REPORT OF THE LEADER OF THE COUNCIL

BETTER BROADBAND FOR NOTTINGHAMSHIRE (BBFN) PROGRAMME UPDATE

Purpose of the Report

1. The purpose of this report is threefold:

   a) To provide an update on the success of the Better Broadband for Nottinghamshire (BBfN) programme so far
   b) Seek approval to procure a third contract
   c) Endorse a Value for Money (VFM) Strategy for targeting the areas planned for coverage

Background

2. Nottinghamshire County Council signed its first contract with BT in August 2013 and the second in May 2015. Since the first broadband cabinet built by the programme went live in 2014, 61,382 further premises are now able to access superfast broadband (speeds greater than 24 Megabits per second (Mbps)). This places the county as one of the best digitally connected areas in the UK and more locally, with the best digital footprint in the East Midlands.

3. The programme is now predicted to exceed over 98% superfast broadband coverage. This is great news, as far more businesses and residents will have access to superfast broadband than initially expected from the programme.

4. The contract 1 efficiencies and clawback has resulted in a further £4.8M being available to the programme. These funds have been introduced into contract 2, increasing the number of premises set to receive superfast broadband from 10,990 to 16,443 (i.e. resulting in a 49.6% increase).

5. Contract 2 is midway through the delivery phase, with deployment due to continue until September 2018

Contract 3

6. As previously reported, a further £1.23M has been secured for the programme; albeit this requires a further procurement exercise to ensure State aid compliance. Further funding opportunities are being explored, including European Structural Investment Funds (ESIF), alongside the inclusion of further funds released through contract 1 efficiencies and clawback. This clawback (also

referred to as gainshare), is a mechanism whereby should the number of customers ordering a service delivered through the contract exceed what was expected, then the programme receives a payment back from BT.

7. Preliminary activities, necessary to ensure State aid compliance, have begun. An Open Market Review (OMR) has been undertaken, inviting information from broadband infrastructure providers to confirm the extent of their current networks and planned deployment over the subsequent three years. The OMR identified which properties will not be served by the current BBfN contract or the broadband infrastructure providers' commercial rollout. Unlike OMR's undertaken for the previous contracts, the review was undertaken at a premise level (rather than at postcode level) ensuring a more exact map of the unserved properties.

8. Taking into account the revised definition of Superfast as 'speed in excess of 30Mbps' (i.e. increased from the original definition of 24Mbps) adopted by the European Union (EU) and the Office of Communications (Ofcom), the OMR has identified 16,505 premises across Nottinghamshire which do not currently or are not planned to receive superfast within the next 3 years defined by the OMR review as 'White Premises'. Properties in Nottingham city centre are excluded as these are exempt from intervention for State aid reasons.

9. In addition, there are a further 18,344 properties identified as "under review". These are in areas which have previously been determined to have planned coverage for Superfast broadband, but those plans have been reported through the OMR as being 'at risk' of not being completed. These areas will be outside the contract procurement, however will be subject to continued monitoring and verification of supplier plans within the 3 year period. All figures are subject to change following the public consultation and subject to acceptance of current contract variations.

10. Of the 16,505 properties identified approximately 4,500 properties already have speeds in excess 24Mbps but less than 30Mbps. It is proposed that these premises will be excluded from this procurement.

11. The funds available (even if Nottinghamshire County Council is successful in securing EU funds and introducing further clawback funds) will not be sufficient to reach all of the remaining properties. It is therefore necessary to prioritise where to target investment.

12. Of the circa 12,000 properties remaining, 50% are within the two district areas of Newark & Sherwood and Bassetlaw. Maps in annexe A of this report illustrate the distribution of these properties. As the least well-served areas of Nottinghamshire, it is proposed that contract 3 targets properties within these two district areas and prioritised as follows:

- the most rural properties - recognising that rural properties are least likely to benefit from commercial developments such as Openreach's G.Fast Technology (new technology which allows Ultrafast speeds (greater than 100Mbps) over existing copper lines) and Virgin media's Project Lightning deployment (£3Bn investment extending their Ultrafast fibre optic network across the country to 17 million premises).

- Business properties - acknowledging the economic benefits which superfast broadband can offer businesses, such as providing access to new markets, improving customer relationships and operational savings.

