

Highlands and Islands Enterprise factsheet:

Next Generation Broadband for the Highlands and Islands - March 2013

Context

High speed digital connectivity is an essential part of Scotland's 21st Century infrastructure - an enabler of both economic and community benefits. Superfast, or Next Generation Broadband (NGB) will aid the sustainability and growth of fragile communities, not least by improving remote delivery of public services. It will also enable new forms of remote working, remote education opportunities and lifestyle choice in rural communities.

Our ambition

Highlands and Islands Enterprise (HIE), with support from regional partners, is committed to delivering NGB to all parts of the Highlands and Islands. The Highlands and Islands Next Generation Broadband project is designed to lay the foundations to meet the Scottish Government's target of world-class NGB by 2020, and its first phase will deliver a fibre network capable of transforming the area's digital access.

This is a truly transformational project for the Highlands and Islands, securing a step change in connectivity across a large, sparsely populated region which the commercial market would be unable to service unaided. Without public sector support fewer than one in four properties would have received NGB.

NGB in the Highlands and Islands will make a real contribution to Scotland's prosperity and avert the risk of a rural-urban digital divide.

Procurement

Our project covers all seven local authority areas in the Highlands and Islands - Argyll and Bute, Eilean Siar, Highland, Moray, part of North Ayrshire (Arran and the Cumbraes), Orkney, and Shetland.

In June 2011, when HIE formally launched a procurement to appoint a suitably experienced partner to co-invest in the provision of Next Generation Broadband (NGB) services throughout the region we indicated that total project costs were estimated at between £200m and £300m. This figure was based on information gathered during HIE's consultations with industry, and more recent independent modelling by consultants, Atkins, confirmed costs within this range.

The rollout of NGB services will be delivered in phases and is expected to begin in 2013. The final rollout phases will not be confirmed until after a contract has been signed and initial survey work has been completed. HIE's procurement followed a competitive dialogue process and following evaluation of the pre-qualification questionnaires, the following candidates (in alphabetical order) were invited to participate in the dialogue phase of the procurement:

- British Telecommunications PLC
- C&W Worldwide UK
- Commendium Ltd
- Fujitsu Telecommunications Europe Ltd.

In November 2011, following evaluation of outline solutions, British Telecommunications PLC and Commendium Ltd were invited to go forward to the next phase, known as Competitive Dialogue. In January 2012, HIE announced that British Telecommunications PLC was the sole remaining bidder.

In June 2012, the Scottish Government announced an allocation of £120m for the project, made up of funds from the Scottish Government, Broadband Delivery UK and HIE.

The contract with BT was signed in March 2013. This first three year phase of what will be a £146 million project will increase coverage across the region to around 84% of premises, and it remains our aspiration to bring fast and more reliable speeds to all by 2020.

The public sector investment of £126.4 m is being delivered from the Scottish Government broadband fund. The pot includes money from the Scottish Government, Broadband Delivery UK, and there is up to £12m from HIE's own budget. There is an additional private partner investment of £19m from BT as part of the project, this on top of the business's own commercial roll out programme for the region.

BT and HIE will provide more detailed information on their websites about the rollout as it progresses into each area, as well as via the media and BT's normal local marketing processes to make customers aware of new services.