

JOINT REPORT OF THE CABINET MEMBER FOR FINANCE AND PROPERTY AND THE CABINET MEMBER FOR CULTURE AND COMMUNITY

NOTTINGHAMSHIRE LOCAL BROADBAND PLAN

Purpose of the Report

1. This report seeks:

- Approval of the superfast broadband vision
- Endorsement for the suggested approach to accelerating the rollout of superfast broadband
- Approval for the submission of the completed Local Broadband Plan to Broadband Delivery UK (BDUK – the delivery arm of government administering Nottinghamshire's £4.25 million allocation)
- Agreement that governance and partnership arrangements to realise the vision and strategy (once approved by BDUK) is the responsibility of the Council
- Approval for the Council to make available a maximum capital contribution of £2.15 million (this is subject to a £2.1 million contribution from local authority partners), to be managed through established Capital Programme procedures
- Approval for the Council to cover the costs associated with the management of the procurement process, project management of the delivery of the Local Broadband Plan and the demand stimulation programme, estimated to be up to a maximum of £400,000 by 2016
- Delegation of authority to the Assistant Chief Executive to commence and complete the necessary procurement arrangements

Information and Advice

2. Government has provided a Universal Service Commitment to ensure that premises (households and businesses) have access to a minimum of 2 megabits per second (2Mbps) broadband services by 2015. This is the basic speed needed for services like BBC i-Player or to enable small and medium sized enterprises to successfully create and maintain media rich online interactions that facilitate commercial growth. 45% of premises in Nottinghamshire (both residential and business) are located in areas where the average download speed is less than 2Mbps – when broken down further this equates to 69% of households (as mapped out in Appendix A).

3. Our aspiration is for 90% of all Nottinghamshire premises to have access to superfast broadband (at least 24Mbps). Superfast broadband enables homes and businesses to download pictures, images and software in a shorter period of time and importantly gives businesses the infrastructure they need to grow and develop new products and services. In order to achieve this, a total investment of £17 million is required. As outlined in the 12 October 2011 cabinet report, Nottinghamshire County Council has been awarded an indicative allocation of £4.25 million (covering 113,351 Nottinghamshire premises and 2,660 premises in Nottingham City). It is expected that the public sector in Nottinghamshire will match this with another £4.25 million and that the appointed telecommunications contractor will bridge the remaining £8.5 million funding gap.

Demand

4. Delivering better broadband access and superfast broadband wherever possible is vital to delivering the County Council's priorities. Further, superfast broadband is critical to Nottinghamshire's economic recovery and growth, to supporting an engaged and connected community across the whole County and to enabling the wider public sector to bring a new approach to the way it works with residents and businesses.
5. Modelling undertaken has confirmed that the economic case for deployment of 'superfast broadband for all' does not stack up in parts of Nottinghamshire, and explains why the market is not delivering outside of the County's largest urban areas. At least 75% of the population living in rural areas of Nottinghamshire have a below 60% probability of achieving a significant upgrade to their telecommunication access network.
6. In April 2011, BT committed to delivering superfast broadband to 12% of Nottinghamshire business premises and 12% of homes. 77% of total premises in urban areas have maximum download speeds of 50Mbps compared to 4% of total premises in some of the County's villages. Broadband penetration is clearly not distributed uniformly, either geographically or demographically, across Nottinghamshire and rural communities suffer the most. The Local Broadband Plan concentrates on the 116,011 premises that are unaffected by BT's superfast broadband roll-out plans and will ensure these poorly broadband served areas of Nottinghamshire are not left behind in the ever growing 'digital divide'.

Funding

7. The County Council has to submit the Local Broadband Plan to access the Government funding allocation, which is limited and must be drawn down this parliament. The funding is needed to leverage the required private sector investment.
8. The ambitious vision for superfast broadband deployment in Nottinghamshire can only be realised if the Government's allocation of £4.25 million is matched £ for £ by local sources and a telecommunications provider is procured (who will also need to provide match funding, expected to be £8.5 million). Discussions are taking place with District, Borough and City Council's, seeking contributions of up to £2.1m, as set out below in Table 1. A capital funding gap will remain and the Council is asked to consider allocating a ceiling amount of up to £2.15 million phased capital funding investment over the period 2012 to March 2016 (i.e. 51% of the total Plan's costs).