- The specific properties that the contract will serve will be subjected to Value for Money modelling to determine the highest number of properties which can be achieved for the funds available. The modelling will be undertaken by the successful bidder. As part of the tender process, the bidders will be provided with a list of properties and asked to model a solution.

13. To provide the necessary rigor, it is proposed that rurality and business priorities be factored into this process through a scoring system which would involve assigning a higher score to the most rural and to business properties.

Next Steps

14. A State aid Public Consultation will be commence in July, following which procurement activity can begin in earnest, as illustrated in the table below:

Predicted timeline	
Activity	**Date**
Public Consultation launch	July 2017
Open Tender (ITT) launch	Mon 4 Sept 2017
Full eight week tender response period	Mon 4 Sept 2017 to Mon 30 Oct 2017
Deadline for submission of tenders	Mon 30 Oct 2017
Tender evaluation and moderation complete	Fri 10 Nov 2017
State aid clearance and funding approvals	By Mid Dec 2017
Bidder(s) notified of evaluation outcome	Fri 5 Jan 2018
Contract award	Monday 15 Jan 2018

15. Unlike previous contracts, there is no government framework available and the procurement will be a full open process. This means it is open to all infrastructure providers to bid. Contract 3 delivery is expected to commence April 2018, lasting 12 months.

Staffing resource

16. The current Programme Management Office (PMO) team for the Programme is 3 full time staff:

- Programme Manager
- Programme Officer
- Broadband Engagement Officer

17. The PMO has been established until March 2018, in line with the original contract 2 deployment plan. As the deployment for contract 2 has now extended to

September 2018, staffing resource will be required until at least April 2019 to complete contract deployment, assurance and close.

18. Should the Council proceed with contract 3, then deployment would likely extend to March 2019. Further work will be required by the PMO until at least December 2019 to assure and close the deployment phase of the Programme. However, it is recognised that the existing PMO structure will require a review, particularly given the reduction in the value and scope of contract 3.

19. £305,294 remains in the staffing reserve which is sufficient to extend the existing PMO until March 2019. The PMO structure and duration will be reviewed early 2018, should the Council proceed with contract 3 to ensure sufficient and proportional resource to complete the programme.

New build Properties

20. The recent OMR has highlighted a number of newly built properties (those built within the last 5 years) which have not been provided with Superfast broadband. This lack of investment is adding to the challenge that the BBfN programme faces and is certainly not what the residents and businesses would expect of newly built, modern properties. It is widely reported that it is more efficient to install broadband infrastructure as sites are developed. Revisiting new developments, disturbing newly laid roads and paths is burdensome to the Council and infrastructure providers.

21. Newly built properties unable to benefit from 21st century connectivity should not be accepted; particularly in light of recent commitments from Openreach (who worked with the Government and the Home Builders Federation) on an agreement to provide Fibre to the Premises (FTTP) infrastructure - for free - to all new developments of 30 or more dwellings and offering co-funding for smaller developments. This is alongside similar offers from other infrastructure providers such as Virgin Media.

22. Now is an opportune time to prevent any further properties being built without high quality broadband provision and for all new properties to, at the point of construction, be provided with full fibre access. Therefore, Nottinghamshire County Council will write to all Nottinghamshire planning authorities on two counts to (a) alert them to the advantages of an all-fibre infrastructure proposition, and (b) request their engagement with developers to encourage them to take up the offers from infrastructure providers to provide FTTP to all new properties. Asking the Planning Authorities to include superfast broadband within development requirements.

Other options considered

23. The option to not proceed with contract 3, instead relying on the telecommunications market to resolve the residual problems of next generation broadband connectivity across the County, was discounted. This was because the OMR has specified that the telecommunications industry have no plans to serve the majority of the remaining properties in Nottinghamshire, many of whom are struggling with poor or limited broadband connections. Nottinghamshire has

the best superfast broadband coverage for an upper tier authority in the East Midlands. Doing nothing will compromise this vanguard position and will negatively affect both the County's economic advantage and the Council's ability to continue to digitise future service delivery.

Reason for Recommendation

24. The provision of enhanced broadband infrastructure positively influences economic and work related issues. Facilitating and deploying the appropriate level of improved infrastructure will increase the likelihood of new development and activity, contributing towards sustained local economic growth, business competitiveness and better employment opportunities.

Statutory and Policy Implications

25. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described within the body of the report.

