

14 January 2014**Agenda Item:****REPORT OF THE CORPORATE DIRECTOR, POLICY, PLANNING AND
CORPORATE SERVICES****BETTER BROADBAND FOR NOTTINGHAMSHIRE****Purpose of the Report**

1. The purpose of this report is to inform Economic Development Committee of:
 - a. the national and international context for the roll-out of fibre-based broadband, and;
 - b. progress in relation to the Better Broadband for Nottinghamshire programme which has now moved into the planning and build phase of civil engineering work.
2. Other elements of the Economic Development Committee meeting will include:
 - a. Viewing the BT mobile fibre broadband showcase van
 - b. A demonstration and workshop on how the fibre technology is actually rolled out
 - c. Presentations from BT and the Better Broadband for Nottinghamshire Programme team on the phasing of the rollout and the wider benefits to business of a fibre-based broadband network.

Information and AdviceUK leading the EU big 5 for Superfast Broadband

3. There is an on-going debate about the UK's performance relative to other countries for superfast broadband, highlighted most recently in the UK Government Public Account Committee's review of funding for rural broadband.¹ The UK became one of the leading countries in first-generation broadband in terms of availability, competition and pricing. A BT-commissioned report , '*International benchmark of superfast broadband*²' (Analysys Mason, 2013), shows that the UK is ahead of its European peers on measures such as coverage, take-up, average speeds and prices – boasting the most competitive broadband market of all countries featured in the report.
4. The research shows that more than 70% of premises were able to access superfast broadband at the end of 2012, with the UK already leading France, Germany, Italy and Spain in terms of availability. The report predicts the UK will be among the best-performing countries globally by 2018; outpacing its major European competitors, and even outperforming Japan and the USA on some measures.

¹ See <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/474/47402.htm>
² See www.analysysmason.com/UK-broadband-2013

5. Information on total project costs and public funding is not always available in the public domain, making comparisons with the UK not particularly straightforward. Despite there being a number of other broadband projects in European countries, notably in Germany, Italy, Spain and Sweden (and to a lesser extent, France), which have been granted State-aid approval by the European Commission, these projects tend to be at a local or regional level, where the absolute amount of public funding involved is significantly lower than that being provided in the UK.
6. On balance, it is believed that the UK government's rural broadband programme is the most geographically expansive superfast broadband intervention project in Europe. Crucially, when compared with other more interventionist strategies around the world, the approach taken in the UK is expected to deliver a good outcome for consumers, especially when considering the amount of government (central and local) funding available; which the report concludes will cost significantly less than government initiatives in the other four countries. See *Appendix A* for an overview of how the UK ranks relative to the other big 5 European countries.

Nottinghamshire's approach

7. Better Broadband for Nottinghamshire, a partnership of nine councils led by Nottinghamshire County Council, will be adding to the already on-going commercial fibre roll-out from BT and other telecommunication infrastructure providers. Members have been routinely updated on the programme's progress but the 12th August 2013 contract signing with BT marked a milestone in the partnership's efforts to bring fibre-based broadband to those areas in the County where it is currently unavailable. By the time the programme comes to a close, 94.8% of premises across Nottinghamshire are expected to have the choice of accessing (and paying for) a fibre-based broadband connection.
8. The £19.8 million civil-engineering programme (£15.2m of which is capital expenditure) will start rolling-out a fibre-based broadband network in spring 2014. By 2016 the programme will not only deliver widespread availability of next generation broadband services but also significant speed uplifts for 48,972 premises (businesses and homes) when compared with what is available today.
9. The new network will apply the 'open network' concept, which is an arrangement that provides effective, wholesale access to network infrastructure or services at fair and reasonable prices, and on transparent and non-discriminatory terms. Open access arrangements are crucial for promoting competition, greater consumer choice and lower prices in markets where it would otherwise be extremely challenging. Permitting new businesses to utilise existing upgraded communications networks, for example, is more affordable and less risky than building networks from scratch. It is for this reason that this approach is expected to stimulate other sectors of the economy, leading to higher economic spin-offs for Nottinghamshire and will be instrumental in driving growth and boosting the local economy..
10. These changes will strengthen Nottinghamshire's position as a leading digital economy and will be a major driver of local jobs and growth whilst supporting the Local Enterprise Partnership for Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2 LEP) in its vision to be a more prosperous, better connected, and increasingly resilient and competitive economy.

