

New Build Developments - Delivering Gigabit-capable Connections

**Partial Business and Regulatory
Impact Assessment**

September 2023

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1. New Build Developments – Delivering Gigabit-capable Connections

Amendments to the Building (Scotland) Regulations 2004 and statutory guidance in Standard 4.14 to introduce proposed changes to require developers to make available gigabit-capable broadband infrastructure.

2. Purpose and Intended Effect

Background

The provision of broadband connectivity for new build housing developments is a commercial matter between housing developers and network operators. Despite the ever-increasing importance of digital connectivity in our everyday lives, broadband is not considered an essential utility in the same way that electricity, gas, or water are. The 2021/22 *Programme for Government* outlined our view that digital connectivity is as important as the essential utilities and committed to ensuring that Scotland's interests were represented as the UK Government developed proposals around connectivity to new build housing developments.

Currently the market delivers gigabit-capable internet connections for the overwhelming majority of new build homes and the situation has been improving in recent years. However, a small percentage of homes continue to be built without gigabit capable connectivity available.

At present, building regulations require that all newly constructed buildings be equipped with a “high-speed-ready in-building physical infrastructure” to help the cost-effective installation of cabling providing a minimum broadband speed of 30 Mbps.

The National Planning Framework 4 (NPF4) is Scotland's strategic planning framework, adopted by Scottish Ministers in February 2023. The Framework underpins national planning policy and provides guidance and information around development plans. The statutory development plan for any given area of Scotland consists of the National Planning Framework and the relevant local development plan(s).

NPF4 has commitments around digital infrastructure. Policy 24 states Local Development Plans (LDPs) “*should support the delivery of digital infrastructure, including fixed line and mobile connectivity, particularly in areas with gaps in connectivity and barriers to digital access*”. This reflects Scottish Government's wider ambitions on the rollout of both fixed line and mobile connectivity with LDPs providing appropriate, universal, and future proofed digital infrastructure supported in the new policy. In areas of no or limited connectivity development proposals that deliver new digital services or provide technological improvements will be supported in NPF4.

Telecommunications is a reserved matter to the UK Government under the Scotland Act 1998. The Department for Science, Innovation and Technology (DSIT) has

responsibility for telecommunications legislation. The Communications Act 2003 gives the independent regulator Ofcom statutory duties in relation to regulating the telecommunications market in the UK. The deployment of networks in public roads is a devolved matter, overseen by the Scottish Road Works Commissioner. The Commissioners remit stops short of infrastructure in homes, or broadband speed.

At present, the minimum standard of connectivity is set by the Universal Service Obligation (USO) which transposed the European Universal Service Directive into UK legislation. The Obligation is implemented by Ofcom as the telecommunications regulator and gives consumers a legal right to request a connection of at least 10 Mbps download speed from designated providers (in Scotland this is BT (British Telecommunications) plc only) up to a cost threshold of £3,400 per premises.

The Department for Digital, Culture, Media and Sport (DCMS) held responsibility for telecommunications prior to February 2023 and consulted on delivering gigabit capable connections to new build housing developments between 29 October 2018 and 21 December 2018. The consultation response was published on 17 March 2020. Despite building regulations being devolved the UK Government proposed to use this vehicle for implementing a policy of mandating gigabit capable connectivity up to a cost cap. The UK Government has engaged with the devolved administrations to explore options to align the rest of the UK with the legislation they have introduced in England.

The UK Government ruled out legislating to place obligations on operators and instead opted to secure voluntary agreements outlining the level of commitments operators were willing to make. Openreach agreed to an operator contribution of up to £1,400 per premises, Virgin Media committed to at least £500, rising to £1,000 per premises in some larger sites. The reserved nature of telecommunications gives the Scottish Government no powers to place obligations on telecommunications operators.

Openreach offer gigabit-capable (fibre to the premises) connectivity free of charge to developers where a site has more than 20 plots. For sites of between 2 and 19 plots a published rate card is a backstop offer to developers with Openreach endeavouring to connect more sites at a lower cost where this is commercially viable.