Table 1: Nottinghamshire District/Borough Council indicative contributions requested

	Total premises	% of Notts premises	Total Match Required	Revised District/Borough and City match funding contribution
Ashfield	3,401	2.93	£124,594	£60,008
Bassetlaw	47,799	41.20	£1,751,090	£843,380
Broxtowe	1,913	1.65	£70,082	£33,754
Gedling	3,974	3.43	£145,585	£70,118
Mansfield	11,031	9.51	£404,115	£194,634
Newark and Sherwood	32,010	27.59	£1,172,669	£564,794
Rushcliffe	13,223	11.40	£484,417	£233,311
Nottingham City	2,660	2.29	£97,448	£97,448
TOTAL	116,011	100.00	£4,250,000	£2,097,447

9. The Local Broadband Plan is totally reliant on the local authority partners' contributions – without which, the Government's allocation will not be turned into reality and the Plan will not proceed to the procurement stage. The original indicative contribution requests had been calculated using a straight-forward formula based on the number of premises in each District that would benefit from the investment. However, since the requests were issued, BT announced a further rollout of superfast broadband deployment, which has resulted in a sliding revision of approximately 2,861 premises that will no longer be the subject of the Local Broadband Plan, as summarised in Table 1. At this moment in time, the Council is not aware of any further rollout plans and therefore the Local Broadband Plan has been predicated upon 116,011 total premises.
10. Upon approval of the Local Broadband Plan by BDUK, the Council will look to procure the services of a telecommunications provider. As the districts of Bassetlaw, Newark and Sherwood and Rushcliffe have the lowest levels of broadband speed availability they will be targeted as phase one of the Local Broadband Plan. However, the technical detail of the solution ultimately adopted will be decided during the procurement process.
11. At the point of publication of this Report, the authorities of Gedling and Rushcliffe Borough Council have responded positively to the request for match funding contributions. The County Council is aware that a number of other Districts are considering this request.
12. The County Council is required to cover the costs of managing the procurement process, project management of the delivery of the Local Broadband Plan and the demand stimulation programme – the costs up to March 2016 are estimated to be up to £400,000 revenue.

Strategy and Vision

13. The superfast broadband vision for Nottinghamshire is to:
- deliver faster broadband for all
 - ensure fair price and variety
 - deliver digital inclusion
 - transform service delivery to 'online'

- deliver digital equality
 - encourage enterprise and higher skilled employment
 - develop the business and economic infrastructure
 - reduce congestion and pollution
14. The approach has been shaped by consultation with residents, businesses, and communities across the County and is backed by District, Borough and Parish Councils, the Local Enterprise Partnership (D2N2 LEP), Rural Community Action Nottinghamshire (RCAN) and partners.
15. The survey (summarised at Appendix B) undertaken as part of the preparatory work for the Local Broadband Plan confirmed superfast broadband is seen as a core driver of the Nottinghamshire economy and its global competitive standing and is a principal accelerator for job growth.
16. Covering 1689km² and tackling two upper tier and seven district areas at once, the geographical area covered by the Local Broadband Plan is set out at Appendix C. 33% of residential points and 38% of business points are the subject of the Local Broadband Plan.
17. In terms of the commercial approach, the Local Broadband Plan will be funding a private sector telecommunications provider to build, own and operate an open network to provide competitive services to users. This will involve securing significant financial contributions from the contracted telecommunications provider. There is no suggestion that the County Council or its partners offer ongoing public sector support beyond the capital investment.
18. The decision on the procurement route to follow has yet to be made. The BDUK Procurement Framework and umbrella State Aid Exemption are not yet up and running but it is expected that the Council will deploy them both to expedite the process and ensure that BDUK places Nottinghamshire towards the front of its pipeline. Either way, the network provider will be procured to deliver a network that meets local needs in terms of coverage, actual upload and download speeds, reliability, quality and cost to the end user.
19. Key milestones of the Local Broadband Plan are set out at Appendix D.

Other Options Considered

20. Nottinghamshire County Council could choose to leave provision to the market alone, but this option is not recommended as it would mean that 116,011 premises would be extremely unlikely to obtain access to superfast broadband. This will constrain the county's economic growth potential and isolate rural communities.
21. Nottinghamshire County Council could choose not to invest its own capital and revenue funding in an improved digital infrastructure for Nottinghamshire. However, Government have been clear that areas that do not have a robust and agreed £ for £ match funding package in place will not secure Government funding. The requisite £ for £ match funding will ensure that the Nottinghamshire Local Broadband Plan is positively considered by BDUK. Besides which, the £4.25 million Government allocation is insufficient to deliver a network which meets the County Council's ambition or enables the much desired economic development or transformation of public services.