11. Primarily, the civil engineering work associated with the Better Broadband for Nottinghamshire programme involves both the upgrading of existing and the building of new roadside cabinet installations. There are circa 400 structures being enabled for next generation broadband access, which for the most part (approximately 80%) will be Fibre to the Cabinet (FTTC), providing speeds of up to 80Mbps. As with any other broadband connection, the actual speed will depend on how far away a premises is from the roadside cabinet. In some areas, businesses that need an even faster service will be able to pay for an upgrade to Fibre to the Premises or FTTP. Put simply, in the case of FTTP, the copper wire from the cabinet is replaced with fibre optic cable giving predicted speeds of up to 330Mbps.
12. BT has commenced undertaking a detailed survey of Nottinghamshire to enable a proper timetable for the roll-out to be worked up. The survey work paints a better picture of what can be achieved across Nottinghamshire and helps establish a time-table for the full roll-out. Further information on the survey work and phasing of the roll-out will be included in the programme team's presentation at the Committee meeting.
13. Council Leaders from across Nottinghamshire were shown how BT plans to roll out high speed fibre-based broadband across the county at a meeting at County Hall on 28 November 2013. The BT mobile fibre broadband showcase was at County Hall to tell the story of how the new broadband fibre optic network will be installed – from the telephone exchange right through to a customer's premises. Following on from the success of that meeting Members agreed that it would be useful for the 14 January 2014 EDC meeting to focus on broadband and for them to receive a presentation containing more detailed information around the programme and the opportunity to engage directly with BT.
14. The EDC meeting will consist of an opportunity for Members to visit the BT mobile fibre broadband showcase van, a demonstration from BT engineers on how the fibre technology is actually rolled out and presentations from BT and the Council's programme team on the phasing of the roll-out and the wider benefits to business of a fibre broadband network.
15. Following on from the EDC meeting, it is proposed that a stakeholder bulletin is instituted for stakeholder organisations. Each issue would contain short articles and links to more information that covers major announcements and any pertinent information on this key policy area.
16. By way of clarification, the programme website www.nottinghamshire.gov.uk/broadband will continue to provide the latest information and still enables businesses and residents the opportunity to show support by registering their interest in a better broadband service. The programme also has its own Facebook page <https://www.facebook.com/nottinghamshirebroadband> where people using the social networking website can pay a visit, 'like' the page and leave a comment.

Stimulating broadband adoption

17. In addition to capital investment to deploy fibre-based broadband, there is a need to work with communities and businesses to stimulate the adoption of the new infrastructure and to dispel any myths that an upgrade to fibre is fully funded and automatic. This misunderstanding is likely to be as a result of previous upgrades to the telecoms network

occurring automatically thereby negating any intervention from the customer. However, it is different with fibre-based broadband.

