



16 October 2012

Agenda Item:

**REPORT OF THE CHAIRMAN OF ECONOMIC DEVELOPMENT COMMITTEE
UPDATE ON THE NOTTINGHAMSHIRE LOCAL BROADBAND PLAN**

Purpose of the Report

1. The purpose of this report is to inform the Economic Development Committee of the latest position regarding the Nottinghamshire Local Broadband Plan. This update report covers:
 - (a) the work going on towards procuring a commercial delivery partner, and:
 - (b) demand stimulation activities.

Information and Advice

Background

2. As Committee Members are aware, Nottinghamshire was awarded £4.25 million from the Government's broadband funding to deliver superfast connectivity to 90% of the County by 2015. This Government contribution has to be matched locally, and will also lever in a substantial private sector contribution. The total estimated investment in Nottinghamshire will be in the region of £17 million.
3. The focus of the investment is on rural areas which suffer from low or no access to broadband, and on delivering business benefits and making the County a more attractive place to do business and invest. The Council agreed in December 2011 to establish a small project team and to allocate capital and revenue resources to the project.
4. Nottinghamshire's Local Broadband Plan was signed off by the Secretary of State in April 2012. Since that time, delays have been encountered at the national level as the Government has been negotiating State Aid (competition related) clearances and Framework Agreements with the European Union and principal commercial providers.

Procurement and delivery

5. The Secretary of State announced in his speech in August 2012 that he anticipated one procurement a week being progressed from October onwards with a view to all procurements being concluded by the summer of 2013.
6. In order to facilitate this timetable, Broadband Delivery UK (BDUK) have been working to incorporate the learning that has come from existing procurements into the assurance and pre-procurement process. In practice this means BDUK have replaced existing

‘checkpoints’ (which Nottinghamshire had passed in August 2012) with a new and enhanced assurance checkpoint – alongside a new training workshop for project teams.

7. These steps are aimed at giving greater certainty at the start that projects will progress smoothly through the procurement process. The new assurance and training workshop is being held on 11 October 2012. It is understood that approximately a month after the workshop, Nottinghamshire will commence its pre-procurement activities.
8. The government has negotiated a *Framework Agreement* to facilitate the procurement for the broadband programme. BT and Fujitsu signed the Framework in June 2012. The advantages for Nottinghamshire of using the *Framework Agreement* is that the Council will follow a standardised process and benefit from: template documents; technical guidance material and BDUK technical support; compliance through Gateway reviews and checkpoints at key points in the process [Pre-procurement; Procurement & Contracting].
9. The Broadband Model that Nottinghamshire will be adopting is NOT a typical procurement of services and will be adopting a **CO-INVESTMENT MODEL**:

Investment Gap	There is often no commercial case for suppliers to roll-out (invest) broadband in many rural locations – so public money is being used to ‘fill the gap’ – essentially changing the economics of suppliers infrastructure investment plans making them commercially viable.
Wholesale Access	The supplier contracts to provide Wholesale Regulated Services to any provider. The chosen supplier will bring Internet Service Providers (ISPs) who will offer retail services to <u>any</u> end users on terms <u>equivalent</u> to that offered in the suppliers commercial footprint. The Council is <u>NOT</u> buying services directly; rather, facilitating the market to provide them on terms available to anywhere else in the country.
Risk Transfer	The supplier takes on the risk of surveying then designing, building and maintaining the new infrastructure. The Council is <u>NOT</u> buying the kit and is <u>NOT</u> responsible for managing or maintaining it.
Clawback	Suppliers model expected customer take-up – state aid regulations allow that where this exceeds planned uptake the local authority can claw-back excess profit and reinvest in additional infrastructure capability. This clawback mechanism operates for seven years. Note also that poor take-up is a risk the supplier takes on not the local authority.

10. The procurement process is a total of 28 weeks from start to finish. On passing the assurance checkpoint Nottinghamshire will be given details on the specific timetable for our project.

