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Professor Michael Fourman
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Dear Professor Fourman

Thank you for your letter of 16 July 2010 to Jim Mather, Minister for Enterprise, Energy & Tourism and copy of the Royal Society of Edinburgh's "Digital Scotland" interim report. I am responding as the Minister who has taken the coordinating role in the Scottish Government's digital policy agenda.

The report's publication is timely as the individual Scottish Government policy workstreams with digital interests – as correctly identified in the report – are working collaboratively to examine the measures which may be necessary to build on existing work and to ensure best alignment with the Scottish Government's purpose and objectives.

I would like to stress that the wider digital agenda is of critical importance to the Scottish Government. I have pleasure in enclosing the Scottish Government's response to the report at Annex A. I hope that our feedback, which provides a summary of our current position, is useful to you in preparation of RSE's final "Digital Scotland" report. We look forward to publication of the final report and would, of course, welcome further discussion with you at this time.

kind regards
Fiona Hyslop

**FIONA HYSLOP**

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## RSE Digital Scotland Interim Report – Scottish Government Response

### Introduction

The Scottish Government (SG) recognises that the use of digital technology will be central to our country fulfilling its potential in the 21$^{st}$ century. As the trend for more of our interactions to move to the digital world grows, Scottish Ministers recognise that digital inclusion and broader digital participation can play a crucial role in better enabling citizens to engage with the community around them, access learning and services and play a full role in society, while also delivering public sector efficiencies and promoting economic growth. We are currently working with partners across the country to encourage the widest possible access and take-up of public services through technology, such as the provision of services on-line. Scottish Ministers are closely considering digital inclusion and digital participation at present to examine what measures may be necessary to build on existing work and to ensure best alignment with SG's purpose and objectives. In respect of this wider digital agenda, Fiona Hyslop, the Minister for Culture and External Affairs, has taken the co-ordinating role.

An integral part of this work relates to the provision of the physical digital infrastructure itself – which is the main focus of the RSE report. As RSE will be aware, the UK Government is developing a policy on next generation access (NGA) at UK level. As a reserved policy area, SG is clear that it falls on the UK Government to deliver its broadband commitments to the whole of the UK, including Scotland. Jim Mather, the Minister for Enterprise, Energy & Tourism, has written to Jeremy Hunt MP, the UK Minister with responsibility for broadband, clearly setting out SG's expectations on the UK Government – which includes SG's wish to see at least one of its planned NGA market testing projects located in Scotland.

SG is actively influencing the UK Government to secure the best possible results for Scotland from its broadband policies, and productive engagement has already taken place. This work includes ongoing liaison with Broadband Delivery UK regarding the NGA pilot projects, and SG has been working with Scottish Enterprise and Highlands & Islands Enterprise to develop a robust business case to help secure a Scottish pilot.

In addition to direct engagement at official level with the Department of Business, Innovation and Skills and Broadband Delivery UK, SG has established a small stakeholder group (of which RSE is a member) to ensure that a wide range of Scottish views is articulated at UK level and that SG is well placed to convey a robust Scottish position to the UK Government. The first meeting of this group took place on 10 May 2010 and was chaired by the Minister for Enterprise, Energy & Tourism. A position statement arising from this meeting has been submitted to the UK Government on 24 June 2010.

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In parallel, SG is also clear that it is not solely relying on the UK Government's NGA policy to determine NGA rollout Scotland; on the contrary, we are currently improving our evidence base on the economic impacts of NGA with a view to informing a future SG broadband strategy.

Our approach on NGA to date has been to allow commercial developments to fully take place, thereby avoiding market distortion. This remains our current view and is due to the lack of available evidence currently to support an economic rationale for SG subsidy for the supply of NGA. SG research, published in 2007, concluded that the estimated productivity benefits to businesses from broadband, over the period 2001-2015, come largely from current-generation broadband. The benefits, for known business applications, of upgrading to higher bandwidth were identified in this report to be smaller.

In June 2010 we commissioned a new piece of research to further the 2007 research findings and assess how Scottish businesses use broadband today. As it is unclear whether businesses are making the best use of current-generation broadband and ICT, we believe there could be a valuable role for SG and its agencies to work to optimise skilled utilisation of ICT and broadband. In addition, in recognition of the value of demand-side activity in broadband rollout, we expect to follow up this work up later this year with assessment of how the SG can most effectively work with the telecoms industry to drive market-led investment in NGA in Scotland.

The outcomes of these workstreams will help us to better understand what SG's broadband speed and fibre availability targets should be. We note those related goals recommended by RSE at section 7.1 of the interim report.

## Section 7.2 (Recommendations)

In this section, SG wishes to offer the following responses to RSE's specific recommendations ("Interim Recommendations for a Digital Scotland strategy"), as outlined in section 7.2 of the interim report:

### Remove fiscal and regulatory obstacles

**On rating of fibre** – SG notes RSE's comments on business rates. However SG wishes to clarify that the setting of rateable values for business properties in Scotland are set independently by the Scottish Assessors.

**On spectrum regulation** – As a matter which is currently reserved, RSE will be aware that regulation of spectrum falls under the remit of Ofcom, the UK telecoms regulator. SG recognises the potential value of spectrum to deliver improved broadband access – and has shared its views with the regulator through consultation responses in the past. This includes SG's view that spectrum released arising from digital switchover is packaged in ways conducive to mobile broadband use in

Scotland, such as was articulated in SG's most recent Ofcom consultation response on spectrum[1].  SG has also shared concerns over spectrum hoarding.