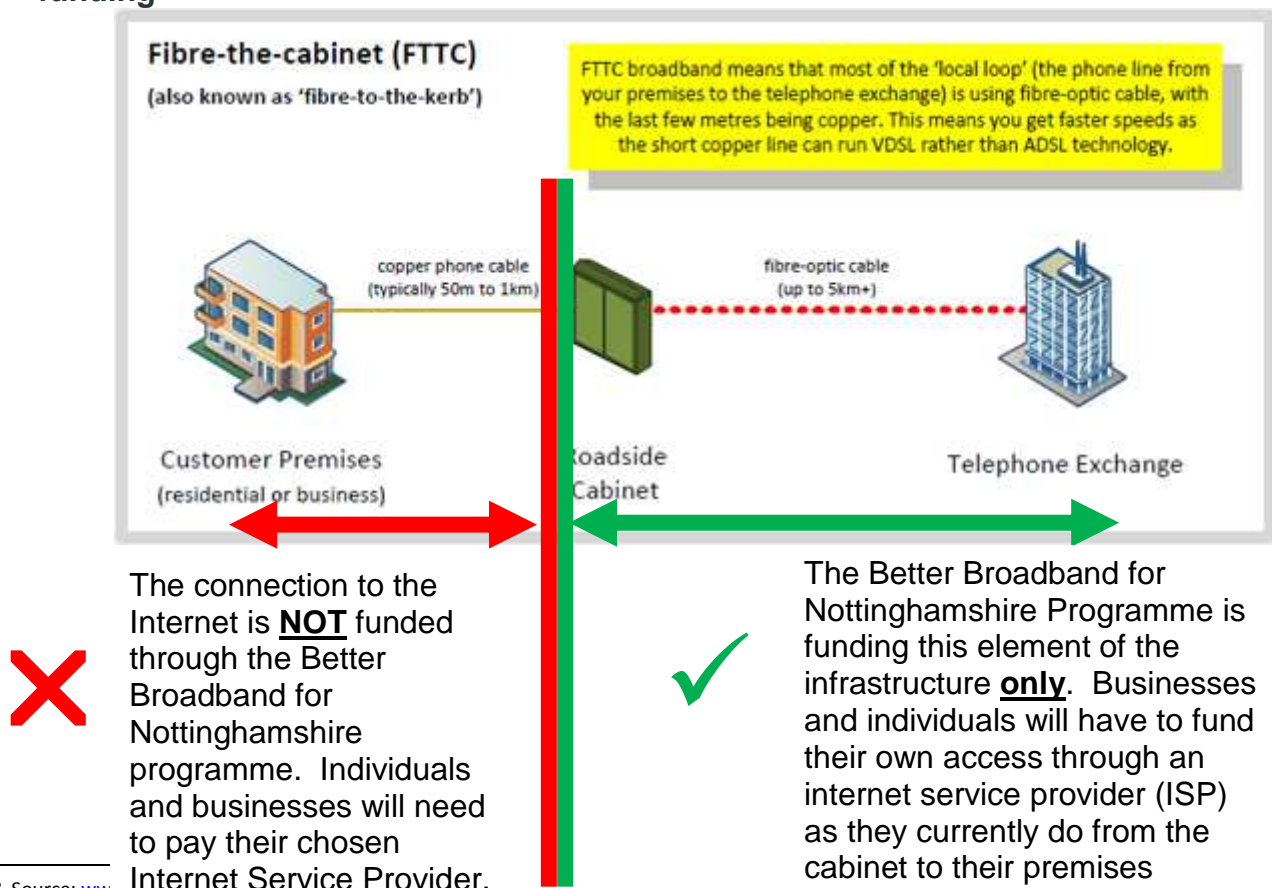
18. When fibre-based broadband is made available in a given locality, customers will need to:

- a) check their current broadband contract, and;
- b) determine how long their contract has left to run, as they *may* need to complete this agreement before amending their existing contract with their incumbent provider and/or switching Internet Service Providers (ISPs).

If customers are still within their contract, most ISPs will allow upgrades to a fibre package. For the avoidance of doubt, as illustrated in *Figure 1*, the Better Broadband for Nottinghamshire programme is NOT funding any of the costs associated with the connection i.e. public funding is being allocated to building the infrastructure only.

19. A mechanism in the contract with BT will ensure that additional take-up - above a base level take-up of 20% - will result in capital re-investment, therefore enabling the partnership to choose to deploy fibre deeper into eligible rural areas. The Programme Delivery Board is currently in the process of developing a broadband adoption campaign which will work with businesses, communities and public sector organisations. It is expected that activity will be closely aligned to the deployment plan. This will build on existing national campaigns including Go ON – www.go-on.co.uk

Figure 1: What the Better Broadband for Nottinghamshire Programme is and isn't funding³