Procurement Process – 28 week from start to finish.	
Open market Review (supplier consultation	1 st Checkpoint (B0)
Public Consultation	

Supplier Engagement (structured meetings)	2 nd Checkpoint (B1)
Draft ITT	
Issue Final ITT	3 rd Checkpoint (B2)
Evaluate Tender Responses	
Preferred Supplier notified	
Grant agreement & Contract Award	4 th Checkpoint (C)

State Aid

11. However, before the Council can spend money on broadband, we have to (a) secure state aid approval from the European Commission and (b) have defined our intervention area (i.e. where you will spend money). The EU have indicated that they do not want to be responsible for evaluating 50+ broadband projects and have invited the UK to set up a *National Competency Centre* (within BDUK) to do the job for them. BDUK's State aid approval is expected September/October 2012. No broadband project can contract without state aid approval.
12. For State aid compliance, the Council will be undertaking an Open Market Review (OMR). The OMR is intended as a precursor to formal public consultation and will be issued to all recognised broadband infrastructure and internet providers in our area to understand what the private sector is doing to invest in next generation broadband. The results of the OMR will assist Nottinghamshire with understanding the broadband infrastructure (basic broadband and Next Generation Access (NGA)) already in place and where there are plans for investment in such infrastructure in the coming three years and will act as a significant step in the design of the Nottinghamshire intervention area.

Demand stimulation activities

13. Work is underway on the *Superfast Broadband for Notts* campaign with the aim of achieving 5000 pledges (of which as many as possible will come from businesses) by autumn. The circa 4,400 pledges to date, will be used to lobby telecoms companies to prioritise Nottinghamshire. Analysis has concluded that Rushcliffe is leading the way with 39% of the total amount of pledges received so far, followed closely by Newark & Sherwood at 29% and Bassetlaw at 20%. The remainder of the pledges are broken down as follows: Ashfield at 3%, Broxtowe at 2%, Gedling at 3%, Mansfield at 2% and Nottingham City at 2%.
14. A series of marketing and public relations activities have (and continue) to be undertaken involving case studies, attendance at events (such as the Robin Hood Festival, the Southwell Ploughing Match and various business engagement meetings), radio and BBC and Central TV coverage and the use of social media – particularly through the Nottinghamshire Broadband Facebook page¹ (which currently has 83 'friends').
15. A total of 10,000 blank survey forms have been produced for wider circulation. A letter was sent to all Nottinghamshire Parish and Town Councils asking them to encourage their communities to get behind the campaign and this is being chased up with a telephone call to

¹ <http://www.facebook.com/nottinghamshirebroadband>

see if additional pledges forms and posters are required. All partners have been asked to host the pledge button on their websites.

16. Running simultaneously with the pledge campaign will be a range of demand stimulation initiatives to (a) improve people's (particularly businesses) readiness to use broadband technologies, (b) encourage an increase in online usage and (c) identify and encourage innovation in what can be done with broadband. The overriding aim is to increase the rate of broadband take-up to be at or above the UK average across rural areas of Nottinghamshire. The tender opportunity for demand stimulation work was launched late September via the Source Nottinghamshire website; the site brings together buyers and suppliers, making it easier for (particularly local) businesses to find out about new sources of potential revenue. The successful tenderer is expected to be appointed by the end of November 2012.

Statutory and Policy Implications

17. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

18. The report contains the financial figures for the Broadband project.

Equalities Implications

19. An Equalities Impacts Assessment has been produced for the Nottinghamshire Broadband Plan. It concluded that it is difficult to predict what the real implications of superfast broadband will be for the 116,011 premises (both business and residential) that are the subject of the Plan and there is the possibilities of additional, as yet unforeseen, implications for rural communities from such a digital divide.

RECOMMENDATION/S

20. It is recommended that members note the on-going process towards delivering superfast broadband in Nottinghamshire.

Report of the Chairman of the Economic Development Committee

For any enquiries about this report please contact: Nicola M^cCoy-Brown ext 72580

Constitutional Comments (SLB 04/10/2012)

21. This report is for noting only.

Financial Comments (DJK 04.10.12)

22. The contents of the report are duly noted; the project spend will be contained within the capital and revenue budgets for the financial years to 2015.

Background Papers

Nottinghamshire Local Broadband Plan.
Report to County Council (December 2011)

Electoral Division(s) and Member(s) Affected

All