

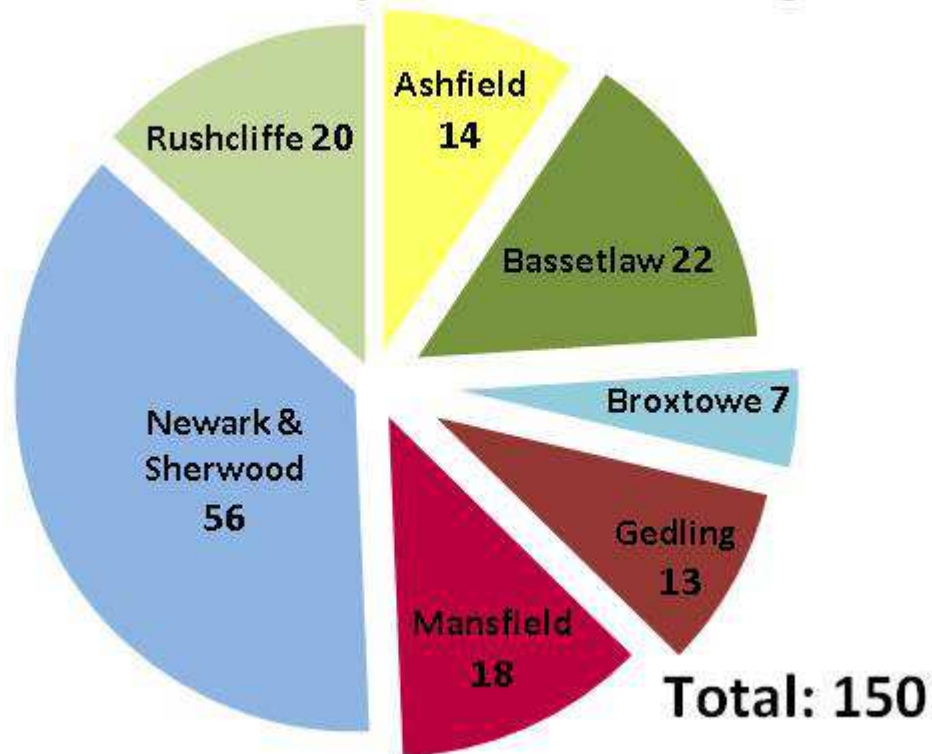
3 March 2015**Agenda Item: 6****REPORT OF THE CORPORATE DIRECTOR, POLICY, PLANNING AND
CORPORATE SERVICES****BETTER BROADBAND FOR NOTTINGHAMSHIRE – QUARTERLY
UPDATE ON THE ROLLOUT****Purpose of the Report**

1. This report provides the regular quarterly update for Economic Development Committee on the Better Broadband for Nottinghamshire programme (BBfN).
2. In response to the request of Economic Development Committee Members for information on the financial aspects of the programme and contract with BT, the Value for Money lead from Broadband Delivery UK (BDUK) will be in attendance for the meeting's broadband agenda item. The presentation will provide assurance that a core framework is in place which ensures that the Council acts with regularity, propriety and value for money in the use of the allocated resources.
3. The report also includes the latest news on the programme and progress with procurement of contract 2 which will increase fibre coverage across Nottinghamshire to approximately 97%.

Information and adviceProgress with contract 1

4. On 11th February 2014, the two milestones of the network passing close to 28,000 premises and the 150th cabinet in the village of Orston to have 'gone live' since the programme began in April last year were reported to the local media - <http://www.nottinghamshire.gov.uk/thecouncil/news/features/?entryid148=483890>
5. The figure to follow illustrates those 150 cabinets to have 'gone live' broken down by District/Borough:

Live Cabinets by District/Borough



6. Parts of the following thirty three exchange locations have now seen new green fibre cabinets installed: Arnold, Beeston, Bingham, Burton Joyce, Collingham, Cotgrave, East Leake, East Bridgford, Edwinstowe, Hucknall, Kimberley, Kirkby in Ashfield, Lowdham, Mansfield, Misterton, New Ollerton, Newark, Pleasley, Radcliffe on Trent, Ranskill, Retford, Ruddington, Sandiacre, Sandby, Southwell, Sutton in Ashfield, Sutton on Trent, Trentside (West Bridgford), Warsop, Whatton, Woodborough and Worksop. Each of these cabinets will have promotional stickers to illustrate the availability of fibre-based broadband in the area.
7. Speeds of up to 80 megabits per second (Mbps) are available depending on how far the property is located from the green street cabinet that it is connected to. Information on what is involved in planning and survey work and why the outcome may mean deployment plans could change, is explained on the FAQ page of the programme's website at www.nottinghamshire.gov.uk/broadband
8. Members will recall there are six fibre broadband phases (nine months each in duration) planned for the BBfN programme. Following contract mobilisation and several months of detailed pre-planning, planning and on site survey work, the first two phases of the network build have now been completed.
9. Phase three of contract 1 is now underway. There are plans for a further 250 fibre cabinets to be installed over the remainder of the contract which should deliver access to fibre broadband to 27,000 more premises. As of March 2015, around 30,000 homes and business already have access, with over 30,000 kilometres of fibre laid so far.

10. BDUK recently launched a national advertising campaign in order to help raise awareness about the availability of the faster connectivity and to boost adoption levels - <https://www.gov.uk/gosuperfast>. Feedback suggests that many people do not realise when their area has been upgraded or incorrectly expect to benefit by default, not anticipating the need to formally upgrade with their service provider. The Council's demand stimulation programme is tackling these misconceptions head on in communities where access to a fibre network has now been delivered.
11. Take-up rates of fibre broadband services across Nottinghamshire are currently low (below 10% of premises with access) although some areas are showing much higher levels of take-up, with a handful of cabinets achieving rates of nearly 50%. This is a useful indication of where things could head. It is vitally important for the programme and the Council and its partners to focus on promoting the availability of the new network. If take-up across the contract exceeds 20%, a gain-share mechanism is activated which could see significant funds released back to the programme by BT for investment in further fibre roll-out.
12. Despite Nottinghamshire being one of the most digitally connected counties in the country by the end of Contract 1 (with coverage, when combined with the commercial rollout, reaching nearly 95%), this message is sadly getting lost. Members will recollect that the funds made available to the programme are insufficient to provide 100% fibre broadband coverage across the county. This lack of sufficient funds has always meant that the Council is not able to guarantee 100% coverage. Naturally, those communities that are currently out of scope feel very strongly about their lack of access and are very vocal with it. This is having a significantly detrimental effect on what is, overall, a very positive programme and story for Nottinghamshire.
13. The gain-share mechanism in the contract will go some way to aggregating an investment fund to addressing those communities which face the prospect of not being a benefactor of the Better Broadband for Nottinghamshire programme. Encouraging those communities with access to take up services therefore becomes all the more vital if the Council wants to close the gap for those communities unfortunately not covered by existing investment proposals.

Ensuring value for money

14. Members of Economic Development Committee requested further information on the financial aspects of the programme and contract with BT. The contract finances are commercially sensitive and are covered by a non-disclosure agreement with BT. The headline figures have previously been reported to this Committee but are worth repeating for completeness here:

Contract 1

Total contract value [capital] £15,260,000 (£19,860,000 when Opex included)

National Govt (BDUK) £4,500,000

European Funds [ERDF} £2,760,000

Notts County Council	£2,150,000
Notts Districts + City	£1,150,000
BT (Capex ¹)	£4,700,000
BT (Opex ²)	£4,600,000

15. Value for money is closely scrutinised by BDUK and the BBfN programme team (who have been supported by the Council's internal audit team). The original contract was rigorously assessed by BDUK and Nottinghamshire's own external experts (Analysys Mason) to ensure value for money was evidenced.
16. Each quarter the Council's programme and finance leads, along with BDUK, review the formal "Milestone to Cash" process to ensure ongoing and regular auditing of the programme. This requires BT to provide extensive detail of work undertaken in the preceding quarter and BT can only claim for actual expenditure incurred and evidenced.
17. BT is only paid once the Council and BDUK have assured fully that what has been claimed is correct. Furthermore, any overspend is at BT risk, whereas efficiencies and underspend are re-invested in the programme to extend reach or further improve speeds in the county.
18. The Government assesses value for money across the 44 contracts with BT across the country. The latest value for money comparison for Nottinghamshire was prepared in January 2015 based on invoices and claim evidence submitted by BT to the end of December 2014. In addition, information on the cost of the programme at a national level is regularly scrutinised by the Public Accounts Committee and National Audit Office (NAO). The NAO's latest findings are available here: <http://www.nao.org.uk/wp-content/uploads/2015/01/The-Superfast-Rural-Broadband-Programme-update.pdf>.
19. Joe Armistead, BDUK's national lead on the programme's financial model, will be at the Committee meeting and will present an overview of the national processes in place to ensure value for money, assurance of spend and eligibility of expenditure.