Objectives

The principal policy aim of this work is to deliver high-quality digital infrastructure to new build housing developments. This will enable productivity gains and increased labour force participation from remote working, wellbeing improvements, potentially speeding up the rollout of gigabit capable connectivity to nearby premises and other social benefits through access to public services, education, and health. More widely, the deployment of gigabit capable networks will also help strengthen the economy by growing the necessary infrastructure for digital sectors to thrive.

This policy aims to ensure that new build housing developments can receive gigabit broadband at outset. This is defined as connections that can supply speeds of over 1,000 megabits per second (Mbps). Gigabit-capable connections are often, but not

always, delivered by full fibre connections and can also be delivered via technologies such as cable (DOCSIS 3.1) and fixed wireless access. The policy is technology neutral and does not prescribe the type of technology that must be used if it can supply speeds of over 1000 Mbps.

The proposal intends to mandate gigabit-capable connectivity, as is deemed reasonably practicable, from the outset up to a per premises cost cap for new build homes. The cost cap proposed was arrived at in consultation between industry and the UK Government and is set at a level that would enable 99% of new build premises to be delivered across the UK.

By taking a stepped approach where gigabit-capable connectivity exceeds the cost cap the requirement to install passive infrastructure to support a gigabit-capable connection reduces the barriers to retrospective deployment. This requirement for passive infrastructure is in addition to the provision of a 'next-best' technology – usually a superfast connection (speeds at greater than 30 megabits per second). In cases where this cannot be met within the cost cap the requirement falls to providing a connection in line with the Universal Service Obligation alongside the passive infrastructure for retrospective deployment of a gigabit capable connection.

Rationale for Government Intervention

Scotland's Digital Strategy '[*A Changing Nation: How Scotland will Thrive in a Digital World*](#)' states that we will ensure that every part of Scotland, and every community within it, can access good quality connectivity.

The Scottish Government is investing in several digital infrastructure projects to extend connectivity networks into non-commercial areas. This includes the R100 broadband programme, which includes the £600m investment in three regional contracts, the Scottish Broadband Voucher Scheme and commercial coverage. The vast majority of connections delivered through the R100 programme will be gigabit capable (FTTP (Fibre To The Premises)) connections.

The broadband infrastructure market has many of the characteristics of a natural monopoly: very high fixed costs, low marginal costs, and high barriers to entry. The provision of broadband infrastructure requires the construction and maintenance of a large, extensive, and diverse network – with high fixed capital costs. The greatest market share is held by Openreach who wholesale several products on their network to retail providers such as BT, Sky and TalkTalk. Virgin Media O2 are the second largest provider using a hybrid-fibre coaxial network and are extending their network by building full fibre connections. Smaller providers - 'alt-nets' - such as Hyperoptic, CityFibre and Gigaclear are also building full fibre connections increasing the total number of premises passed.

In cases where a gigabit-capable connection is not immediately available the requirement for passive infrastructure to be installed this reduces the barriers to retrospective installations that cost the supplier (and potentially the developer) more than installation at the time of build. Without the proper passive infrastructure in place retrospective deployment can cause difficulties where developers are reluctant to allow work that will delay the adoption of roads by the local authority. In some

cases, this results in developments being bypassed by commercial rollout and a need for a publicly subsidised intervention at a later date.

The UK Government has committed to £5bn of funding for Project Gigabit to deliver 85% gigabit capable broadband connections across the UK by 2025, and nationwide (approx. 99%) coverage by 2030. The Ofcom Connected Nations update: Spring 2023 shows that the percentage of premises passed by a gigabit capable network in Scotland stands at 68% in January 2023, rising from 63% in May 2022.