³ Source: www.betterbroadband.co.uk

20. The Council acknowledges that Parish Councils have a special role at the heart of our rural communities as leaders, influencers and drivers of public opinion and can therefore help us to get the broadband message to every household. In order to help drive up broadband take-up, the Council will continue to build on the extensive engagement already undertaken with Parish Councils to help us to get the message right to the heart of our rural communities. A single Parish Council event has been set for Wednesday 29 January 2014 at the Newark Showground, with a view to encouraging Parish Councils to work with the County Council to raise rural broadband adoption in their communities. This is likely to include (but will not be limited to): putting posters up on local notice boards; delivering flyers to households; holding specific meetings to inform residents about the programme; putting regular updates about the programme into their parish magazine or newsletter; delivering presentations to local groups about the programme.

Public Sector funded deployment of fibre-based broadband

21. The benefits of extending the broadband network for Nottinghamshire have become even clearer following the publication of a new Government commissioned report, the *UK Broadband Impact Study*⁴. The study estimates that by 2024 every £1 of public investment in the fibre-based broadband network will have returned £20 to the UK economy due to greater business productivity achieved by better coverage and higher internet access speeds.
22. The Government recently announced the allocation of an extra £250m to deploy superfast broadband to 95% of UK premises by 2017 – the *Superfast Extension Programme* (SEP). Following a consultation exercise with the telecommunication industry and local authorities, it is expected that a further announcement will be made imminently on the allocation for local areas. An FAQ on the SEP is available at *Appendix B* and Members' attention is drawn to the fact that the details on any mandatory match-funding remain unclear at the time of publishing this report.
23. The Council's broadband delivery team have spoken to Broadband Delivery UK (BDUK), a team within the Department for Culture, Media and Sport about the Council's budget position during a recent meeting with the Chief Executive of BDUK. BDUK is responsible for managing the rural programme, whereas local authorities and the devolved administrations are responsible for individual programmes, as set out in BDUK's delivery model. Undoubtedly in previous years, when Nottinghamshire County Council had more funds, the SEP would have been actively supported. However, it is widely accepted that the County Council is facing its most difficult budget challenge ever as a result of cuts in Government grants and increasing demands for services.
24. The 5.2% of premises in Nottinghamshire that will not achieve superfast speeds through the current programme will be the most difficult to reach and will arguably have lower business density. Therefore any further County Council investment targeted at growth will need to be carefully considered. The County Council has suggested to BDUK that the Government this time around simply allocates a single central contract with funding directly paid to the telecoms market. This approach would negate the need for the identification of any local match funding and would see the Government contract managing the entire process.

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257006/UK_Broadband_Impact_Study_-_Impact_Report_-_Nov_2013_-_Final.pdf

25. As indicated in *Paragraph 6*, the Better Broadband for Nottinghamshire programme almost reaches the Government's 2017 target anyway. Nevertheless, the programme's delivery team will continue to keep a watching brief on the parameters around any government allocation to extend the existing programme.
26. Members will recall that at £2.7m the County Council successfully secured the largest contribution in the East Midlands towards broadband capital investment from the current European Regional Development Fund (ERDF). However, the County Council will continue to explore how the European Union (EU) Structural Investment Fund process, which delegates EU budgets to the D2N2 LEP, can be optimised, particularly in relation to a broadband adoption campaign.

Statutory and Policy Implications

27. As recognised by most, the reality is that digital is happening; and in a way that will have a profound and positive impact, if embraced in a quality manner. There is no single route to follow and the potential to learn from others cannot be denied. However, the speed of adoption and impact of social media; the routine innovations we see in new devices; the vast canvas of opportunity that big data offers us; the new operating models that cloud technology opens up; are all testament to the role that information and technology play. It is for this reason that as an enabler, the Better Broadband for Nottinghamshire programme is believed to have wide ranging policy and transformational implications for the County Council and the community it serves, as touched on below:

