

18th March 2016**Agenda Item: 4****REPORT OF THE CHIEF EXECUTIVE, NOTTINGHAMSHIRE COUNTY
COUNCIL****BETTER BROADBAND FOR NOTTINGHAMSHIRE UPDATE****Purpose of the Report**

1. This report provides an update to the City of Nottingham and Nottinghamshire Economic Prosperity Committee (N2 EPC) on the Better Broadband for Nottinghamshire programme at the conclusion of contract 1 and the start of delivery of contract 2. It also updates Members on proposed coverage priorities for additional investment in the county secured through programme efficiencies and the contractual gainshare mechanism.

Background

2. Members have previously considered updates on the Better Broadband for Nottinghamshire (BBfN) programme and most recently in March 2015 supported the County Council in negotiating additional investment for Nottinghamshire from BDUK. This additional investment of £720,000 (part-matched by a contribution of £600,000 from Nottinghamshire County Council) is required to ensure that the districts of Bassetlaw and Newark and Sherwood reached a minimum of 95% coverage, which is the national target for the end of contract 2.
3. Public sector investment in broadband to date in Nottinghamshire stands at £10,500,000 (to the end of contract 1). The capital value of contract 2 is £5,260,000, with the additional £1.32 million taking total capital investment for the period 2014-18 to £17,100,000. This investment will result in approximately 80,000 premises in Nottinghamshire having access to a fibre broadband service that would not have received such access without the BBfN programme.
4. In percentage terms, coverage by area at the end of each contract is as follows:

	Pre-BBfN	Post Contract 1	Post Contract 2	Post additional £1.32M
National target		90%	95%	
Ashfield	94.4%	97.5%	98%	
Bassetlaw	70.2%	88.3%	93.2%	95.1%
Broxtowe	95.7%	97.8%	99.2%	
Gedling	94.5%	98.6%	99.6%	
Mansfield	92.9%	97.9%	98.7%	
Newark & Sherwood	51.7%	89%	93.2%	96.1%
Rushcliffe	73.2%	92.4%	95.6%	95.6%
Nottingham City	96.7%	97.4%	99.5%	
Nottinghamshire	86%	95%	97.2%	98%

5. Nottinghamshire recently came in the top three counties for superfast broadband, according to a league table created by the Country Land and Business Association (CLA)¹. Aggregated coverage across Nottinghamshire by the end of the second contract and the investment of the additional £1.32 million will be 98%. The table above highlights those districts in the county that achieve in excess of national or county averages and those that are still below it.

Investing additional resources

6. Members will recall that the contractual arrangement with BT includes a ‘gainshare’ mechanism which is triggered once take up of fibre broadband services (at contract level) exceeds the ‘commercial average’ rate of 20%. Nottinghamshire County Council has invested significant revenue resources in awareness raising and ‘demand stimulation’ activities to ensure that residents and businesses in fibre-enabled areas are aware of the new services available to them. This revenue investment is bearing fruit, with take-up rates as at the end of February 2016 of 24%, which is significantly higher than the national average for BT’s commercial programme (15%).
7. This strong take-up performance and BT’s working assumption that a rate of 28% will be reached in the course of the next year have resulted in a gainshare allocation of £2.2 million for Nottinghamshire, which will be invested in the further roll-out of fibre broadband in the county. In addition, approximately £300,000 will be released from changes to technological solutions, creating a total funding resource for future investment of £2.5 million. As these resources technically form part of contract 1 they can be invested in additional fibre broadband coverage under the existing State Aid exemption.
8. The BBfN Programme Delivery Board will be considering investment priorities for this £2.5 million later in March. The County Council is proposing that investment is targeted at the borough and district council areas of Bassetlaw, Newark and

¹ <https://www.cable.co.uk/news/rural-businesses-losing-out-in-broadband-and-mobile-postcode-lottery-700001029/>

Sherwood and Rushcliffe given that these three areas achieve less than the county average of 98% at the end of current planned investment. The remaining council areas will be de-scoped from further investment, where this is feasible, given the high levels of coverage that they already receive.

9. In addition, the County Council proposes continuing to prioritise investment in areas of high business density where viable and is also keen to ensure that the additional investment is used to tackle communities where only partial coverage has been possible to date. Subject to the Programme Delivery Board agreeing with these proposed priorities, BT will be asked to design an investment plan for the additional £2.5 million that will enable Nottinghamshire to maintain its strong performance in delivering digital infrastructure.

Supporting areas that remain without fibre connectivity

10. Current plans and investment will result in just under 2,500 premises across the county being without a connection that can offer a minimum speed of 2 Mbps, which is the government's 'Universal Service Commitment' (USC). The USC forms part of the Council's contract with BT, who are obliged to offer a minimum 2 Mbps service to all of the premises affected. The nationally agreed solution to this is to offer vouchers of up to £350 to consumers for satellite broadband services.
11. Businesses and residents who cannot access speeds of a minimum of 2Mbps are eligible for the vouchers, which will principally fund the installation and hardware costs of a satellite broadband solution. Whilst satellite broadband is less resilient and reliable than fixed, fibre broadband, the technology to deliver satellite solutions is improving all the time and speeds of approximately 20 Mbps can be achieved. Consumers will be required to enter into a contract with a service provider, as they would with a fixed fibre solution, and this does not form part of the voucher arrangement. In Nottinghamshire the satellite scheme was launched in February and take up to date has been slow, although it is now increasing.
12. Communities that will still be isolated from fibre broadband solutions at the end of the planned investment can also consider BT's 'Community Fibre Partnership' programme (<http://www.bt-ngb.com/community-fibre-partnerships>). This enables communities to work directly with BT who will design and cost out a fibre solution for them and advise on sources of funding that could be used to help deliver the fibre solution. It should be noted that this does not form part of the BBfN programme and funds cannot be diverted from the BBfN programme to support Community Fibre Partnership schemes.

Other option(s) considered

13. None – the report is for noting only.

Reasons for recommendation(s)

14. Digital connectivity is a key economic priority for Nottingham and Nottinghamshire partners and the investment through the BBfN programme in fibre broadband is one of the most substantial infrastructure investment schemes currently in operation in the area. Members' input into future prioritisation and strategies for further advancing digital infrastructure is welcome.

Statutory and Policy implications

15. 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 in the body of the report.

Financial implications

16. Where material these are noted in the report. Total capital investment to date (by partner) in the BBfN programme is as follows:

Organisation	Public sector investment
BDUK (national government)	£7,850,000
Nottinghamshire County Council	£2,750,000
EU (European Regional Development Fund)	£2,762,648
D2N2 LEP	£2,630,000
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
Sub-total	£17,138,643
Gainshare	£2,200,000
Total	£19,338,643

RECOMMENDATIONS

17. That the City of Nottingham and Nottinghamshire Economic Prosperity Committee:

- a) notes the progress of the BBfN programme and in particular the prospect of achieving 98% superfast coverage by 2018
- b) notes the additional investment of approximately £2.5 million that has been secured through the gainshare mechanism and contract efficiencies
- c) considers and comments on the additional coverage priorities highlighted at paragraphs 8 and 9 of this report

Report of the Chief Executive, Nottinghamshire County Council, Anthony May

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