Ofcom analysis of projected deployment in [Connected Nations – Planned Network Deployments](#) published in November 2022 projects that by March 2025 gigabit-capable networks will pass 85% of premises in Scotland. This relates to where detailed planning is in progress or high-level plans are agreed with funding approved. This figure rises to 87% when considering plans where funding has not yet been approved.

3. Consultation

Within Government

Digital Connectivity Division has been involved in discussions with the UK Government around its intention to mandate gigabit capable connectivity in new build housing developments since the launch of their policy consultation in 2018. In the consultation response published on 17 March 2020, the UK Government announced their intention to amend building regulations. Since this is devolved, their legislation has been implemented in England only.

The Ministry of Housing, Communities and Local Government (MHCLG) led the implementation of secondary legislation in England and engaged with Building Standards Division (BSD) within the Scottish Government and representatives of the Welsh government to explore implementation of proposals to mandate gigabit capable connectivity up to a cost cap in the devolved nations.

Public Consultation

As this is a niche technical area, specific consultation with the general public has not been carried out.

Business

Digital Connectivity officials have held initial discussions around the policy with the following network operators:

- Openreach
- Virgin Media O2
- CityFibre
- Hyperoptic

The aim of discussions with the telecoms sector to date has been to understand the new build within Scotland, how this varies from the rest of the UK, and to understand

changes in market conditions since the UK Government initially consulted on their policy on a UK wide basis in 2018.

Initial engagement with the housebuilding sector has included:

- FMB Scotland
- Homes for Scotland

Through these discussions, we have confirmed that the large housing developers have existing commercial arrangements in place with operators to install gigabit-capable infrastructure.

The Scottish Government's Building Standards Division maintains a list of organisations that have expressed a specific interest in building standards and regulations. Stakeholders on the list are directly alerted to any forthcoming consultation in areas that they have expressed an interest in. As well as directly contacting stakeholders with a known interest, forthcoming consultation exercises are also promoted on the BSD homepage of the Scottish Government website.

The full consultation package is published in different formats on the Scottish Government website (<http://consult.gov.scot>). The consultation period will run for 12 weeks, commencing on 19 September 2023 and closing on 12 December 2023. Requests for printed copies of consultation papers, issued without charge, may be made direct to the Digital Connectivity Division. Contact details are appended.

4. Options

Option 1 – introduce a new mandatory standard, together with new supporting guidance within the Technical Handbooks

Option 2 – do nothing

Sectors and groups affected

Sectors and groups affected include:

- a) Building users – People living in or using buildings would benefit from easier broadband connectivity. Additionally, there will be some cost benefit to future occupants/users in relation to a reduced installation cost;
- b) Building designers/constructors - All those involved with building design and construction would have to familiarise themselves with the new/amended standards and guidance through training etc;
- c) Building procurement - Persons or companies procuring new buildings or building work would be required to bear any extra cost of the work;
- d) Verification - Local authority verifiers would have to train staff in respect of the new building standard and associated guidance;
- e) Network operators – providers of public communications networks;
- f) Homebuyers

Benefits – option 1 - introduce a new mandatory standard, together with new supporting guidance within the Technical Handbooks

For the public, the availability of digital infrastructure is increasingly seen as essential and has an impact on various aspects of day to day lives for individuals, families, and communities.

It is recognised that the delivery of new connectivity networks drives benefits for the local economy. For example, a CityFibre build in Edinburgh through the Local Full Fibre Networks (LFFN) Challenge Fund included 324 public sector sites with approximately 7,000 businesses and 100,000 homes located within 250 metres. As a result, the deployment cost per premises was then estimated to have fallen from £550 - £600 per premises to around £400 per premises.

Deploying gigabit-capable connections at the outset can cost less and reduces the likelihood of further disruption than retrospective infrastructure deployment and enables futureproofing of digital infrastructure from the point of development.

New build housing developments therefore present an opportunity to reduce the costs of a deployment to nearby premises as it brings the networks closer to other areas where it might not otherwise be economically viable. This also builds on best practice and process already undertaken by developers.