22. Nottinghamshire County Council could enter into a joint venture with a telecommunications company to jointly develop and manage a network. In spite of the obvious advantages for offering further revenue streams, it is not recommended as it introduces significantly more complexity and risk into the Plan and is highly likely to take more time to deliver on the Plan's vision.

Reason/s for Recommendation/s

23. The recommendations as outlined will enable the County Council to submit its completed Local Broadband Plan to Government, which is a prerequisite for drawing down the £4.25 million investment. Delays to submission of the Local Broadband Plan will mean that Nottinghamshire runs the risk of being towards the back of the Government's investment pipeline. This would further delay delivery of infrastructure investment in the County.

24. The indicative allocations requested from the local authority partners are paramount to the delivery of the Nottinghamshire Local Broadband Plan. The Government will reject the Local Broadband Plan if the match funding package is not secured. Formal approval of the County Council's capital contribution to the scheme is required. A ceiling amount of £2.15 million is suggested, but every effort will be made to reduce this amount by securing further contributions from other external sources.

Statutory and Policy Implications

25. 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

26. The ambitious vision for superfast broadband across Nottinghamshire can only be realised if: the promised £4.25 million investment from Government is secured, £ for £ locally sourced match funding is in place and a telecommunications provider is procured and provides match funding. On the presumption that the local authority partners contribute their £2.1 million contribution, a capital funding gap will remain. The Council is asked to consider allocating a ceiling amount of up to £2.15 million phased capital investment funding over the life of the Plan (2012-2016). This commitment to filling the gap will demonstrate that the County Council recognises the difference that widespread deployment of a superfast broadband infrastructure will make to fuelling Nottinghamshire's economic and social future.

Implications for Sustainability and the Environment

27. There are two major environmental factors involved in the availability of superfast broadband and these factors will become more prominent as the green debate becomes stronger and stronger. First, the replacement of copper by fibre will produce a much more reliable and future-proof network that would reduce the need for continuous upgrading and street digging.

Second, superfast broadband – even more than current broadband – will permit and encourage more home working as well as intelligent energy management systems.

Equalities Implications

28. Without the action proposed through the Local Broadband Plan (and as set out in this report), businesses and residents outside of Nottinghamshire’s urban areas would suffer from a ‘digital divide’ – unable to access the same level of services and have the same opportunities. Until the County Council has completed the procurement process and contracted with the provider, the nature of the network to be delivered is not known, therefore there is insufficient information to complete a full equalities impact assessment at this point in time. An initial assessment will commence shortly and this will be developed and finalised at appropriate points during and after the procurement process.

RECOMMENDATION/S

29. That Council:

1. Approve the superfast vision and endorse the approach to accelerating the rollout of superfast broadband as set out in this report and the Local Broadband Plan
2. Has the responsibility for governance and partnership arrangements to realise the vision and strategy (once approved by BDUK)
3. Agree to make available, subject to final agreed capital contributions from the district, borough and city councils and other external funding, a ceiling of £2.15 million capital contribution. The final amount will be the subject of a further report to Cabinet when final details, including the procurement route and state aid approval process are known
4. Agree that the proposed £400,000 (up to March 2016) covering the costs of managing the procurement process, project management of the delivery of the Local Broadband Plan and the demand stimulation programme, will be met from within the Council’s overall revenue budget and factored into the County Council’s Medium Term Financial Strategy
5. Delegate authority to the Assistant Chief Executive for minor alterations prior to finalisation and submission of the Local Broadband Plan to secure Nottinghamshire the £4.25 million Government funding allocation
6. Reflect the superfast broadband vision in developing plans to transform the way public sector in Nottinghamshire delivers its services
7. Delegate authority to the Assistant Chief Executive to commence and complete any necessary procurement arrangements

Reg Adair
Cabinet Member for Finance and Property

John Cottee
Cabinet Member for Culture and Community

For any enquiries about this report please contact: Nicola M^cCoy-Brown, Economic Development Officer ☎72580

