network operators—I have chaired a mobile summit in order to discuss these matters—we have extended in our mobile action plan the permitted development and planning process. I have to say that we have had exemplary relations with local authorities. They are only too keen to try to help, because the people they represent want a good mobile signal.

There are obviously some controversies and some planning issues are required, but in the round we have learned from that. We have agreed a programme, which will be rolled out this year and over the next three or four years, to erect a series of masts, starting off with 16 in specified rural locations at a cost of £25 million. I think that we may seek to have 60 masts. Is that it, Robbie?

Robbie McGhee: Yes—between 60 and 70.

Fergus Ewing: Between 60 and 70 as part of this programme. Of course, many people access the internet through a good mobile 4G signal.

Q310 **Chair:** Do you have any specific responsibilities or obligations, in terms of the powers of the Parliament, to do this? Or is this just something that the Scottish Government have chosen to do?

Fergus Ewing: It is exactly the same as R100. As I understand it, this is as reserved as the internet; the internet and telecoms are specifically reserved in schedule 5 of the Scotland Act 1998. Again, it is an area where we felt that, because of the failure of the MIP, for the reasons I mentioned and others, we had to make some progress. Again, if you don't have a mobile signal in rural Scotland, you are really doing a disservice to residents and also to visitors, who expect to be able to use their mobile phones. With rural Scotland as heavily reliant on tourism as it is, there is a double whammy there, if you like.

Q311 **David Duguid:** I think you covered some of this earlier. You cited the emergency services network as an example of collaboration between the UK and Scottish Governments. What opportunities does this provide for improving mobile coverage across Scotland?

Fergus Ewing: First, we wanted to ensure that the new masts, which are publicly funded through the emergency services mobile communication programme, will be future-proofed and support a range of operators, rather than just one. The Scottish Futures Trust played a role in arguing for that to be done, and it will apply across the whole programme, not just in Scotland. So to answer Mr Duguid's question, that unlocks the possibility of EE and other providers delivering commercial 4G services, which would not have been possible had the masts been built to the original specification. That is a good example of joint working, leading, arguably, to a better outcome for all the countries in these islands.

Q312 **David Duguid:** Has that expanded the relationship you have had with the Home Office for this project as well?

Fergus Ewing: These results have been delivered by those officials working in the Scottish Futures Trust and working to our direction in the Scottish Government and the Home Office. Officials have said that they have generally good relations with UK officials, so I should make that point. We are also in dialogue with the Home Office in order that synergies between our 4G infill programme, which I mentioned a moment ago—the £25 million programme—and the ESMCP can be achieved, so that we avoid duplication or other difficulties of that ilk. We want to co-ordinate activities between these two programmes, really to get the maximum impact for those areas that have nonspots or massive non-areas of mobile coverage. I haven't mentioned this, but plainly Scotland's topography—the fact that we have the lion's share of the mountains—makes it challenging for mobile operators.

Q313 **Chair:** You and I share the length of the A9, and as you go up and down that you are very familiar with the spaces where you do not get a signal. What we seem to find is that among visitors and people who come to our



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constituencies there is an assumption that mobile phone coverage is the Scottish Government's responsibility. Certainly that is put to me by people who visit Scotland, or hoteliers who seem to assume it is our responsibility. Again, is there any statutory role that the Scottish Government has in the delivery of telephony? Is all this just an added extra that you are doing in order to try to make sure—

Fergus Ewing: My understanding is that the interpretation of the law is straightforward: these are reserved functions. Although I may speak about the problems related to the mountains—indeed you, convener, in a former life, may have sung about some of the mountains—sadly we are not responsible for overcoming the technical problems that they pose to the delivery of a good mobile service for our citizens.

Q314 **Deidre Brock:** I was going to ask about the upcoming 700 MHz spectrum auction. The spectrum, as I understand it, is currently allocated on a UK-wide basis but the Ofcom advisory committee for Scotland has suggested that it could be possible to make the spectrum available at lower costs in specific areas, to improve coverage. May I ask for your thoughts on that?

Fergus Ewing: Mr McGhee has been handling this most recently.

Robbie McGhee: Earlier we talked about the general thing, about the potential for more regional approaches, and this is one example where conceivably it could be brought to bear. There is clearly an auction process that has been designed and a national geographic coverage obligation has been proposed, as was outlined earlier. We are obviously going to be responding to that consultation, especially on the grave disappointment about the disparity between the Scottish geographic obligation that has been proposed and that for the rest of the UK. Certainly this is an area in which spectrum, along with many other regulatory functions, could well be looked at on a more granular level. I guess the key thing for us is that we are regional. This is not necessarily Scottish-specific: where there are regional or specifically rural issues does Ofcom's regulatory approach have the flexibility to introduce levers that can effectively address them?