Data on recent housing completions and operator data indicates that around 3% of new build housing developments currently do not receive a gigabit-capable connection in Scotland.

Whilst this represents a small proportion of new homes, introducing a requirement for developers to formally engage with network operators and confirm the provision of both infrastructure and the best available network connection to all new housing development provides assurance that the optimal outcome for householders is achieved at the initial point of construction.

Benefits – option 2 – do nothing

This option would result in the status quo remaining, and some new build homes put on the market without infrastructure for gigabit-capable connectivity and in some limited cases no infrastructure for broadband at all. This would put those specific households at a disadvantage.

It would leave the rollout of gigabit-capable infrastructure in Scotland at a disadvantage compared to the rest of the UK market. Regulations are in place in England as a result of the UK Government consultation on this issue. The Welsh Government published their consultation on 3 February 2023 and are currently analysing responses with a view to implementing regulations when Parliamentary time allows.

Such a situation may then require retrospective deployment - which could increase costs and the opportunity for new build housing developments to bring commercially funded gigabit-capable investment to an area from the outset would be missed.

Households affected will have a reduced ability to work remotely, access digital healthcare services, access digital learning or access commercial services (retail, entertainment) on online platforms.

In addition to leaving Scotland out of step with the rest of the UK market, the do-nothing option would not align with the ambitions of other Scottish Government programmes, the Scottish Government's policy prospectus, and would be out of step with the Digital Strategy for Scotland. In their consultation response the UK Government estimates that 1% of new builds will be above the cost cap. The impact assessment published with the Welsh Government consultation utilises the same figure.

Costs – option 1 - introduce a new mandatory standard, together with new supporting guidance within the Technical Handbooks

The proposed mandatory standard and Technical Handbook guidance will apply to all new domestic buildings and those subject to major renovation. While the update will be reflected in changes to the guidance contained within the non-domestic technical handbook, the basic requirements will remain unaffected.

The costs associated with the implementation would be low given the limited number of occasions where gigabit capable infrastructure is not available at outset. In addition to this it has been agreed between the UK Government that telecoms operators will make operator contributions of up to £1,400 ahead of the maximum developer contribution of £2,000 per premises.

In those instances where a 'next best' connection is supplied this would in many instances be using the same kinds of passive infrastructure (e.g., ducts or poles) that gigabit-capable technology would be delivered through at a later point in the future.

Data from ThinkBroadband indicates that 96.6% of 14,978 new build homes identified in 2022 had a gigabit-capable connection installed at outset. We do recognise that this data represents those premises in new postcodes and a partial picture likely to skew towards sites in developments of where it is commercially viable for operators provide gigabit-capable connectivity free of charge. Openreach for example provide full fibre, gigabit-capable connectivity to new build housing developments of 20 or more premises or in those instances where the cost of installing a copper/fibre to the cabinet connection exceeds full fibre. However, we also understand from engagement to date that the figure for all new build housing identified by network operators as having a gigabit-capable connection from premises built to in 2022 is consistent with the ThinkBroadband figure. This figure has increased from 2020 where the figure identified by Openreach as not receiving a gigabit-capable connection at outset on their network stood at 6%.

We understand from engagement with the telecoms sector that in Scotland it is typically smaller sites of less than 7 plots, in particular single plot sites, account for the majority of homes built without gigabit-capable connections at outset.

Analysis based upon planning applications 2022 accounting for approximately 50% of housing sites puts the expected cost to developers at an average of £191 per plot across all sites.

For sites within the 10-19 plot range, we have modelled that 75% of these plots receive gigabit-capable connectivity under the current position. It is expected that the vast majority of the remainder of these sites would fall within the operator contributions or be delivered on commercially at no cost to the developer. The Openreach rate card indicates that the remainder would fall within developer contribution at a total cost of £160,000 to developers (£134 per plot).

Where the site size is in the range of 2-9 plots using the same model of 75% of plots the expected average cost per plot to developers would be £482 giving a total expected cost to developers of £794,500.