Constitutional Comments (NAB 24.11.11)

30. Council has authority to approve the recommendations set out in this report.

Financial Comments (PDS 25/11/12)

31. The exact timing of the need for the County Council's investment is as yet unknown, but the plan covers the period to March 2016. The approval of this funding will enable the County Council to submit its Local Broadband Plan and the proposed maximum allocation of £2.15 million will be factored into the County Council's Capital Programme. This allocation will obviously be reviewed in light of opportunities to attract external capital funding as set out in the report.
32. It is proposed that the programme revenue costs, estimated to be £400,000, will be met from the Council's overall revenue budget and be factored into the County Council's Medium Term Financial Strategy.
33. This investment is anticipated to deliver significant benefits both to our local communities and business but also has the potential to generate financial and service benefits to the County Council and its customers.

Background Papers

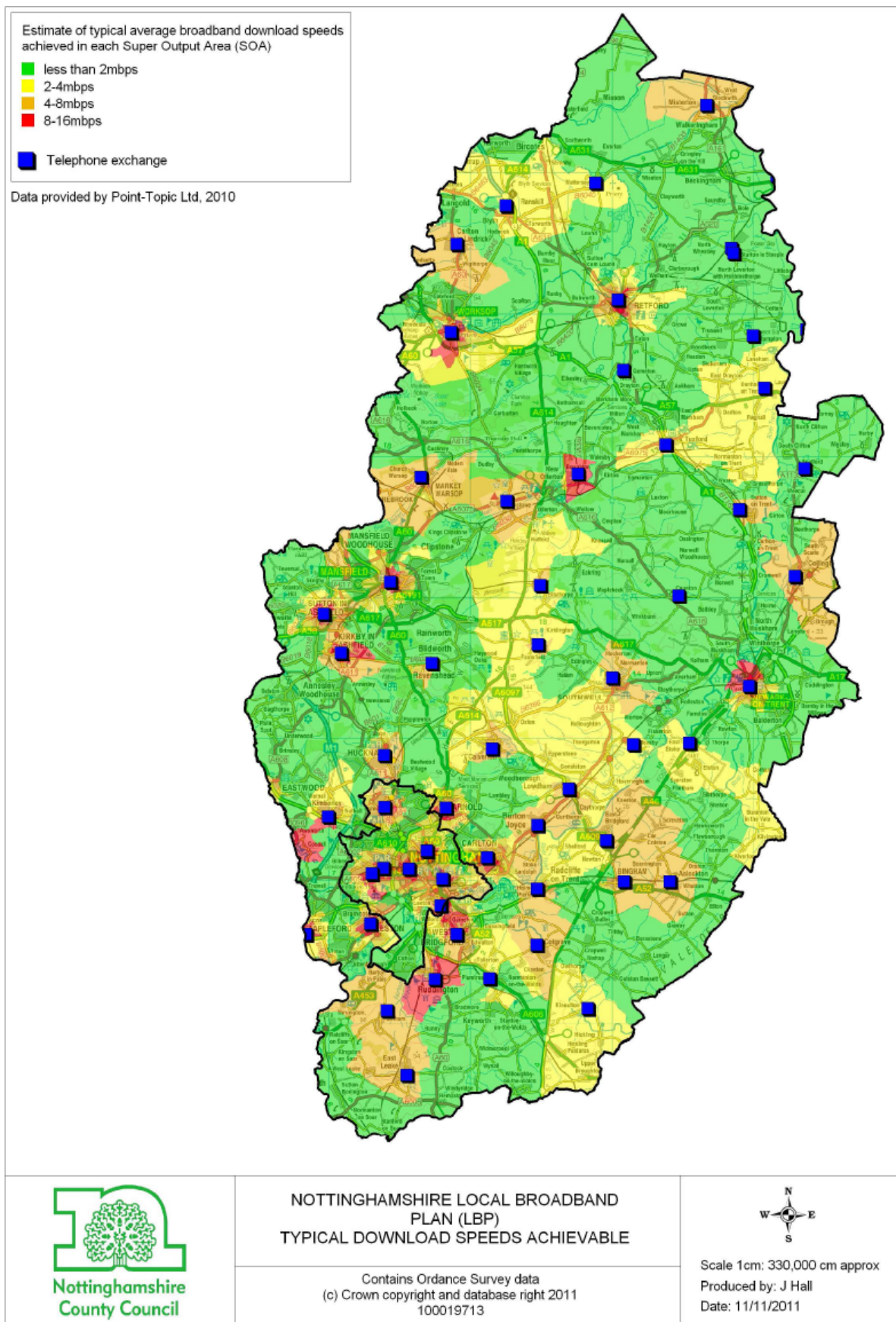
- Britain's superfast broadband future: BIS/DCMS publication (December 2010)
- BDUK Bidding Guidance (March 2011)
- DCMS - Jeremy Hunt - Broadband Funding Allocation letter (dated 16 August 2011)
- Michael Burrows - District/Borough Council contributions letter (date 20 October 2011)
- Draft Nottinghamshire Local Broadband Plan (redacted) (December 2011)

