

Inverness and Highland City - Region Deal  
Digital Project

**PUBLIC REVIEW CLOSURE NOTICE**



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean

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## Introduction

In March 2021, the UK Government announced an ambition to deliver nationwide gigabit capable broadband as soon as possible, recognising that there is a need for government intervention in the parts of the country that are not commercially viable. They have committed a total of £5bn to ensure that all areas of the UK can benefit. This will be spent through a package of coordinated and mutually supportive interventions, collectively known as Project Gigabit, with an initial intervention of £1.2bn targeting at least 85% gigabit coverage of the UK by 2025 and nationwide gigabit capable broadband by 2030.

The Inverness and Highland City-Region Deal (IHCRD) is an important delivery mechanism for the Region's economic vision. The UK Government, Scottish Government and local partners are working together to address the challenges currently facing the Region and to capitalise on its substantial opportunities. IHCRD will support the establishment of a Joint Digital Highland Action Plan with both Governments and local partners to ensure the strategic alignment of objectives and accelerate the provision of effective broadband and mobile coverage across the Highlands. The impact of this on Inverness and the wider Highland region will be a significant factor in securing long term productivity aims and economic growth in the region. Both Governments are fully committed to supporting the region's digital ambitions subject to business case approval. Building on existing initiatives, the UK Government will provide up to £20m to extend digital broadband and mobile coverage across Highland to areas not included in existing rollout plans.

Highlands and Islands Enterprise (HIE) will lead the IHCRD Digital Project with the potential to combine the IHCRD and Project Gigabit funding to deliver gigabit capable infrastructure to the region.

The Scottish Government conducted an Open Market Review (OMR) on 21 February 2022 to 21 March 2022 to understand from suppliers if there were any current or planned investment over the next three years (and beyond, if available) in broadband infrastructure (Next Generation Access, ultrafast and gigabit capable) in Scotland. This OMR encompassed the IHCRD project area and formed a Public Review (PR)<sup>1</sup> that commenced 7<sup>th</sup> October 2022. The PR invited stakeholders (including the public, businesses, internet service providers and broadband infrastructure operators) to provide HIE with feedback about the proposed eligible area for government investment. Suppliers who missed contributing to the preceding OMR, had no definitive plans and/or evidence base on which to substantiate claims at that earlier stage, or have subsequently updated their plans now had a final opportunity to notify HIE, specifically for the IHCRD Digital Project area before the procurement stage.

The PR is now closed, with this notice setting out the validated outcome for IHCRD project area ensuring that the right areas are targeted for government investment. The finalised postcode-level map showing White, Grey, Black and Under Review is provided in **Annex A** of this PR Closure Notice.

The premises that are identified by HIE as eligible as shown in **Annex B** may be grouped into one or more appropriately sized Intervention Areas (IAs). The IAs will be issued to the market so that suppliers can bid for funding to support delivery to those areas.

Further information on the OMR/PR process and how we reach our conclusions can be found in the Subsidy Control Guidance document. <https://www.gov.uk/government/publications/project-gigabit-uk-subsidy-advice/open-market-review-omr-and-public-review-pr-subsidy-control-classification-guidance>

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<sup>1</sup> <https://www.hie.co.uk/IHCRDdigital>

The finalised IA encompassing a list of eligible premises will be available to bidders at the forthcoming ITT stage.

## Key Eligibility Requirements for Subsidy

The outcome of this PR is shown in terms of 'White', 'Grey', 'Black' and 'Under Review' premises. We will only subsidise build to premises which have been designated as 'White' in any future procurement.

- **White** - indicates premises with no gigabit capable network infrastructure and none is likely to be developed within 3 years. Annex D of the RFI<sup>2</sup> provided information on the technology 'qualifying' as gigabit capable.
- **Black** - premises with two or more qualifying gigabit capable infrastructures from different suppliers being available.
- **Grey** - premises with a single qualifying gigabit capable infrastructure from a single supplier is available.
- **Under Review** - premises where suppliers have reported planned gigabit capable broadband coverage, but where those plans have been judged through the OMR/PR process as potentially being at risk of not being completed/maintained.

Premises categorised as Under Review will be subject to continued monitoring by means of a rolling OMR and verification of supplier plans within the three-year period by the Scottish Government. The Scottish Government/ HIE may request commitment from the supplier that significant progress is made within three years. In the event that these commercial plans fall away, these premises will be mapped as eligible and form part of the proposed intervention area and so eligible for intervention via this aid measure. We request that suppliers inform us regarding all plans, including plans beyond the initial three-year period where available.

