

It is with great regret that the Directors of GigaPlus Argyll Ltd (GPA) are announcing that, unless some greater flexibility is shown by government and its officials in a very short timescale, they intend to wind up the company, having exhausted all avenues of progression since the demise of AB Internet Ltd (ABI) in May 2017.

GPA was established when it became clear that there was no available plan to deliver high speed broadband to the rural and remote areas of the Argyll Islands, and was backed by promises of funding and technical support from Community Broadband Scotland (CBS).

After a public procurement process a contractor (ABI) was appointed in June 2015 and a contract agreed for construction of a fixed wireless broadband network to consist of some forty inter-connected masts. The target date for connection of the first customers was mid-2016. Progress was slow, and the first trial customers were not connected until April 2017. By this time it was apparent that ABI were in financial difficulty, and after they went into voluntary administration in May 2017 all work ceased.

GPA was left with eight masts in non-contiguous areas constructed on the Isle of Mull, and a wireless link back to a fibre connection in Oban.

The terms of the contract provided for 'novation' – assigning the contract to another contractor– in the event of ABI being unable to complete the project. This proved impossible because the remaining project funds were insufficient to complete the network, and no contractors could be found that would be prepared to undertake the project with the State Aid obligations associated with the masts. The alternatives were to apply for another round of CBS funding or attempt some form of private (i.e. non-state) funding to complete the project.

Because going for a second round of CBS funding would mean a considerable delay due to the public procurement process, GPA's preference was for a privately funded community based scheme, utilising the existing masts and building outwards. It would have been possible to connect some subscribers very quickly and thereby establish an income stream. However, CBS advised GPA that it would only be possible to use the existing masts for a private scheme if the State Aid obligations were undertaken by GPA – this was felt by the Directors of GPA to be commercially prohibitive . The State Aid regulations are devised to level the playing-field for contractors bidding for state-aided contracts, and not for the good of the supposed eventual beneficiaries.

By the time this restriction became clear and all feasible work-arounds denied, CBS itself had entered a period of uncertainty and informed GPA that there was no guarantee that a second round of funding would be available either. There seemed to be no way forward.

Meanwhile, the Scottish Government has been developing its 'Reaching 100%' (R100) programme; aimed at delivering "Next Generation Access" (NGA) broadband with download speeds of 30Mbps to 100% of premises in Scotland by 2021.

GPA has been told by Scottish Government officials that in light of the failure of our contract with ABI all the postcodes which had previously been allocated to our project have been included in the R100 programme. This allocation will remain unless by 17 November 2017 GPA provides "convincing evidence" that it has plans for completing a network which will be

capable of delivering NGA-compliant broadband services to 100% of premises in its area of operation.

Furthermore GPA has been told that there is no prospect that public funding for a further contract, to complete its network, will be authorised unless, by 17 November 2017, that same convincing evidence is forthcoming.

Clearly, GPA is incapable of providing the required evidence in such an absurdly short timescale. In any event the convincing evidence of our ability and expectation to deliver a compliant network relies on the availability of funding (the promise of which is to be withheld until the convincing evidence is made available) – a classic case of “Catch 22”! We wonder whether Scottish ministers are aware of the absurdity.

Despite its name, the R100 programme is unlikely to achieve its aim of reaching 100% of premises in Scotland; there will therefore be the necessity for other “aligned interventions” to be instigated to deal with any shortfall in R100.

The board of GPA is deeply concerned that many of the properties which R100 fails to reach will be in our remote, rural and very sparsely populated communities and that the de-facto solution then offered will be based on satellite broadband technology. Whilst satellite broadband is capable of delivering the required 30Mbps download speed the board feels that it is not an acceptable solution due to the high monthly cost and the technical problems of latency which prevent use of applications like VoIP, Skype and Vodafone Sure Signal.

The Board is also concerned that if as happened on all previous procurements, the monopoly operator wins the tender, the solution will be based on fibre and copper technology known as Fibre to the Cabinet (FTTC). Unfortunately, in much of GPA's intervention area, the distance from cabinet to premises would be too long for FTTC to deliver NGA broadband.

In the event that R100 doesn't reach all properties in the GPA area, those left would be really difficult and therefore expensive to reach, making a business case for a solution such as a new wireless network very difficult to justify.

During recent discussions with the Scottish Government, the board of GPA has tried to advocate a change of philosophy such that the most difficult to reach premises are viewed as the first mile and not the last mile when specifying the R100 tender documents. In other words, the infrastructure should be rolled out to the most difficult and hard to reach properties first, thereby making the remaining properties easier to reach. Unfortunately this plea has fallen on deaf ears.

Despite our scepticism, the GPA board sincerely hopes that the R100 programme will reach all of the premises that were previously within the remit of GPA, and we wish the R100 program every success in its endeavours. We shall hope to receive written assurance from the R100 team that they will keep the local communities informed of their plans and progress. Mull and Iona Community Trust (MICT) has agreed to act as a point of contact for the affected communities and any questions or requests should be directed to Moray Finch (MICT General Manager) in the first instance.

The Directors of GigaPlus Argyll Ltd would like to acknowledge the invaluable support and practical help of Mull and Iona Community Trust, without which we would never have come

into existence. We would also like to thank Community Broadband Scotland who have worked hard to seek a way around the toxic State Aid regulations, Highlands and Islands Enterprise who have been a source of positive support and advice. We wish to record our gratitude to the many landowners who agreed to host a transmission mast. Lastly, we thank all who shared our vision for a community-led solution, and hope that their, and our, vision of 100% coverage can be achieved by the R100 project.

GigaPlus Argyll Ltd.  
November 2017