Demand stimulation activities to encourage adoption of high-speed broadband

20. The Facebook page www.facebook.com/nottinghamshirebroadband continues to gain momentum and currently has 231 'friends' who are being invited to snap, edit and share their photographs with the hashtag #hugacabinet and #gosuperfast
21. Alongside the physical build a programme of demand stimulation is being delivered, funded in part from an allocation approved by this Committee in March 2014. Activity is focussed on: raising awareness about the availability of superfast services as they are deployed; promoting messages about the benefits which access can bring; and raising understanding, particularly for business, about how technology can be applied to transform business performance and growth. Proactive liaison with town and parish councils is also delivering results

¹ Capex: Funds used to acquire or upgrade physical assets

² Opex: A category of expenditure incurred as a result of performing normal business operations

with free publicity and marketing being generated in areas where cabinets are now live.

22. A BBfN Business initiative will be launched later in the year, part-financed by the D2N2 Local Enterprise Partnership (D2N2 LEP), to support this including: workshops, mentoring and small grants to support training, investment in new technology, and connectivity. Opportunities to secure European Regional Development Funds (ERDF) to enhance this activity are currently being considered.
23. The County Council is working with its business partners including D2N2 LEP, the Nottinghamshire Business Engagement Group (NBEG) and its cross-border partner Derbyshire County Council, to build up local showcases so businesses in different sectors can learn from each other about how applications supported by superfast broadband, can be applied to secure business efficiencies, support new ways to reach customers and suppliers, and increase business productivity.
24. The BBfN programme team also routinely responds to enquiries by email via enquiries.broadband@nottscc.gov.uk. Since April 2014, almost 300 enquiries have been managed. The regular distribution of the stakeholder bulletin on BBfN continues to be issued to all County Councillors, the district and borough councils, all town and parish councils and other interested stakeholders. For the 1400+ 'email me' subscribers, a monthly newsletter is issued (which is also available for download from the website).
25. A marketing letter has been sent to homes and businesses served by six live cabinets in Mansfield Woodhouse, Stanton Hill, Sutton in Ashfield, Coddington and Kirkby in Ashfield. This is a trial sample, which if it results in increased take-up, will be replicated across the county. These pilot areas have been selected as they currently have lower than expected take-up rates.

Adastral Park

26. BT have extended an invitation to Members of this Committee to visit their global innovation and development centre at Adastral Park in Suffolk (<http://atadastral.co.uk/>) on 12th May 2014. This would give Members the opportunity to see how digital technologies are transforming public service delivery around the world and how BT and the wider telecoms sector is responding to ever increasing demand for higher speeds and more resilient access from consumers and businesses. The anticipated cost of such a visit would be limited to the hire of a minibus and driver, which should be no more than £500 and can be met from the Better Broadband for Nottinghamshire revenue budget.

Additional Funding (i.e. Contract 2) and Next Steps

27. The most recent report on the Better Broadband for Nottinghamshire (BBfN) programme was considered by Policy Committee in January 2015. It covered the procurement process for contract 2 of the BBfN programme and recommended delegated authority for the Corporate Director, Policy, Planning

and Corporate Services for negotiation and subsequent sign off of the contract with the supplier, BT. Policy Committee approved the report's recommendations.