Financial Implications

28. The overall cost of the capital programme is £15.2 million. The funding breakdown is as follows:

Contributor	Amount
Nottinghamshire County Council	£2.15 million
BDUK	£4.5 million
European Regional Development Fund	£2.7 million
Ashfield District Council	£70,000
Bassetlaw District Council	£150,000
Broxtowe Borough Council	£33,754
Gedling Borough Council	£89,777
Mansfield District Council	£157,464
Newark and Sherwood District Council	£250,000
Nottingham City Council	£150,000
Rushcliffe Borough Council	£245,000
BT	£4.7m (£4.6m Opex)
Total	£15.2m

29. The County Council approved its capital contribution of £2.15 million at Full Council on 15th December 2011. This forms part of the current capital programme to 2015-16. In addition to this, revenue funds of up to £450,000 were also approved to support the project management process.

Public Sector Equality Duty implications

30. It makes good economic and administrative sense to encourage as many as possible County Council transactions to be done online. However, nationally 7.63 million adults (15 per cent) have never used the Internet, just under half of whom are disabled, equating to 3.91 million disabled adults having never used the internet. So the emphasis on online only applications for key benefits, services or redress channels risks putting at a particular disadvantage disabled people and people with low literacy levels. As part of the channel shift work, engagement with County Council customers, communities and other representative groups to understand the needs and find solutions that work in assisting digitally excluded people to access services will be key to making the appropriate policy adjustments and meeting the Equality Duty.

Implications for Service Users

31. Without the Better Broadband for Nottinghamshire programme many of the aspirations contained within the emerging County Council Digital Development Plan will not be achievable. The document will reflect the Council's ambitions and will signal a clear roadmap for working with departments to help them achieve the goals set out in the plan, primarily through the development of new and existing digital communications channels. The Digital Development Plan aims to get those everyday transactions with the Council online, resulting in savings – with the pace of savings accelerating over time. Digital services are much more convenient because they can be accessed whenever you want them and they are also much more efficient, saving taxpayers' money and the user's time. In general, it is estimated that a digital transaction is 20 times cheaper than one by phone, 30 times cheaper than a postal transaction and 50 times cheaper than a face-to-face transaction (Cabinet Office, 2012). Yet only half of all government services are available online, which creates plenty of scope to reap savings.⁵

Implications for Sustainability and the Environment

32. The Better Broadband for Nottinghamshire Programme will ensure that wherever possible the infrastructure is deployed in an energy-efficient manner and, by delivering services digitally, the County Council and its partners will be able to reduce carbon impact e.g. by reducing travel requirements and having fewer, and more energy-efficient, data centres. In this way, the County Council will contribute to reducing the local and global environmental impact of consumption and production.

Ways of Working Implications

33. Under the context of unprecedented growth in demand for services and of constrained resources, a future that is both more sustainable and more equal will require the County Council and its partners to work with its user communities to redesign services and different parts of the County Council to work better together. The effective, innovative and imaginative deployment of digital technologies gives the County Council the tools to meet these challenges. We see every day how digital technologies and communication are transforming life experiences at home, in social and community networks and in business. Digital technologies are also impacting on how people in Nottinghamshire acquire information about public services and access those services. We are not starting from a blank sheet but we have the opportunity for a much bigger transformation.

⁵ http://ec.europa.eu/isa/news/2012/uk_transactions_en.htm

RECOMMENDATION/S

34. That the Economic Development Committee note the report.

Report of the Corporate Director, Policy, Planning and Corporate Services – Jayne Francis-Ward

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Constitutional Comments (EP 02/01/2014)

35. No Constitutional Comments are required as this report is for noting only

Financial Comments (SEM 06/01/14)

36. The financial implications are set out in the report.

Background Papers and Published Documents

- Nottinghamshire Local Broadband Plan (www.nottinghamshire.gov.uk/broadband)
- Nottinghamshire Local Broadband Plan – report to Full Council, 15-12-2011
- Update on Nottinghamshire Local Broadband Plan – report to Policy Committee, 20-06-2012
- Nottinghamshire Local Broadband Plan – report to Full Council, 28-02-2013
- ERDF Funding Agreement, 14-05-2013
- Superfast Broadband for Nottinghamshire – report to Policy Committee, 17-07-2013
- Social Study 2013 - The Economic Impact of BT in the United Kingdom and the East Midlands, link to report, 13-12-2013:
<https://www.btplc.com/Thegroup/BTUKandWorldwide/BTRegions/England/Factsandfigures/SocialStudy2013-EM.pdf>
- Better Broadband for Nottinghamshire: resource requirements for delivery phase – report to Economic Development Committee, 12-12-2013

