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3 November 2017

Dear Edward,

Thank you for your letter of 27 October regarding delivering a superfast broadband solution for rural homes and businesses, and for forwarding me on Dr Heyes' correspondence.

Firstly, my officials have contacted Dr Heyes regarding his specific concerns on the Glen Lyon community project, confirming the state aid position and next steps.

In regard to your wider point regarding the deadline of 17 November, there are areas across Scotland, including in my own constituency, that have been in a similar situation. I am, therefore, well aware of the difficulty of the decision that these communities, that have been working with Community Broadband Scotland (CBS), now have to make.

State aid rules mean that the public sector cannot double-fund competing infrastructure in the same place so it would not be possible for communities to be part of two separate procurements running concurrently. Doing so would see two different sets of suppliers modelling solutions for these premises at the same time. There would be a significant risk of a state aid challenge from either set of suppliers, if and when premises are withdrawn from one of the processes. What may seem like a pragmatic way of keeping the community's options open in the short term could ultimately result in a delay to the delivery of broadband in the area.

A difficult choice therefore needs to be made by the communities – whether to opt into the R100 programme, by including themselves in the area to be modelled by potential R100 bidders; or to opt out, enabling the existing CBS project to proceed to procurement as planned.

This is very much a decision for the individual communities and we have provided them with all of the information that we can at this time. However, the reality is that there are unknowns and risks around both options. We will only have certainty on what will be delivered in coverage terms once procurements have concluded. Notwithstanding that, my officials

stand ready to meet with them to help explain the process and support them through the decision-making process.

I do hope this information is useful.

Yours sincerely,

A handwritten signature in black ink that reads "Fergus Ewing". The signature is written in a cursive style with a large loop under the 'F' and another under the 'E'.

**FERGUS EWING**