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Electoral Division(s) and Member(s) Affected

All

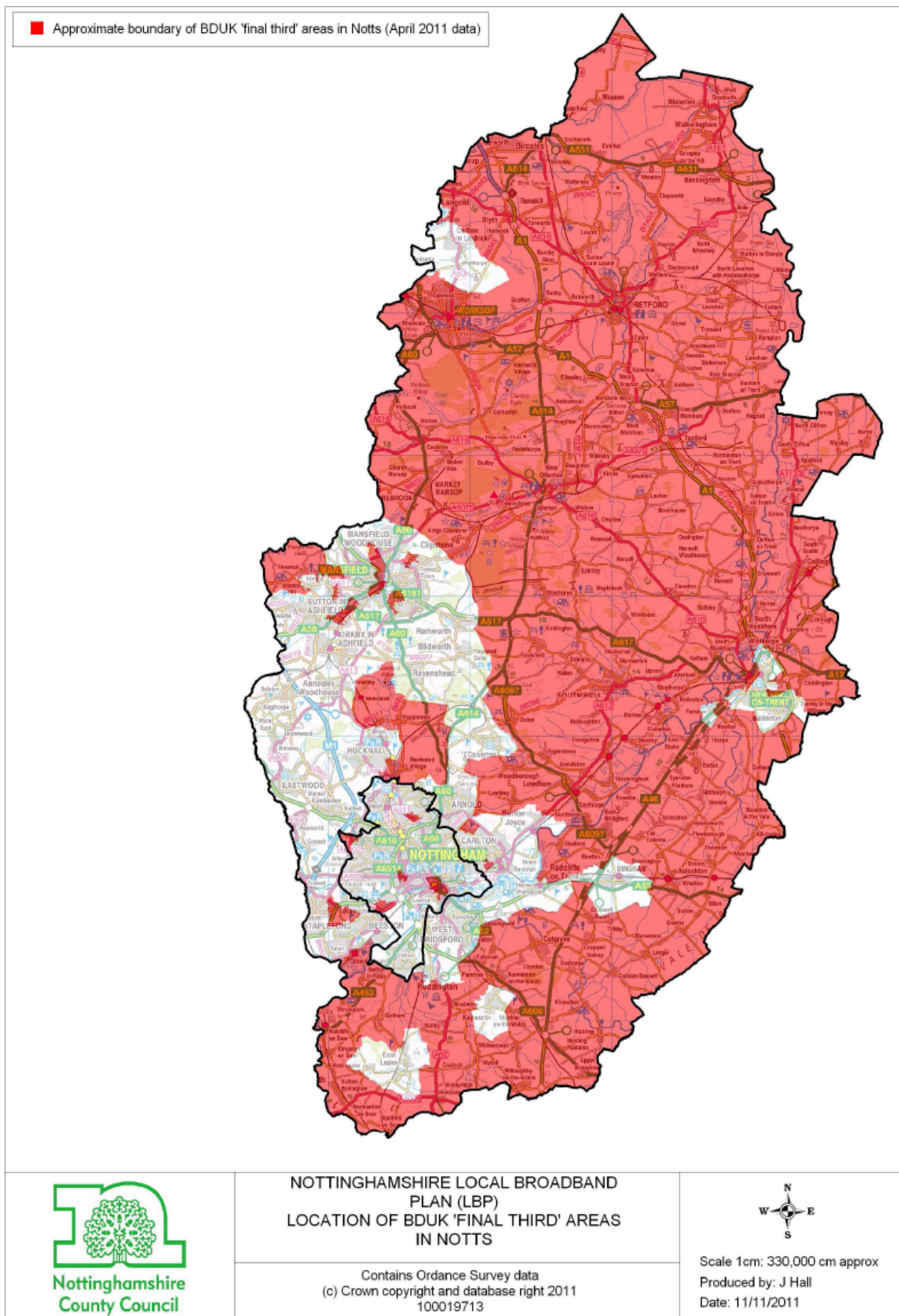
Appendix A: Map of average download speeds and locations of exchanges