Regarding responses to this PR, HIE classifies premises based on their existing or planned gigabit capable broadband infrastructure, as set out in the RFI. The OMR and PR data analysis of supplier's gigabit capable broadband coverage claims are undertaken at UPRN (premises) level. Following closure of the PR, any additional information or clarifications required was raised via Clarification Questions with suppliers before deciding on a classification.

In accordance with the OMR/PR processes, supplier data submitted during the OMR and PR has been mapped using a methodology that protects commercially sensitive supplier data. To reflect this sensitivity, we will only release White Unique Property Reference Numbers (UPRNs).

### What are "step change" requirements?

In line with Scottish Government requirements, HIE requires that public intervention should be able to ensure a 'step change' in broadband availability from that currently available as well as credible planned networks. This is demonstrated by:

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<sup>2</sup> <https://www.hie.co.uk/media/12966/hie-ihcrd-pr-v33-06-october-2022.pdf>

- Generally, download speeds must be at least doubled and upload speeds substantially higher as a result of the intervention when compared with existing download and upload speeds
- Significant new investments in the broadband network are undertaken (i.e., investments that must include civil works and installation of new passive elements)
- The new infrastructure brings significant new capabilities to the market in terms of broadband service availability, capacity and speeds and or competition.

The 'step change' in broadband availability shall be compared to that of existing as well as credible planned networks.

## Outcome of the PR

For presentational purposes only, postcode-level has been used to present the map showing eligible premises (NB we will only subsidise build to premises which have been designated as White - postcodes are not used to determine IAs for subsidy).

For this purpose, postcodes have been classified as follows:

- A postcode is White if any White premises are present. Else:
- A postcode is Under Review if any Under Review premises are present. Else:
- A postcode is Black if all premises in the postcode are classified Black. Else:
- A postcode is Grey if all premises are Grey or a mixture of Grey and Black.

A postcode-level map summarising these premises classifications is provided in Annex A. Suppliers - please note that this map does not show which UPRNs have been determined as White and Under Review.

The outcome of the PR is summarised in terms of White, Grey, Black and Under Review postcodes and premises below:

Postcode Classification	Number of Postcodes	Number of Gigabit Black Premises	Number of Gigabit Grey Premises	Number of Gigabit Under Review Premises	Number of Gigabit White Premises
White	1,237	9	1,120	7,279	15,619
Under Review	1,864	539	7,608	25,760	0
Grey	778	997	17,410	0	0
Black	46	1,283	0	0	0
<b>Total</b>	<b>3,961</b>	<b>2,828</b>	<b>26,138</b>	<b>33,039</b>	<b>15,619</b>

## Forthcoming Procurement

The Scottish Government together with HIE has undertaken early market engagement in relation to procurement for interventions. This engagement has included consultation on the programme design, different potential target areas, technical specification (including wholesale access), procurement types and contractual terms. Feedback from broadband suppliers and other stakeholders has been considered in all these areas.

Further PPME activity is planned, the feedback from which will be considered when developing the scope of an Intervention Area for the upcoming procurement. A premises level map detailing eligible premises as a result of this PR outcome can be found in Annex B.

Procurements will be carried out in accordance with the Public Contracts (Scotland) Regulations 2015. The procurement approach is designed to address the scale of the individual procurement in the IHCRD area. The procurement will be conducted in a transparent and non-discriminatory manner.

The total public funding investment has been based on the final number of premises requiring subsidy. HIE will confirm a budget drawn from public funding for this area within the forthcoming tender documentation. Details of any restrictions on the use of public subsidy will be explained within the tender documentation.

HIE has budgeted an appropriate amount of public funding from IHCRD and, if required the UK Government Project Gigabit Programme. A final budget shall be allocated based on the final number of premises requiring subsidy for this area. Indicative funding available is approximately £20m - £35m.

The procurement route selected following engagement with market and other stakeholders, is anticipated to be the Gigabit Capable Connectivity DPS:  
(<https://www.contractsfinder.service.gov.uk/Notice/40337bc6-a6cf-483e-b393-734e7a1038d3>).

The Authority, HIE, reserves the right to amend or withdraw the procedure for the competitive sourcing process at any time. Any amendments will be done in line with the Procurement Regulations.

A PR Closure Note shall be issued with a note to Suppliers for acknowledgement and acceptance that by issuing the PR Closure Notice, HIE shall not be bound to progress or conclude any related procurement activity. Under no circumstances shall the Authority incur any liability in respect of the information contained in the Closure Notice or supporting documentation.

The following table summarises the indicative timescales for the procurement:

Activity	Date
Procurement Start Date (Call Off Launched)	May 2023
Estimated Contract Award date	September 2023

The procurement will be advertised on the Public Contracts Scotland procurement portal.

