

**REPORT OF THE LEADER OF THE COUNTY COUNCIL**

**NOTTINGHAMSHIRE LOCAL BROADBAND PLAN UPDATE**

**Purpose of the Report**

1. The purpose of this report is to update Council on the progress of the Nottinghamshire Local Broadband Plan, which will deliver significant benefits to the County's business community and residents. Over 5,000 Nottinghamshire businesses are set to benefit from next generation broadband, and the project will have targets relating to increased turnover and growth within this cohort of businesses.

**Information and Advice**

Background

2. The *Superfast Broadband for Nottinghamshire* Project will deliver investment to achieve improved broadband infrastructure across Nottinghamshire. This investment will come from:
  - A combined Nottinghamshire local authorities capital investment/subsidy of £4,250,000 to which Nottinghamshire County Council is contributing £2,150,000;
  - A Government investment/subsidy via Broadband Delivery UK (BDUK) of £4.25 million
  - A private sector investment, yet to be defined but likely to be no more than £8.5 million
3. The local public sector commitments to the project are as follows:

Ashfield DC	£70,000
Bassetlaw DC	£150,000
Broxtowe BC	£33,754
Gedling BC	£89,777
Mansfield DC	£157,464
Newark & Sherwood DC	£250,000
Rushcliffe BC	£245,000
Nottingham City Council	£97,448
<b>TOTAL</b>	<b>£1,093,443</b>
Notts County Council	£2,150,000
ERDF	£867,000
<b>Combined LA contributions</b>	<b>£4,110,443</b>
<b>Funding gap as of 07 Dec 2012</b>	<b>£139,557</b>

4. In September 2011, the County Council submitted a full European Regional Development Fund (ERDF) Priority Axis 2 application covering eligible parts of Nottinghamshire (Ashfield, Bassetlaw and Mansfield only due to geographic limitations set by the fund). However, on 5 December 2012, the East Midlands operational programme delivery team confirmed they are of the opinion that the Operational Programme (which sets out the region's strategy and priorities for delivering ERDF funds) does not allow for broadband infrastructure investment and the proposal will therefore not be considered for approval.
5. Given the complexities involved, the East Midlands programme delivery team and East Midlands Councils have been working jointly on a rationale to implement a technical change to the operational programme to allow broadband investment across all of Nottinghamshire and the East Midlands under Priority Axis 1. This change request was submitted to the European Commission in November and a decision is expected to take 2 to 3 months. In the meantime, the County Council has now submitted an eligible broadband outline application under Priority Axis 1. In addition, the broadband team is supporting an ERDF Broadband task and finish group so that in terms of ERDF broadband infrastructure investment the best possible results for the East Midlands are achieved.
6. The total investment in broadband infrastructure is expected to total £17 million. This will deliver 'superfast' access (i.e. in excess of 24 MBps) to over 90% (over 104,000 properties) of residential and commercial properties within the project area, which is predominantly rural. This investment will deliver a real step-change in broadband usage across the area, and will drive new business growth, inward investment and job creation. Targets for all of these are included in the broadband plan. In addition, the new infrastructure will enable greater flexibility in terms of home-working and studying. Finally, public service transformation is also being explored in terms of 'tele-health' projects (which will enable people to be seen by their GPs from home) and other initiatives which will support independent living.
7. Members of the Broadband Project Delivery Board, along with the Leader of the Council and members of the Opposition Group, will be visiting BT's technology and innovation centre, Adastral Park in Ipswich, in February 2013. This was approved by the Council's Administration Committee on 11<sup>th</sup> December. Adastral Park specialises in pioneering work in optical technologies and digital switching, through to work in advanced software techniques and protocols. It is one of the biggest centres for jobs and commercial activity in the East of England and is now home to more than 20 other companies, supporting around 4,000 jobs and bringing more than £800 million into the local economy each year.

#### Public sector investment

8. Public sector subsidy is both needed; and permissible under European State Aid legislation when 'Market failure' exists. Market failure arises when a commercial provider cannot justify the required level of investment for a project because there is insufficient potential demand for services and consequently insufficient revenue from customers to justify that investment.
9. Projects such as *Superfast Broadband for Nottinghamshire* are known as 'Gap Funded', with the Public Sector providing investment/subsidy to fund the gap between the amount of investment the private sector supplier can commit in order to support a commercially sustainable business case and the actual cost of the project.

#### Demand Registration Survey

10. The whole project hinges on finding a suitable firm willing to make the investment, and to do that the Council has had to prove demand exists through the pledge campaign. We have had a strong response with in excess of 5,000 people taking part but will continue to look for as many responses as we can to get the best deal possible for Nottinghamshire. Greater demand from the public is likely to attract more than one bidder, greater market investment and have our work performed earlier in the national programme.