Appendix B: Summary of Survey

Business (183 responses)	Residents (1,177 responses)	Community Groups (95 responses)
27% had download speeds of less than 1Mbps.	25% had download speeds of less than 1Mbps.	28% had download speeds of less than 1Mbps.
42% had upload speeds of less than 0.5Mbps.	40% had upload speeds of less than 0.5Mbps.	47% had upload speeds of less than 1Mbps.
91% said access to reliable highspeed broadband was very important for their business.	79% said access to reliable, high speed broadband was very important.	81% said access to reliable, high speed broadband was very important.
64% stated that the current speed of their internet connection significantly constrains the way they use the internet and internet based applications.	59% stated that the current speed of their internet connection significantly constrains the way they or other members of their household use the internet and internet based applications.	60% of respondents said that the speed of their current broadband connection significantly constrains the way they currently use internet / broadband within their organisation/club.
70% of responses said they would like to achieve speeds in excess of 20Mbps (30% of these wanting speeds in excess of 50Mbps).	72% of responses said they would like to achieve speeds in excess of 20Mbps (32% of these wanting speeds in excess of 50Mbps).	50% of responses said they would like to achieve speeds in excess of 20Mbps (28% of these wanting speeds in excess of 50Mbps).
31% would be prepared to pay £10-£20 per month to achieve faster internet / broadband.		
<p>Main business benefits of faster internet/broadband would be:</p> <ul style="list-style-type: none"> - increased business performance (54%); - Improved customer services (48%); - more flexible working (including home working (37%); - ability to deliver new products or services (33%); - increased competitive advantage (30%); - higher turnover (26%); - reduced carbon footprint/CO2 emissions (21%), and; - increase in market share or entry to new markets (21%). 	<p>A slow connection was the most common issue raised (17%).</p> <p>Respondents said they would like to use the internet for study courses, distance learning (watching / listening to Podcasts, webinars etc) but poor download speeds prevented this. One of the frequent aspirations was the ability to work at home.</p> <p>Concerns were raised that schools were increasingly using on-line facilities, such as homework help, but as they would not be able to use such facilities due to poor speeds, they felt their children would be missing out compared to children in a neighbouring village.</p>	<p>A slow connection was the most common issue raised (23%).</p> <p>18% put forward comments related to business, such as the effect of having slow speeds on the way groups/organisations currently use the internet.</p> <p>14% had comments relating to education issues, such as the need for children to have access to reliable, high-speed broadband to complete homework and to make use of external learning activities provided by schools on-line.</p>

Appendix C: Approximate boundary of BDUK 'final third' eligible areas in Nottinghamshire



Appendix D: Key milestones of the Local Broadband Plan (for illustrative purposes)

Key milestone	Expected date
Pilot activity - testing of innovative solutions (e.g. satellite broadband)	March 2012 onwards
Project definition approved by local bodies	April 2012
Framework OJEU	May 2012
Prequalification (PQQ) Deadline	June 2012
PQQ complete	June 2012
Invitation to participate in Dialogue (ITPD)	July 2012
Demand stimulation project defined	August 2012
Commencement of demand stimulation and registration	August to December 2012
Invitation to Submit a Detailed Solution (ISDS)	September 2012
Invitation to Continue the Dialogue Process (ITCD)	November 2012
Invitation to Submit Full Tender (ITSFT)	December 2012
Receipt of Final Tenders	January 2013
Framework signature	April 2013
Deployment of superfast broadband to commence	April 2013
Interim project evaluation	December 2014
Project final evaluation, dissemination, handover of state aid monitoring project ¹	March 2016

¹ Phased implementation to be demand led. Initially planned with a 4-year rollout, ongoing dialogue with the successful contractor will be maintained, with a view to having sufficient flexibility to roll-out the Plan faster if demand dictates.