Q315 **Deidre Brock:** But in your view it is perfectly feasible. It would perhaps not be without some difficulties, but it is something that is achievable.

Robbie McGhee: It could be. Certainly, in the context of an auction, there is clearly a degree of complexity once you start introducing regional elements, but none of these things are insurmountable and, indeed, if they produce a better outcome for rural Britain they might be worth the bit of short-term pain.

Q316 **Deidre Brock:** May I ask about 5G technology? There is quite a lot of criticism. There is some criticism of the UK Government, because it appears to have shifted to focusing on 5G technology and investing in that without solving the problems of 4G and its spread throughout the UK, and some folk feel that that sort of expenditure at this level is not justified as of yet. May I ask for the panel's thoughts on that?

Robbie McGhee: From our point of view, the investment the UK Government has made in 5G development has been very welcome. From



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our perspective, as has been discussed, Scotland has got a really challenging geography when it comes to mobile coverage. We hope—there is still an opportunity for this to happen—that a degree of those resources are concentrated on testing and trialling 5G in Scotland, particularly in rural parts.

Obviously, the first round of 5G funding was announced recently, and there is a project, which Strathclyde University has been involved in, to test some elements of 5G technology, which is welcome. We have been working to put together a group with academia and industry called the Scotland innovation partnership. We are really keen about that. We think it could be a really good forum for taking forward bids that are a bit more detailed and focused. We want more deployment and trialling in Scotland, and we are keen to engage with the UK Government on that. The funding that has been made available is welcome, but clearly we would like Scotland to get a greater share of it.

Q317 Deidre Brock: Indeed. And you think the door is open?

Robbie McGhee: Yes. Clearly, there is a process in place—a cyclical bid process. We have just gone through the first round. My team, the Scottish Futures Trust and the Scotland innovation partnership, which we set up, are geared up to engage with future phases.

Q318 Chair: Thank you. We have just about concluded. Thank you for your contribution. That lets Members get down to the Chamber in time for the Standing Order 24 debate, in which there has been a lot of interest. Just before you go, on a couple of occasions you mentioned your desire to see better working arrangements with the UK Government. I don't know if I picked this up correctly, but you talked about a joint UK working group across the whole of the United Kingdom. Do you envisage that that will work and operate like a joint ministerial council? Is it a JMC that you have got in mind? Could you flesh that out a bit for us so we understand what you are trying to achieve and secure?

Fergus Ewing: What we are trying to achieve and secure in the area of ensuring that Britain and all the component parts of it are digitally connected and empowered is to formulate and develop policy in a way that is most likely to achieve shared objectives in the best possible way without unintended consequences and the overlapping of different schemes and jurisdictions, and with an element of goodwill. A joint ministerial council is a reasonable comparator. It seems to me that if such a body existed, it could only help to increase and foster better understanding. It might meet biannually and be composed of the UK Government, the devolved Administrations and certainly Ofcom. It could also involve leading commercial players if it so chose. I hope this is an idea that the Committee might give some thought and attention to. We in the Scottish Government are repeatedly being asked to co-operate with the UK Government. We suggested a model two years hence. Although it wasn't taken up, in the interests of goodwill and being positive, I renew the suggestion today.



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Q319 **Chair:** I am grateful for that, and I think the whole Committee has heard exactly what you are saying. It might get us beyond some of the difficulties and issues we have encountered in the past few months. There has been a series of allegations, and this has become deeply politicised. Most of the witnesses who have come before this Committee have found that profoundly unhelpful in delivering this. We have heard that very clearly.

Is there anything further you want to talk about? You talked about resetting the relationship with the UK. Again, I think this Committee would welcome that. Is there anything else you feel we could do?

Fergus Ewing: The process is part of it. I think a greater focus on the regulatory issues Ms Rowley raised would be helpful. I come back to a fairer funding deal. After all, the UK Government found £2,000 million for Northern Ireland. It doesn't seem to be too much to ask that it finds £200 million for Scotland.

Chair: Minister, we are grateful to you for your first appearance at the Scottish Affairs Committee. Again, if you think there is anything you could usefully contribute to the ongoing inquiry—you talked about some correspondence—would you share it with the Committee? We are grateful to you for that.