Enable competition and collaboration

**On ensuring optimal use of existing backbone infrastructure** – SG openly supports such an approach – indeed all of our broadband procurements in the past have been supplier- and technology-neutral.  And in our approach to NGA we will consider ways in which existing fibre infrastructure can be harnessed for best possible outcome.

**On delivery of open access to backbone infrastructure** – Again RSE will be aware that this is a regulatory matter and outwith SG's jurisdiction.  In terms of any infrastructure which has been publicly procured by SG (e.g. in respect of our 2005 and 2008 broadband interventions), openness of access at a wholesale level is a state aid requirement, and is a condition of funding by SG.  SG will continue to support such a requirement, which fits in with our overall view of supplier- (and technology-) neutrality.

**On encouraging and supporting innovation in local models** – Such support is at this time being offered by SG through the current funding stream from the Scottish Rural Development Programme for broadband projects.  As announced by the Cabinet Secretary for Rural Affairs & the Environment on 1 July, €1m is now available under a Challenge Fund for small-scale, community driven projects in rural areas.  This is aimed at projects such as improving broadband coverage and bringing faster broadband speeds to rural communities including collaborative bids. It is being delivered by the LEADER scheme, and applications should be submitted to LEADER Local Action Groups who will assess the applications and bid to the Challenge Fund by 29 October 2010.

Stimulate Development

**On planning regulations** – Electronic communications legislation and regulations is reserved to the UK Government.  However the physical development of networks, particularly the siting and design of equipment, is a matter for the Scottish planning system.  Scottish Government Planning Policy clearly highlights the Government's objectives to ensure that everyone can enjoy the same degree of access to high quality electronic communication opportunities.  This objective should be supported by Planning Authorities through development plans and development management decisions.

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http://stakeholders.ofcom.org.uk/binaries/consultations/600mhz_geographic/responses/Scottish_Government.pdf

Ofcom guidance[2] notes a number of approaches developers might want to take to the provision of broadband infrastructure with a variety of potential roles for the developer in terms for ongoing commitments once their development has been completed – from providing just ducting to retail services (provision of ducting, lit fibre, core network and peering and retail). The objective of this document is to provide guidance on a number of common issues and questions arising from property developers and other potential investors in fibre local access networks. The guidance aims to allow such investors access to the information about relevant regulation to ensure informed decisions are made on investment in physical infrastructure and new build local access fibre network deployments.

**On public procurement of standards-based, open source systems** – There are various complexities associated with such procurements however SG's position is that the Scottish public sector should actively and fairly consider open source solutions, alongside proprietary ones, when making procurement decisions. The Scottish public sector should also use open standards in its procurement specifications and require all solutions to comply with open standards.

Regarding the main text of the report itself, we feel that paragraph 2 of page 22 might benefit from some examples. The report does not clarify which solutions – or type of solutions – it states can be further developed and reused.

**On local and national government ensuring open access to public data** – SG and its associated bodies already release very large amounts of information and sites such as *data.gov.uk* are helping to ensure that is better signposted. SG is considering how we can continue to build on measures in place.

**On availability of online content by broadcasters** – SG agrees that moving forward, the numbers of viewers who will receive television and radio content online is likely to increase. It is worth noting that the remit of Channel 4 was extended by the Digital Economy Act so that many of its duties apply to "media content" rather than broadcast television specifically. The agreement between the BBC and the UK Government makes it clear (at section 12) that the BBC must do everything reasonably practicable to make its services widely available, including by making content available on-demand through broadband services. SG envisages that the online obligations of public service broadcasters will be a major consideration in discussions for the forthcoming Communications Act, which is due to be introduced into Parliament in 2012. We will also continue to make the case for a Scottish Digital Network, which was proposed by the Scottish Broadcasting Commission in its final report of September 2008, and which has the unanimous support of the Scottish Parliament. We anticipate that a Scottish Digital Network would be required from the outset to make high quality content available online.

Ensure Universal Access and Digital Inclusion

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[2] http://stakeholders.ofcom.org.uk/binaries/telecoms/policy/fibreaccessguidance.pdf

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**On the call for public access points in every community** – Free broadband access is already available in Scotland's communities through the nation's libraries. The Scottish Library and Information Council estimates there are around 4,200 computers for the public to use and, in all, libraries offer the equivalent of 8.5 million hours of free internet access per year across Scotland.

**On the call to build education and training into existing programmes** – The Glow network, the national intranet for Scottish schools - and the world's first national schools intranet – enables school students of all ages to use digital technology as a central part of their learning. Indeed the interim report makes a reference to how Glow will 'transform the way education is delivered' on page 22. In adult learning, there are various localised collaborations between delivery partners such as colleges, libraries, the third sector and community and adult learning groups operating across the country which offer a range of support in this area. Scotland also has the Branded Learning Centre network – under the direction of Learndirect Scotland which has now become part of Skills Development Scotland. This is made up of over 500 quality-assured, client-focused learning centres throughout Scotland from a diverse range of providers, including colleges, libraries, community based, private training providers, trade unions, community schools, local authorities and corporate organisations. The Individual Learning Account Scotland scheme (ILA) supports many individuals in accessing IT-related courses each year via the network of course providers – i.e. further education, higher education, community and private – all over Scotland. Thus it may help if the paper was to more clearly define the 'existing programmes' into which it is calling for education and training to be built.