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26 October 2020

Dear Edward,

Thank you for your correspondence of 08 October clarifying follow up questions from my appearance at Committee on 07 October.

In addition to the questions outlined by the Committee, Fran Pacitti also gave an undertaking to clarify the total amount, including interest owed by Prestwick Airport. I can confirm that we have provided loan support of £43.4 million to Prestwick Airport which attracts a market rate of interest in line with state aid rules. Interest of £5.1 million was accrued to 31 March 2020 in addition to the principal balance of the loan.

I have responded to all other questions in turn on the pages below. I trust that the Committee will find this helpful.

A handwritten signature in blue ink, appearing to read 'Michael Matheson'.

MICHAEL MATHESON



Is the Cabinet Secretary able to confirm to the Committee the annual cost of running Scotland's railways under the current Temporary Emergency Measures Agreements and how this compares to the annual cost of running the railways under the previous franchise arrangements?

Our budget for ScotRail and Caledonian Sleeper franchises for the financial year 2020/21 is £523.14 million, however due to Covid-19 we have put in place Emergency Measures Agreements which temporarily vary the franchises in order to minimise disruption to passengers and rail employees caused by the pandemic and ensure the continued operation of rail passenger services.

From March to 20 September 2020 we provided circa £250 million of additional support to the franchises to cover operating costs, as necessary because of reduced revenues. Due to the ongoing pandemic restrictions we have put in place further support via new EMAs covering the period 20 September to 10 January 2021 at an estimated cost to the Scottish Government of £103.5 million. The likely cost for the period after January 2021 to the end of the financial year is currently being determined.

Is the Cabinet Secretary also able to provide figures relating to rail ticket sales during 2020?

As the figures are commercially sensitive I am unable to share these with the Committee, however I can confirm that the decrease in revenues between April – August 2020 was reduced by 84.8% as compared with the corresponding periods in 2019.

The sharply reduced rail patronage and revenue has persisted at similar levels since April 2020, albeit with a modest improvement to now being reduced by approximately 70% of that taken in the same period last year.

With regard to the expected completion date for works related to the North Lot of the R100 digital programme, can the Cabinet Secretary confirm what information will be made available to the Committee at the point the contract is signed? Can the Cabinet Secretary also ensure that, following contract signature, information similar to that already provided for the South and Central Lots (in a letter to the Committee from the Minister for Energy, Connectivity and the Islands, dated 30 September) is provided to the Committee regarding the number of properties to be connected as well as those properties that will remain to be connected once the works are complete.

I anticipate that the Reaching 100% (R100) programme North lot contract will be signed by the end of this calendar year. Meanwhile, work is underway (as was necessary with the South and Central lots), to update the speed and coverage template for the North lot, to ensure that build plans are based on the most up-to-date information, provided through agreed monitoring schedules with commercial suppliers. Once the build plan is finalised, physical survey work can begin. Parliament will, of course, be kept informed of progress and I will ensure that details of the roll-out plans, as was provided for the South and Central lots will be shared as soon as possible.

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Is the Cabinet Secretary able to provide clarification to consumers whether or not, by participating in the Broadband Voucher Scheme, they would exclude themselves from qualification for receiving a future broadband connection under the R100 programme?

The Scottish Broadband Voucher Scheme (SBVS) offers two options. The first, the *interim* voucher (worth up to £400 or £650 in the hardest to reach areas) is available for properties where superfast deployment is planned, either through the R100 contracts or commercial build, but is unlikely to be delivered before the end of 2021.

Take-up of this voucher will not remove eligible properties from R100 contracted build but will allow access to an interim superfast service using alternative technologies (likely 4G mobile or satellite).

The *main* voucher, worth up to £5000, is available for properties which are not expected to receive a superfast connection, either through the R100 contracts or through commercial build. However, as the contract for the R100 North lot has yet to be signed, all properties which could ultimately be reached by the North Lot contract are currently eligible for the main voucher, until such time as the contract is signed and build plans are known. However, I can confirm that securing a connection this way *could* remove those premises from R100 build plans where the technology meets the robust State Aid standards of Next Generation Access (NGA) – the R100 contract would no longer be able to intervene in these cases.

Will the Cabinet Secretary look at the approach being taken in Wales to address a shortfall in the £5,000 voucher scheme as compared to the actual cost of connecting very remote properties and clarify what approach the Scottish Government is taking to address this particular issue?

The Scottish Broadband Voucher Scheme (SBVS) offers up to £5000 to eligible premises (whether business or residential) for a superfast connection. The Welsh scheme offers £1500 for residential and £3500 for businesses. The Committee may have seen Welsh figures which include funding available through the UK Government's Gigabit Broadband Voucher Scheme (GBVS) – where suppliers identify premises which are eligible for both, they can join-up the funding.

The Scottish Government has now announced that suppliers can apply for both of the schemes too, where the premises are eligible for both. The figures available from the UK Government and from Scotland and Wales are as follows:

	Residential	Business
UKG Gigabit Broadband Voucher	£1500	£3500
Wales + UKG voucher	£3000	£7000
Scotland + UKG voucher	£6500	£8500

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