At this point there is no published pricing in relation to single plot sites creating a difficulty in modelling the expected cost to developers from the application of these proposals. Planning data from our sample of housing sites indicates that 786 single site applications have been made. Adjusted for the whole of Scotland this would arrive at around 1,572 single site applications. Using the maximum contribution figure this would be £3,144,000.

Development size	Housing units delivered within each development size range ¹		Data on housing units not connected to gigabit-capable connectivity ²		Estimated costs per unit for FTTP connection ³		
	% of housing units	No. of units	% of units	# of units	Low estimate per unit	Mid estimate per unit	High estimate per unit
20 units or more	79.4	18,187	0%	-	-	-	-
10 to 19 units	5.6	1,283	25.80%	331	£442	£519	£636
2 to 9 units	7.7	1,764	25.80%	455	£1,400	£1,867	£1,950
Single units	7.3	1,672	100%	1,672	£2,000	£2,000	£2,000
Total		22,905					

Development size	Estimate cost impact against national housing delivery ⁴		
	Low estimate	Mid estimate	High estimate
10 to 19 units	£146,271.70	£171,753.42	£210,472.40
2 to 9 units	£637,043.02	£849,542.37	£887,309.92
Single units	£3,344,130.00	£3,344,130.00	£3,344,130.00
Total	£4,127,445	£4,365,426	£4,441,912

Analysis in the Ofcom Connected Nations indicates that approximately 21,000 premises in Scotland cannot receive a connection meeting the requirement of the Universal Service Obligation at present - approximately 1% of all premises. Using this figure to estimate the proportion of premises eligible for an exemption would give a figure of around 220 premises per year lowering the costs by £440,000.

However, it would be anticipated that this figure will be lower for a number of reasons - due to the varying costs between different sites and the commercial arrangements that are in place across the industry it is possible for developers to reach agreements with a gigabit-capable operator for lower than the published costs.

¹ Data derived from Scottish Government Planning data (2022) and Housing Statistics for Scotland completions for 12 month period Q4 2021 to Q4 2022.

² Data derived from Openreach data submission on provision of FTTP, FTTC and Copper network delivery for year 2022.

³ Costs derived using Openreach Rate Card and average development size data from Scottish Government Planning data (2022).

⁴ Cost impact derived from estimate unit costs against the assumed number of units not already connecting to FTTP (Openreach data)

The varying rates of operator contributions will mean that in some cases it is possible for agreements to be reached at a lower cost than the cost cap or no cost at all. The rise in the availability of gigabit-capable connectivity through commercial activity and gap funded build such as the R100 main procurements will bring networks closer to new build housing developments particularly in rural areas.

Proposals require that a connectivity plan be prepared for each new site to detail which supplier has installed gigabit capable infrastructure. This will result in additional time and costs in preparing and agreeing a connectivity plan to be submitted to the local authority.

Costs – option 2 - do nothing

This option imposes no new implementation costs on developers however there would be no reduction in the costs of retrospectively deploying gigabit capable connections to individuals and companies when providing broadband connectivity into new or renovated buildings that do not have passive infrastructure installed at outset.

5. Scottish Firms Impact Assessment

Due to the distribution of homes being built without gigabit capable connectivity leaning towards smaller developments in rural areas this proposed policy will have a greater impact on small and micro-businesses in the house building sector. It would be expected that additional costs falling to developers could be passed on regardless of the size of the developer.

Exemptions will apply for where meeting the requirement is unreasonable (e.g., where there is no future prospect of gigabit-capable networks in an area).

Engagement to date with FMB Scotland and Homes for Scotland has focused on the fact that the proposals disproportionately impact smaller businesses. It is intended that there will be further engagement throughout the consultation period with the trade bodies and with a representative sample of members most affected – smaller developers building on single plots and those up to 10 plots where disproportionate gigabit-capable connections are not available at outset.