Electoral Division(s) and Member(s) Affected

All

Appendix A: How the UK ranks, relative to the other big 5 European countries

The BT-commissioned report, *International benchmark of superfast broadband*, aims to answer the question of whether the UK is falling behind its international peers in superfast broadband services. It presents factual data up to 2012 alongside Analysys Mason's forecasts to 2018.

This report shows that the UK does very well on most superfast broadband benchmarks today, and by 2018 it will continue to outpace its major European competitors and even outperform Japan and the USA on some measures. The UK's ranking relative to the other big 5 European countries is as follows:

- **First for superfast broadband coverage.** Over 70% of premises in the UK could access superfast broadband at the end of 2012. This compares with 66% in Germany, the next best performing country. Analysys Mason expects that by 2018, 95% of UK premises will have access to superfast broadband, keeping it ahead of the other large European markets.
- **First for superfast broadband take-up.** Adoption was higher in the UK at the end of 2012 than elsewhere in the big 5, with 18% of premises taking services with superfast speeds. By 2018, Analysys Mason predicts that half of UK premises will subscribe to superfast broadband, compared with the Western European average of 42%.
- **First for average measured downstream bandwidth,** based on data from Ookla⁶. At 22.6Mbit/s (see note to Editors), the UK leads the top five European economies.
- **First for the overall competitiveness of the broadband market.**
- **Third for the price of superfast broadband.** Prices in the UK are similar to the average price in the big 5, though higher than the lowest-priced offers in France and Germany. Of the incumbent operators in the five major economies, BT Retail's prices are the lowest when compared with those of France Telecom, Telefónica, Deutsche Telecom and Telecom Italia.

Only smaller European countries – such as The Netherlands and Sweden – that have extensive cable coverage or where superfast connections have been available for longer, have better or comparable average speeds, coverage and take-up of superfast broadband than the UK.

The report also concludes that the UK government's gradualist approach to supporting rural broadband will cost significantly less than government initiatives in the other four countries, while still providing extensive coverage of superfast broadband.

Link to report: www.analysysmason.com/UK-broadband-2013

⁶ **Note:** As of 4 September 2013. The Ookla value is a 30-day rolling mean and so the value changes over time

Appendix B - Superfast Extension Programme FAQ (*Published by BDUK on 6 December 2013*)

Q. When will further details of the £250m fund announced in June to get to 95% superfast coverage by 2017 be announced? (i.e. funding allocation to which areas, nature of procurement to deliver the additional coverage, etc.)

A. We are finalising details and will make these available as soon as we are able to.

Q. Is it a national or local project?

A. The delivery routes for projects using the £10m will depend on the proposals that come forward. We expect local bodies will continue to have a key role in this and for delivery of the 95% using the £250m.

Q. Are you intending to give all the £250m to BT?

A. We will be aiming for cost efficient delivery and there is no presumption that all funding will go to BT. All funding will have to be allocated through legitimate procurement routes.

Q. Are going to use framework for the £250m?

A. That will be a route open to local bodies where they consider it appropriate to do so, until the point when the framework contract expires.

Q. How will the £250m be allocated?

A. It is anticipated that local bodies and Devolved Administrations will again lead on local delivery, and we will shortly be discussing with them arrangements for funding and delivery of projects.

Q. When will the £250m be allocated?

A. The funding and process for using it will be made available to local bodies at the earliest opportunity; no specific timeframe has been agreed.

Q. Have you got state aid clearance?

Projects in white eligible rural, suburban and urban fringe locations can be assessed under the existing state aid notification.