28. The Invitation to Tender was issued on 14th November 2014 and the supplier's response was received on 13th February 2015. Evaluation of the tender response is currently ongoing with a deadline for contract award of 31st March 2015. Contract 2 will enable the Council to draw down £2.63 million of additional Government investment from Broadband Delivery UK (BDUK). This is being matched by a similar contribution from the D2N2 Local Enterprise Partnership's Growth Deal, resulting in total public sector investment in contract 2 of £5.26 million.
29. This additional investment takes the total public sector investment in fibre broadband (across contracts 1 and 2) to £15.8 million. Match funding from the supplier is likely to exceed £11 million (this will only be confirmed when contract 2 is formally signed off).
30. The focus of the Invitation to Tender for contract 2, as outlined in the report to Policy Committee, is on the borough and district council areas of Bassetlaw, Newark and Sherwood and Rushcliffe. These three areas receive significantly lower coverage than other parts of the county at the end of contract 1 and are therefore prioritised in contract 2. The coverage percentages by areas at the end of contract 1 are as follows:

	% access to fibre broadband
Ashfield	97.2%
Bassetlaw	88.1%
Broxtowe	97.6%
Gedling	98.4%
Mansfield	97.7%
Newark and Sherwood	88.8%
Rushcliffe	92.1%

31. As demonstrated, Bassetlaw, Newark and Sherwood and Rushcliffe do not meet the national target of 95% access to fibre broadband. Investment in contract 2 will hopefully redress this imbalance, with the aspiration that all three areas will achieve in excess of 95% by the end of 2017-18.

Statutory and Policy implications

32. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), 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

33. Where material these are noted in the report.

RECOMMENDATIONS

34. That Economic Development Committee:

- a) Notes the content of this report and presentation from BDUK
- b) Approves the organising of a visit for Members to BT's global innovation and development centre at Adastral Park, with costs to be met from the Better Broadband for Nottinghamshire programme budget

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

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

Constitutional Comments [LM 17.02.2015]

The Economic Development Committee has delegated authority within the Constitution to approve the recommendations in the report.

Financial Comments [NDR 18.02.2015]

The financial aspects of the programme are contained in paragraphs 14 to 19 of the report. It is confirmed that a sum of £2.150 million is contained within the County Council's capital programme for this project.

Background Papers and Published Reports

- 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
- *Response to Petitions presented to Economic Development Committee* – report to Economic Development Committee, 20-09-2012
- *Nottinghamshire Local Broadband Plan* – report to Full Council, 28-02-2013
- ERDF Funding Agreement, 14-05-2013
- Investing in Britain's future – Presented to Parliament by the Chief Secretary to the Treasury by Command of Her Majesty, 6-2013
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209279/PU1524_IUK_new_template.pdf
- *Superfast Broadband for Nottinghamshire* – report to Policy Committee 17-07-2013
- *Superfast Broadband for Nottinghamshire* – report to Economic Development Committee 09-07-2013
- UK Broadband Impact Study – Impact Report, SQW, 11-2013
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257006/UK_Broadband_Impact_Study_-_Impact_Report_-_Nov_2013_-_Final.pdf

- *Better Broadband for Nottinghamshire – Resource Requirements for Delivery Phase* – report to Economic Development Committee, 12-12-2013
- *Better Broadband for Nottinghamshire* – report to Economic Development Committee 14-01-2014
- Superfast Extension Programme indicative funding allocation letter – BDUK on behalf of the Department for Culture Media and Sports, 25-2-2014
- *Better Broadband for Nottinghamshire – Superfast Extension Programme* – report To Economic Development Committee, 11-03-2014
- *Better Broadband for Nottinghamshire – Phase One* – report to Economic Development Committee, 1-4-2014
- *Better Broadband for Nottinghamshire Superfast Extension Programme* – report to Policy Committee, 4-6-2014
- *Update on D2N2 Strategic Economic Plan and Local Growth Deal* – report to Economic Development Committee, 1-7-2014
- *Better Broadband for Nottinghamshire – Additional Staffing Resource* – report to Economic Development Committee, 16-09-2014
- *Better Broadband for Nottinghamshire – quarterly update on the rollout* – report to Economic Development Committee, 18-11-2014
- *Better Broadband for Nottinghamshire Contract 2* – report to Policy Committee, 07-01-2015

Electoral Division(s) and Member(s) Affected

All