## Conclusion

A key output from the PR is the postcode level map (**Annex A**) and map of Eligible Premises (**Annex B**) showing premises that are eligible for subsidy consisting of 15,619 UPRN's, from which HIE will develop the IA.

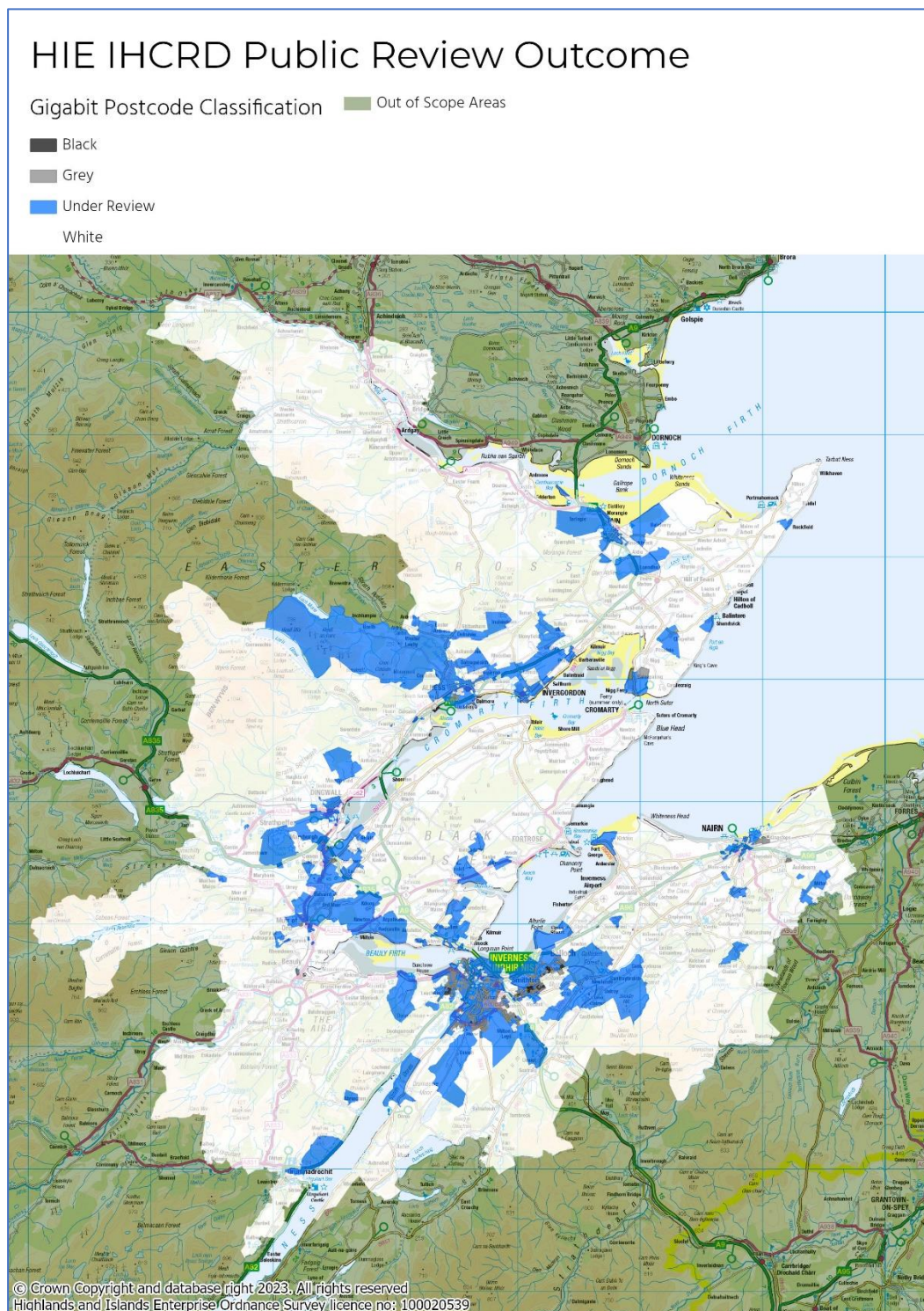


## Annex A: Postcode level map

The postcode level map below indicates areas where those premises eligible for subsidy are located i.e., White areas. These eligible premises may be included within the IA.

Black, Grey and Blue (Under Review) areas indicate where those premises ineligible for Subsidy are located.

HIE IHCRD level map (showing subsidy control classifications at a postcode level)





## Annex B: Map of Eligible Premises

The map below highlights the eligible UPRN's.

### HIE IHCRD Map of Eligible Premises

#### HIE IHCRD Public Review Outcome

#### Gigabit Premise Classification

○ White

■ Out of Scope Areas