    Finance implications

26. There are no additional financial implications arising from this report. The £1.23M funding has previous approval.

RECOMMENDATION

27. It is recommended that Policy Committee:

1. Approve Procurement of contract 3 for the BBfN Programme endorsing the VFM approach, targeting properties within the Bassetlaw and Newark & Sherwood District areas prioritising the most rural and business properties.
2. Writes to the planning authorities asking them to include broadband within Development requirements

Cllr Mrs Kay Cutts, MBE
Leader of the Council

For any enquiries about this report please contact:
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Constitutional Comments (SMG 05/07/2017)

The Committee has responsibility for promoting economic development, regeneration and associated activities. The proposals set out in this report fall within the remit of this Committee.

Financial Comments (PH 03/07/2017)

There are no direct financial implications arising from this report.

Background Papers

- Nottinghamshire Local Broadband Plan (www.nottinghamshire.gov.uk/broadband)
- *Nottinghamshire Local Broadband Plan* – report to Full Council, 15-12-2011, published
- *Update on Nottinghamshire Local Broadband Plan* – report to Policy Committee, 20-06-2012, published
- *Response to Petitions presented to Economic Development Committee* – report to Economic Development Committee, 20-09-2012, published
- *Nottinghamshire Local Broadband Plan* – report to Full Council, 28-02-2013, published
- ERDF Funding Agreement, 14-05-2013
- Investing in Britain's future – Presented to Parliament by the Chief Secretary to the Treasury by Command of Her Majesty, 6-2013 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209279/PU1524_IUK_new_template.pdf
- *Superfast Broadband for Nottinghamshire* – report to Policy Committee 17-07-2013, published
- *Superfast Broadband for Nottinghamshire* – report to Economic Development Committee 09-07-2013, published
- UK Broadband Impact Study – Impact Report, SQW, 11-2013 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257006/UK_Broadband_Impact_Study_-_Impact_Report_-_Nov_2013_-_Final.pdf
- *Better Broadband for Nottinghamshire – Resource Requirements for Delivery Phase* – report to Economic Development Committee, 12-12-2013, published
- *Better Broadband for Nottinghamshire* – report to Economic Development Committee 14-01-2014, published
- Superfast Extension Programme indicative funding allocation letter – BDUK on behalf of the Department for Culture Media and Sports, 25-2-2014, published