This process will help establish:

- Any anticipated impact on the competitiveness of Scottish companies within the UK, or elsewhere in Europe or the rest of the world.
- The number of businesses and the sectors likely to be impacted by the change.
- The likely cost or benefit to business.

6. Competition Assessment

Having reviewed the five competition checklist questions provided within the Competition and Markets Authority guidance for policymakers on competition impact

assessments, it is considered that proposals set out in this consultation will not result in a significant impact on competition within the marketplace.

In support of the above, it is noted that Option 1 and the proposal to mandate engagement between developers and network operators and the installation of physical infrastructure:

- follows the process used for current voluntary action and industry practice in the procurement and provision of network connections to new housing developments.
- enables flexibility in the solutions adopted and does not prescribe the performance of individual products or solutions; instead, reinforcing the benefit of early engagement with the chosen network operators on matters of specification.
- sets performance standards on an elemental basis in support of optimum levels of performance with pragmatic caveats on the practicality of delivery;

No significant areas where issues of competition, restriction or imbalance will arise have been identified. It is recognised that some concerns may be raised in response to public consultation, and these would be subject to further investigation prior to any decision on action following consultation.

The regulation of the telecommunications sector is a reserved matter under the Scotland Act 1998. Ofcom regulate the industry for the whole of the UK under statutory powers in the Communications Act 2003. The Wholesale Fixed Telecoms Market Review for the period 2021-26 splits various parts of the UK according to the availability of competition and having identified BT as having significant market power varies regulation on Openreach accordingly. It is recognised that in some areas, approximately 30% of the UK in analysis undertaken in 2020, Openreach are the only operator providing a large-scale network.

Alternative network operators are also able to use Openreach ducts and poles through a Physical Infrastructure Access (PIA) product to facilitate competition.

Nothing in these proposals impacts on the regulation of the telecommunications sector by Ofcom in terms of promoting competition between operators or consumer interests.

7. Test run of business forms

There are no new business forms proposed within the options identified.

8. Digital Impact Test

- Does the measure take account of changing digital technologies and markets?

Yes, the proposals align with Scottish Government and UK Government priorities around the rollout of digital infrastructure. Technological advances place an ever-greater importance to social and economic wellbeing on access

to online services, including digital public services such as healthcare or education.

By reducing the number of homes built without gigabit-capable connections and lowering the cost of retrospective deployment the policy seeks to address issues around the lack of availability of good quality internet connections – in particular to rural areas and smaller developments that disproportionately receive copper-based connections. By lowering the barriers to the provision of gigabit-capable connections this will improve digital inclusion and ensuring no one is left behind and that new housing stock is fit for purpose as the rollout of gigabit-capable networks through commercial activity and publicly funded interventions continues.

- If the measure can be applied in an offline and online environment will this in itself have any adverse impact on incumbent operators?

No – engagement between housing developers and network operators will continue along existing industry practices.

Applications for a building warrant to a local authority can be done through the national eBuilding standards Portal this is a digital process, accessible to all users of the building standards system. Downloadable versions of building standards forms are also available from the Scottish Government website. They can be downloaded, completed, and submitted in paper format to local authorities if required.

9. Legal Aid Impact Test

Proposals within this consultation that would be the subject of regulation follow established process and premise. It is not anticipated that there will be any greater demands placed on the legal system by this proposal. Accordingly, it is not considered that there will be any effect on individuals' right of access to justice through availability of legal aid or on possible expenditure from the legal aid fund. This will be reviewed further following consultation and this aspect of proposals will be verified in discussion with officials from the Scottish Government Access to Justice Team prior to production of a final impact assessment.

10. Enforcement, sanctions, and monitoring

The proposed changes within Option 1 will require amendment to published material forming the Building (Scotland) Regulations 2004 and the modification of the supporting guidance given within the Technical Handbooks (issued by the Building Standards Division of the Scottish Government) that support the Regulations. The Technical Handbooks list the mandatory functional standards set out under regulation 9 of the Regulations and give guidance on ways of complying with these mandatory functional standards.

