Report Name	Digital – Gap Analysis Progress Report
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Date of Committee	21st August 2020
Governance	City Region Deal Joint Committee

1:	Purpose of the Report

i. To update Committee on the progress to date of the digital infrastructure Gap Analysis for the region.

2:	Recommendations for Action

i. To note the progress update and request the Outline Business Case be brought to November's Joint Committee.

3:	Summary of Key Information

i.   Progress to Date

A gap analysis of all Digital infrastructure within the City and Aberdeenshire has been completed and presented to the Digital Working Group and the Programme Board by Cube Ultra and FarrPoint (contracted to undertake the Gap Analysis work). It contains;

- a detailed mapping (by service) of current and planned telecommunications infrastructure in the region
- review of public sector infrastructure and requirements
- implications for future Aberdeen City Region Deal programmes to address gaps in the market and the implications for funding a procurement approach.

It is expected that proposals, subject to Business Case will utilise the remainder of the Digital funds for the benefit of the economy and the region.

3:	Summary of Key Information

ii.   Key Findings

Across Scotland the availability of superfast broadband services (>30Mbps) is now 94% of all premises. Aberdeen City is aligned to the national average but there remain considerable gaps in Aberdeenshire where over 22k premises are still unable to receive superfast services.

If we look at higher speed full fibre services which are key to maintain business competitiveness Aberdeen City is rapidly becoming one of the best-connected Cities in the UK due to the City Fibre/Vodafone investment. However only 3% of Aberdeenshire premises can access such services.

iii.   Implications for City Deal

A draft outline business case will be completed to address this GAP in coverage along with a number of options for intervention. Note they are **not** mutually exclusive, more than one option could be undertaken.

Option 1: GAP funding of rural broadband services: The provision of subsidies to telecommunications operators (including possibly the winner of R100) to connect rural premises that would otherwise be uneconomic for the operators to connect.

Option 2: Utilisation of Vouchers: The region could encourage local residents to apply for UK and Scottish Govt voucher schemes. There is also scope for a local voucher scheme to top up national schemes if required.

Option 3: Financial Measures: Introducing financial measures such as loans to rural operators to drive inward investment into the rural areas. Loans would be repayable at market rates over an agreed period. This removes barriers to new or smaller operators that may not have access to capital. This option has been used in other rural areas, where the appetite of private sector financiers to invest is lower.

Option 4: Awareness and Stimulation - Local authority staff could provide hands on assistance to communities to apply for vouchers and other schemes. There is also scope for the Local Authority to pool or aggregate demand in an area. Finally, local authority staff could lobby industry to make them aware of opportunities in the area and possibly use the region to test new services (eg 5G)
.

However before determining the appropriate option or blend of these options there are two *external critical issues that need to be resolved to ensure that Aberdeen City Deal interventions do not replicate proposed commercial investment of the programmes of the Scottish Government.*

- Openreach investment plans in Aberdeenshire: in July BT Openreach announced FTTP build in seven Aberdeenshire locations; Banff, Cowie, Ellon, Fraserburgh, Inverurie, Peterhead and Stonehaven. It is expected this deployment will take place during the period up to 2024. At the time of writing it remains unpublished how many premises are included and the impact on the planned R100 deployment and City

3:	Summary of Key Information

Deal interventions.
- R100: Contracts were awarded for the procurement for the R100 programme in the South and Central Lots in late 2019. However, Aberdeen City and Aberdeenshire reside with the North Lot where the procurement has been subject to challenge. This remains unresolved with a court hearing planned for September 2020

 iv. **Next Steps**

An OBC will be drafted in late August.

However, both points should be addressed in September, therefore the scoring of the options for the OBC need to be revisited after those dates.

Revised OBC – completed September

OBC – to Joint Committee in November

Full Business Case – To Joint Committee in February

4:	Finance and Risk

i. There is £7.4m funds remaining for the Digital Programme. It is expected that these funds will be fully utilised for the benefit of the economy and the region subject to Business Case.

ii. The funds are made up of £5m MoU funding and £2.4m from the two Council's contribution towards the Digital theme of the City Region Deal