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Clearer picture is needed of what broadband roll-out will deliver

The public need to be given clearer information on the coverage and range of speeds that development of a superfast broadband network for Scotland will deliver, according to a new report.

The Scottish Government and Highlands and Islands Enterprise (HIE) have appointed BT, through two contracts, to develop a superfast broadband network with capacity to deliver speeds of 40-80 Megabits per second (Mb/s). The Scottish Government's interim target is for 85-90 per cent of premises in Scotland to have access to the network by March 2016, and to extend this to over 95 per cent by the end of 2017.

A report by Audit Scotland today notes that the contracts don't guarantee speeds of 40-80 Mb/s for all premises, and the Scottish Government and HIE have not stated clearly what speeds will ultimately be delivered. Just over three quarters of the premises in the areas covered can expect to receive access to maximum speeds of more than 24 Mb/s. The remaining 23 per cent may need technological advances or further investment before they can access superfast broadband speeds. Exact details of what speeds will be delivered are dependent on completion of survey work by BT.

Caroline Gardner, Auditor General for Scotland, said: "Being able to access superfast broadband is increasingly important for homes and businesses. This investment by the public sector is intended to mainly benefit rural areas, where such access is currently either low or non-existent.

"Given the potential benefits, it's important that the Scottish Government and HIE provide clear and regular updates on what coverage and speeds the broadband network will actually deliver, as the installation progresses."

BT has exceeded its contractual targets by 57,000 premises, although it is around 14,000 premises short of where it expected to be at this stage against its original plans. Based on the progress made to December 2014, Audit Scotland calculates that 85 per cent of premises will have access to superfast broadband by March 2016.

The combined cost of building and maintaining the network is £412 million, including a contribution of £165 million from the Scottish public sector. The report says that while scrutiny arrangements are currently effective, arrangements are complex. There's a risk that project teams may not fulfil their contract management and monitoring roles in busier periods as workloads increase. Audit Scotland recommends that the Scottish Government and HIE keep staffing levels and workloads under review.

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Notes to editors

1. The Scottish Government and HIE appointed BT using two separate contracts. When the work is complete in December 2017, the Scottish Government and HIE expects at least 95 per cent (2.5 million) of premises in Scotland will be covered by the superfast broadband network. This includes at

least 746,000 premises covered by the BT contracts, as well as 1.73 million premises covered by commercial providers.

2. Exhibit 1 of the report at www.audit-scotland.gov.uk explains how superfast broadband reaches users. Megabits per second (Mb/s) refers to the amount of information transferred through the broadband connection in a second. In this report we refer to the network that BT is building as a 'superfast broadband network' to distinguish it from the network that was previously available. There is no agreed definition of what speed is 'superfast' although the Scottish Government's aim is to, ultimately, provide speeds of 40-80 Mb/s. In comparison, the UK Government's rural broadband programme now aims to provide access to internet speeds of more than 24 Mb/s to 95 per cent of premises by 2017.

3. The two contracts with BT have a combined value of around £412 million over an 11-year period from 2013 to 2025. The Scottish public sector, the EU and UK Government will spend £286 million on building the network over the first five years of the contract. BT is investing £126 million over the lifetime of the contracts. This comprises £47 million of capital costs in the first five years and £79 million for the operation and maintenance costs associated with the network. At least £146 million is expected to be invested in the highlands and islands and around £266 million in the rest of Scotland. The final amount to be invested in each area will not be known until 2024 in the highlands and islands, and 2025 in the rest of Scotland, as clauses in the contracts are designed to promote take up and generate additional funds for reinvestment. Planned investment of a further £42 million in superfast broadband was announced by the UK and Scottish Government in February 2014.

4. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk. The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.