All matters relating to enforcement, sanctions and monitoring will be carried out under the existing processes, which form the building standards system in Scotland, as set out under the Building (Scotland) Act 2003. Parties responsible for operation

of this system are currently the 32 Scottish local authorities, appointed as verifiers under the Act, and the Building Standards Division, on behalf of Scottish Ministers.

Enforcement and Sanctions

Work subject to the Building (Scotland) Regulations 2004 generally requires that a building warrant must be obtained before work commences and to have a completion certificate accepted once works are finished. Whether or not such work requires a building warrant is set out under Regulation 5 of the Regulations, the person responsible for the building or works, the 'relevant person' as defined in section 17 of the Building (Scotland) Act 2003, is required to ensure compliance with building regulations.

Where a building warrant is required, proposals are subject to the scrutiny of verifiers prior to approval of building warrant or acceptance of a Completion Certificate. Local authorities have enforcement powers under the Act to ensure compliance with approvals and the Regulations. Cases of non-compliance can be referred to the Procurator Fiscal and persons found guilty of offences in terms of the Act are liable on summary conviction to a fine not exceeding level 5 on the standard scale (currently £5,000). The construction of all new homes is subject to the above process and does require a building warrant.

Monitoring

The aim of the proposed regulatory option is to provide assurance that new homes are provided with access to the best available network connection, with this enabled by installation of physical infrastructure at the point of construction. And that this outcome is delivered by changes to building regulations. Building regulations are applied within a legislative framework summarised above. In line with Scottish Government policy, any implemented changes which address this issue should be subject to review within a 10-year period. Any such review shall be accompanied by a further Impact Assessment.

11. Implementation and Delivery Plan

Subject to the views expressed through the planned public consultation, Scottish Ministers will seek to bring forward and publish updated statutory guidance in 2024.

12. Post-implementation review

Scottish Government will review the implementation of any changes made to building standards legislation to monitor the effectiveness of said changes and to ensure that subsequent reviews can be made on an informed basis.

Any implemented changes will be subject to a review within a 10-year period.

13. Summary and Recommendations

The option to provide updated statutory guidance and amend building regulations is designed to deliver the best connections to the widest number of homes whilst

ensuring stakeholders are not liable for unreasonable costs, in order to do this we propose an obligation on developers in addition to the agreements in place between operators and the UK Government.

Commercial agreements will remain the principal way that gigabit capable connections at outset to new build housing developments with these proposals acting as a backstop position for where a gigabit capable connection is not available at outset.

Improved connectivity brings benefits across a number of wider Scottish Government priority areas – a reduction in travel, access to education, access to health and social services as well as wider consumer benefits from being able to access online services.

14. Summary Costs and Benefits Table

Option	Total benefit per annum - economic, environmental, societal,	Total Cost per annum - economic
Option 1 – Introduce a mandatory standard and supporting guidance	<p>House buyers will benefit from improved connectivity in a proportion of those new build developments that currently do not have gigabit-capable connectivity.</p> <p>Households affected will have a reduced ability to work remotely, access digital healthcare services, access digital learning or access commercial services (retail, entertainment) on online platforms.</p> <p>Where connectivity is not immediately available developers will benefit from having gigabit-capable passive infrastructure lowering the distribution for a retrospective connection to be made.</p>	<p>Economic – there will be a cost to housing developers and operators in relation to the deployment of gigabit-capable infrastructure.</p> <p>The projected costs to developers based on 2022 planning data is estimated to be around £4.4m per year.</p> <p>Operator costs will vary depending on which operator is contracted to provide a connection where a gigabit-capable connection is available at outset.</p>
Option 2 – Do nothing	No added benefits accrue	No cost associated with action

15. Declaration and Publication

I have read the Business and Regulatory Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Richard Lochhead

Minister for Small Business, Innovation, Tourism and Trade



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