- *Better Broadband for Nottinghamshire – Superfast Extension Programme* – report To Economic Development Committee, 11-03-2014, published
- *Better Broadband for Nottinghamshire – Phase One* – report to Economic Development Committee, 1-4-2014, published
- *Better Broadband for Nottinghamshire Superfast Extension Programme* – report to Policy Committee, 4-6-2014, published
- *Update on D2N2 Strategic Economic Plan and Local Growth Deal* – report to Economic Development Committee, 1-7-2014, published
- *Better Broadband for Nottinghamshire – Additional Staffing Resource* – report to Economic Development Committee, 16-09-2014, published
- *Better Broadband for Nottinghamshire – quarterly update on the rollout* – report to Economic Development Committee, 18-11-2014, published
- *Better Broadband for Nottinghamshire Contract 2* – report to Policy Committee, 07-01-2015, published
- *Better Broadband for Nottinghamshire* – Quarterly Update - report to Economic Development Committee 03-03-2015
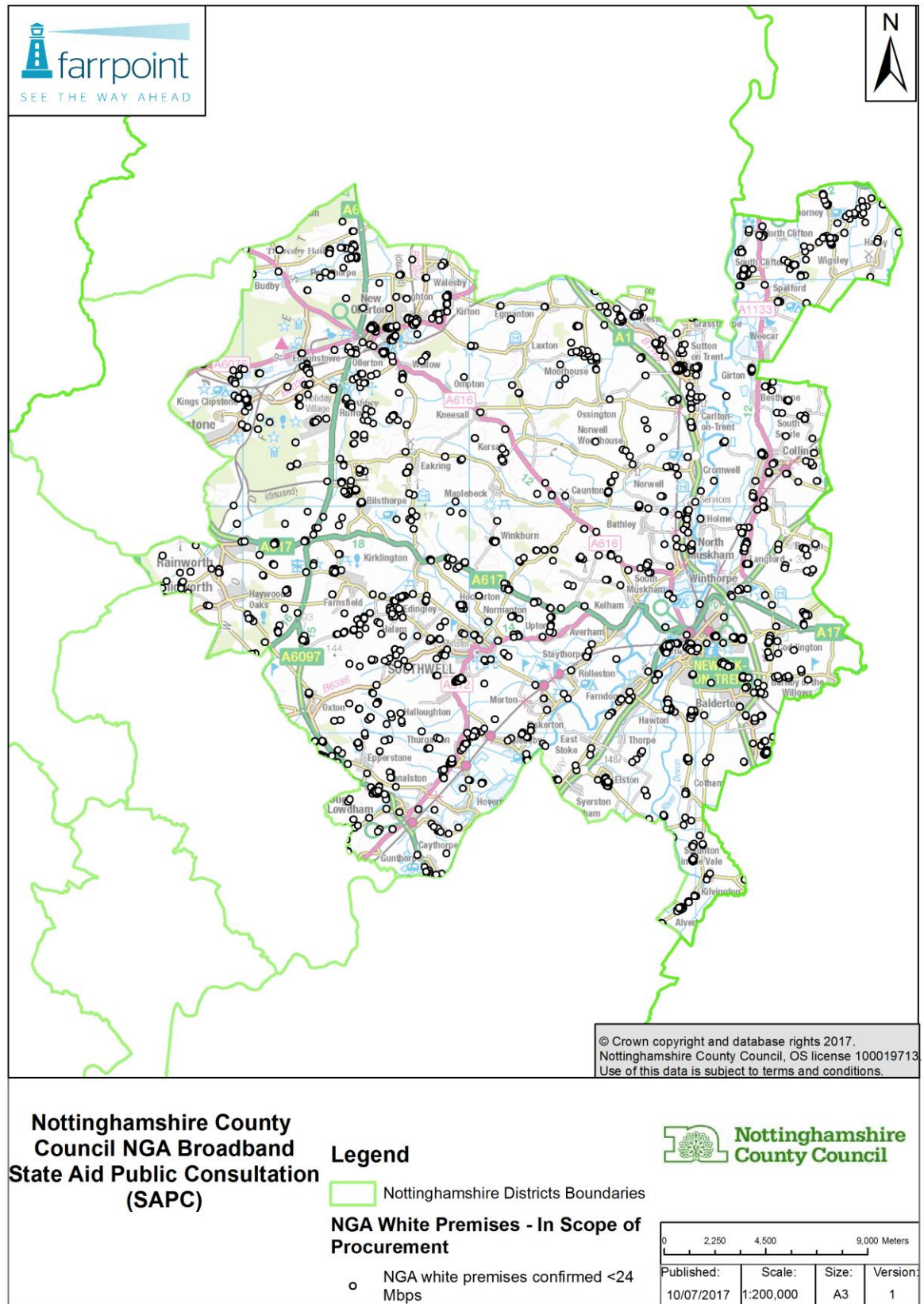
- *Better Broadband for Nottinghamshire: authorisation for contract 2* – report to Economic Development Committee, 31-03-2015, published
- *Nottinghamshire Digital Champions Network* – report to Economic Development Committee, 31-03-2015, published
- *Broadband Petitions* – report to the Economic Development Committee, 31-03-2015, published
- *Better Broadband for Nottinghamshire – quarterly update on the rollout* – report to Economic Development Committee, 07-07-2015, published
- *Broadband Petition* – report to Economic Development Committee, 07-07-2015, published
- *Better Broadband for Nottinghamshire – quarterly update on the rollou*t – 03-11-2015, published
- *Basic Broadband For All: Satellite Broadband Subsidy Scheme -* quarterly update on report to Economic Development Committee, 19-01-2016, published
- *Broadband Petition -* report to Economic Development Committee, 23-02-2016, published
- *Broadband Petition -* report to Economic Development Committee, 22-03-2016, published
- *Better Broadband for Nottinghamshire – quarterly update on the rollou*t – 07-06-2016, published
- *Basic Broadband for All: Better broadband Subsidy scheme -* report to Economic Development Committee - 06-09-2016
- *Better Broadband for Nottinghamshire – Additional Broadband Deployment –* Report to Economic Development Committee – 03-01-2017, published

Electoral Division(s) and Member(s) Affected
All

Newark and Sherwood district council area

Bassetlaw District Council area