

The Highlands and Islands Broadband Deficit

Submission to the Department for Business, Innovation & Skills consultation on proposals for a Next Generation Fund from Highlands and Islands Labour MSPs Peter Peacock, Rhoda Grant and David Stewart and Councillor Donald John MacSween.

This submission relates to the development of broadband services throughout the Highlands and Islands region, paying particular attention to the Outer and Inner Hebrides of Scotland where a significant number of consumers currently have no broadband service at all.

The Highlands & Islands region faces major economic challenges. Significant population decline has been a feature of many decades past and continues in many of the more isolated communities today. Securing a diverse range of employment opportunities is a continuing challenge. These remote areas of the Highlands & Islands need every economic advantage they can obtain if they are to retain and grow population, widen employment opportunities and prosper. Modern, fast digital communications is an integral part of achieving that more optimistic future.

At present there is a consistent gap between broadband access in rural communities and that of urban areas. All past experience of investment in new generations of communications technology would predict that, unless action is taken now, the gap between high-speed internet access in urban areas and remote areas will continue to widen further. To sustain the gap would exacerbate economic disadvantages and leave a continuing impediment to the ability to secure a prosperous future for the area.

With announcements about the roll out of superfast broadband by the UK government a familiar scenario emerges. The investment is driven by market factors and those upgrades deliver major advances to many UK consumers. Because of the nature of market-driven improvement, though, investment takes place first where unit costs tend to be lowest, in combination with the highest market potential and return for investment. Cities and large towns benefit first, followed by progressive roll out to surrounding areas. Remote rural areas benefit last. In the most isolated areas it is probable that there is not a return to be had from the normal models of investment - the costs of infrastructure are at their highest where there is the lowest population market and return. There is nothing new in this, and it has been the pattern seen in all recent generations of technology investment.

The consultation states that "the market in the UK is delivering NGA ... but due to the high cost of this infrastructure, it is estimated that the market alone will not deliver much beyond 60-70% of the country." It is essential that the other 30-40% should not be deprived of the benefits of NGA, and we concur with the statement that "without intervention, many towns and communities will not be able to benefit from the advantages NGA can offer." As in the past, government intervention has been required to secure services to remote populations to ensure there is no exclusion from services. These interventions have not been trouble-free, and they have not always secured what consumers want. For example, the services provided in the Western Isles by Connected Communities, motivated by the best intentions, have clearly fallen short of the expectations of many. The satellite services installed by Avanti in other areas of the Highlands & Islands can be more expensive, and presents consumers with services which many of them believe are less effective in meeting their needs than more traditional methods of delivery would be.

The central proposition of this submission is that an "outside-in" approach to deployment should be adopted. We believe this to mean that those services that are outside the range of current provision need to develop and connect in to backhaul. The Pathfinder North project, which has connected schools and libraries across the Highlands and Islands, can form the foundation for communities to connect to the internet with investment strategies and technology that are best suited to their unique areas. By setting up a flexible framework for connecting to Pathfinder nodes, broadband will be extended to rural areas with a bare minimum of red tape or public investment. This would be in keeping with the commitment given in the Digital Britain report that "Those currently unable to receive a service will be given priority". Consumers in many areas of the Outer and Inner Hebrides do not have access to broadband at present as is evidenced in the comments attached to this submission.

There is considerable policy experience in the Highlands and Islands at finding policy mechanisms to fill technology gaps. Possibilities are emerging as spectrum becomes available because of technology advances in other areas of activity. There remains much to be done to address mobile coverage in the area if it is to be part of the answer.

Key to this is to allow the flexibility to develop regional solutions to regional problems. This is the essence of the "outside in" approach. Individual communities will be best served by a combination of technologies most appropriate or available - fibre to the cabinet, WiMAX, mobile wireless or satellite - integrated with new or existing backhaul capability to ensure compliance with communications standards. This is consistent with the "Patchwork Quilt" strategy advocated by the Community Broadband

Network, which proposes a national framework - based on existing standards - within which community-led projects can flourish.

It is vital that the public policy framework that develops to support the roll out of NGA takes full account of the needs of the most remote parts of the United Kingdom, parts of the nation that successive governments at the UK and Scottish level have recognised require special types of support.

The public support mechanisms developed need to seek to harness partnership working between the UK Government and the Scottish Government, existing development agencies and local authorities. The policy framework also needs to secure co-operation at the EU level for previous rounds of EU-funded infrastructure investment to be built on and upgraded with further public investment wherever appropriate.

As an example of how this could be applied in practice, we note the investment support structure adopted by the Scottish Government for its 3rd sector initiatives including the 3rd Sector Enterprise Fund and the Scottish Investment Fund. This provides a range of funding mechanisms - from support for the development of business cases to major investments in social-entrepreneur led projects. This model of funding could provide the key to enable communities to explore and develop NGA solutions in partnership with community owned businesses, social enterprises and cooperatives as well as commercial telecoms providers.

There has been and remains a strong tradition in the Highlands and Islands of self help. The policy framework needs to be flexible enough to support self help methods for many of the most remote areas. It is already apparent from experimental work being undertaken in parts of the Highlands that 'superfast' broadband can be within reach of many communities quickly and relatively cheaply. With the right support mechanisms and technology deployments, the USC 2Mbps commitment in the Digital Britain report can be leapfrogged.

The public policy framework should not assume any connection rate of any less than 100% of consumers. With the right mix of policy options, community effort, and the deployment of the right technologies, far more may be possible than is currently imagined, and universal broadband access is an achievable target.

We urge a flexible approach to developing policy solutions that will suit this most distinct region, with challenges well beyond the norm, and we stand ready to contribute to the detailed policy development to achieve our objective of 100% coverage NGA.

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