### Broadband Plan update and illustrative timeline

11. Over recent months the broadband project team have been working very closely with Broadband Delivery UK (BDUK) to develop the detailed procurement requirements for the Government's national rural broadband infrastructure programme. The County Council has now successfully passed three *BDUK Assurance Checkpoints*, which has enabled the authority to seamlessly pass towards the BDUK Call-Off procurement process. Furthermore, it is anticipated that following successful formal procurement during the first half of 2013, a contract will be awarded to one of the Framework providers for work to start in the County during the Autumn of 2013 (as illustrated in the table at Appendix A).
12. The *Superfast Broadband for Nottinghamshire* project aims to deliver the Government's 2015 target of every premise being able to access broadband speeds of at least 2Mbps and that superfast broadband (define as providing more than 24 Mbps) should be available to 90% of premises.

### Consultation

13. An Open Market Review (OMR) with all the broadband suppliers has now been carried out to ask them where they plan to provide services on a commercial basis up to 2015. This was important as the Council cannot spend public money in areas where the private sector will already be offering next generation access internet connectivity. As a result of the information received, a range of maps is being produced to confirm the eligible intervention area.
14. Principally aimed at the telecommunications market but available for anyone to view and comment on, throughout December and January, by visiting a prominent location on the County Council webpage, the maps will be able to be viewed and checked to ensure that the intervention area has been correctly designated. By mid-January 2013, if there is a belief that the information is wrong, respondents will need to let the broadband team know. Once the Council goes out to tender in spring 2013 the areas covered by the project cannot be changed.

### Areas and timing of intervention

15. The areas and timing of intervention and the mix of technologies cannot be guaranteed with any certainty until the County Council undertakes both the review of the locality and concludes the procurement phase. For the avoidance of doubt, the preference is to deploy fibre technology where it is practicable, affordable and appropriate to do so.
16. It is fully recognised that the lack of detailed information about the timing and nature of broadband improvements at community level is frustrating. However, investing significant sums of public money in a competitive commercial market is not straight-forward, and the County Council cannot put public money at risk by deviating from legal frameworks and processes set out by national Government.
17. It is some consolation to note that Nottinghamshire is ahead of other parts of the UK (particularly some of its neighbouring authorities) and this is down to the importance the County Council places on providing broadband-enabled opportunities to previously underserved communities which will lay the foundation for longer term economic development.

### State Aid Update

18. State aid is a European Commission term referring to forms of assistance from a public body which is given to organisations engaged in economic commercial activity on a selective basis, with the potential to distort competition and affect trade between Member States of the European Union.

19. BDUK is now the national competence centre to assist local authorities in designing and implementing successful broadband support measures in line with EU competition rules. The umbrella scheme is being trailed as being a big step towards the achievement of the EU Digital Agenda targets and a strong impetus for growth in the UK.

#### Value for money within procurement of Nottinghamshire's Call-Off Contract

20. BDUK conducted a full competitive procurement via the Official Journal of the European Union (OJEU). BT and Fujitsu are the remaining two firms on the BDUK framework. To prevent the supplier from being over-subsidised, a 'reverse payment mechanism' will be used in the Council's eventual Call-off Contract with the supplier. This means that clawback will apply where the level of customer take-up exceeds the level forecast by the Supplier. If the claw-back mechanism is invoked, Nottinghamshire's Call-off Contract will require the Supplier to re-invest these funds in delivering more superfast broadband coverage and/or speed in Nottinghamshire.

#### Stimulating demand for broadband

21. With millions being invested in next generation broadband infrastructure through the *Superfast Broadband for Nottinghamshire* project, there is an imperative to ensure that Nottinghamshire companies and residents maximise the potential of superfast broadband in their home or work settings. Building the infrastructure is the first step, but the Council is also committed to ensuring that economic growth in particular is increased as a result of the opportunities that the new infrastructure will bring. Hence, (funded through County Council revenue and the Rural Development Programme for England (RDPE)) the County Council has appointed a locally based consortium to stimulate increased demand for broadband while explaining the specific benefits to companies. How to boost sales, cut costs and improve efficiencies, are just some of the topics that this 12-month contract will cover. Work is expected to commence early 2013.

## **Statutory and Policy Implications**

22. 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**

23. There are no specific financial implications arising as a consequence of this report.

## **Equalities Implications**

24. An Equality Impact Assessment has been produced for the Nottinghamshire Broadband Plan and is available with the background papers.

## **RECOMMENDATION/S**

It is recommend that:

- 1) The public support for the campaign be recognised;
- 2) That Council continue to do all in its power to bring about the delivery of broadband as quickly as possible and recognises the importance of broadband to all sections of the community, and in particular to business regeneration.

## **Report of the Leader of the County Council**

**For any enquiries about this report please contact: Nicola M<sup>c</sup>Coy-Brown Tel: 0115 977 72580**

### **Finance comments [DJK 12/12/2012]**

The contents of the report are duly noted; the financial implications are highlighted within the report.

### **Constitutional comments [NAB 10.12.12]**

Council has authority to consider the recommendations set out in this report by virtue of its terms of reference.

### **Background Papers**

The Nottinghamshire Local Broadband Plan and additional documentation is available at [www.nottinghamshire.gov.uk/broadband](http://www.nottinghamshire.gov.uk/broadband)  
Equality Impact Assessment

### **Electoral Division(s) and Member(s) Affected**

All