Contract 2: Extending Coverage of Superfast Broadband across Nottinghamshire

December 2014

STATE AID PUBLIC CONSULTATION – CLOSURE NOTE

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1. Better Broadband for Nottinghamshire

Better Broadband for Nottinghamshire (BBfN) is a £19.8 million partnership between Nottinghamshire County Council and a range of funding partners including BT, the government’s broadband delivery arm, Broadband Delivery UK (BDUK), Nottinghamshire local authorities1 and the European Regional Development Fund (ERDF).

The aim of the programme is to extend coverage of superfast broadband across the County in areas which are, and will not, be served by commercial provision. BBfN will extend a superfast broadband footprint to 95% of Nottinghamshire by March 2016. This is being delivered through the rollout of an extensive fibre infrastructure, the build works of which began in 2014. Details of deployment phasing for the network build are available at: http://www.nottinghamshire.gov.uk/living/business/broadband/where-and-when/

In addition to this programme, the County Council has secured an additional £5.26 million investment, equally from BDUK and the D2N2 LEP Growth Deal to extend superfast broadband coverage beyond the current 95% target. We are calling this Contract 2, but you may have already heard of it as the Superfast Extension Programme or Superfast Rollout Phase 2. They are all one and the same.

1 Ashfield District Council, Bassetlaw District Council, Broxtowe Borough Council, Gedling Borough Council, Mansfield District Council, Newark and Sherwood District Council, Rushcliffe Borough Council and Nottingham City Council
2. **Background to the Public Consultation**

After securing the funding, there were a series of processes which the County Council was required to undertake prior to procuring a solution for the delivery of Contract 2. This began on 27 June 2014 when the County Council launched an Open Market Review. The Open Market Review (OMR) was used to establish existing and planned (next 3 years) commercial coverage of Superfast broadband services in the geographical area of Nottinghamshire by all existing, and prospective broadband infrastructure providers.

Of 68 potential infrastructure providers contacted, 12 responses were received. Following analysis, 4 of these were used to produce State Aid maps. These provided the County Council with an understanding of where, over the next three years:

- there has already been private-sector investment in broadband
- where private-sector investment is currently being made, and,
- where it is being planned, without public-sector intervention

The County Council used this information to produce coverage maps, which were put to broadband operators and general public for feedback as part of a State Aid Public Consultation.

The Public Consultation ran between 5 September and 5 October 2014. The responses received from this consultation have been used to finalise an Intervention Area to which additional funding (detailed above) will be targeted.

3. **Outcome of Public Consultation**

During the Consultation period the BBfN project team confirmed the deployment plans of two suppliers; Supplier 1 and Supplier 2, who made no changes to plans provided during the OMR. Following analysis, the plans of both these providers were deemed to have passed a four part state-aid test assessing their credibility (on coverage, deliverability, technology and pricing).

Two other suppliers provided additional information; Supplier 3 and Supplier 4. Neither was able to provide sufficient evidence to satisfy all state-aid requirements and so their existing and planned coverage plans has been disregarded.

This process facilitated the finalisation of the potential Intervention Area prior to commencing the procurement process for Contract 2. The Intervention Area identifies areas eligible for additional public funding, subject to additional priorities and considerations mandated by the County Council within Contract 2.

4. **Timescales**

Table 1, summarises the timescales for when the County Council expects to be in a position to award Contract 2. The Council’s chosen procurement route, as with Contract 1, is the BDUK Framework Call Off. This includes set contractual terms and conditions, baseline service requirements, a reference financial model and reference supplier solution.
Table 1:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Market Review</td>
<td>27 June - 15 August 2014</td>
</tr>
<tr>
<td>State Aid Public Consultation</td>
<td>5 September - 5 October 2014</td>
</tr>
<tr>
<td>Invitation to Tender for Contract 2 launched</td>
<td>14 November 2014</td>
</tr>
<tr>
<td>Contract bidder submissions, evaluation and approvals</td>
<td>February/March 2015</td>
</tr>
<tr>
<td>Contract award</td>
<td>Spring 2015</td>
</tr>
</tbody>
</table>

5. **Revised State-Aid Maps**

In determining the Intervention Area, the County Council have applied a number of criteria as per state-aid requirements. These require the production of state-aid maps which define areas as white, grey or black for next-generation access (NGA), i.e. superfast broadband. This is based on the information provided or confirmed during the Public Consultation. The NGA map is shown in Figure 1, below.
Figure 1: NGA state-aid map of Nottinghamshire [Source: Nottinghamshire County Council]²

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² (C) Crown Copyright. All rights reserved. Nottinghamshire County Council, 100019713, 2015.
All maps have been produced in line with EC and BDUK definitions of NGA black, grey and white (BGW) premises, as follows:

- **NGA black**: premises in areas where two or more NGA operators exist now, or are planned to exist by 2017
- **NGA grey**: premises in areas where one NGA operator exists now, or is planned to exist by 2017
- **NGA white**: premises in areas where no NGA operator exists now, or is planned to exist by 2017
- **NGA ‘conditional’ white**: areas of current or planned commercial coverage where a supplier’s response has not been supported by credible evidence and they have not passed all state-aid tests, as outlined below

During the Public Consultation, there were no changes made by either Supplier 1 or Supplier 2 to their responses provided during the Open Market Review period. All providers contacted as part of the Open Market Review were notified at the start of the Public Consultation and prompted for replies a week before the Consultation closed. Both Supplier 3 and Supplier 4 provided additional information. The Consultation documents were published on the County Council’s webpages and remained accessible until after it closed. No other providers sent additional information and there were no non-provider comments received.

Copies of the Consultation document are available upon request from enquiries.broadband@nottscc.gov.uk

The County Council noted that there were outstanding issues and queries with the responses received from Supplier 3 and Supplier 4. They were both contacted and given clear explanation as to what additional evidence was required and given sufficient time to respond.

After the Consultation closed, it was determined that only Supplier 1 and Supplier 2 had satisfied all state-aid requirements; looking at their coverage, deliverability, technology and pricing. This meant that there are no conditional white postcodes in the potential Intervention Area, only white, grey and black.

In accordance with established definitions of NGA, and the County Council’s approach, NGA has been regarded as 24Mbps or more. Some provider data received by the County Council was based on a threshold of 15Mbps rather than 24Mbps. Following analysis and BDUK guidance, this data has been treated as available NGA coverage.

State-aid requirements also required that the core city centre of Nottingham be removed from mapping and the potential Intervention Area.

Table 2, below shows the resulting premise breakdown of NGA white, grey and Black postcodes.

<table>
<thead>
<tr>
<th>Status</th>
<th>No. of Premises</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGA White Premises</td>
<td>24,737</td>
</tr>
<tr>
<td>NGA Grey Premises</td>
<td>173,795</td>
</tr>
<tr>
<td>NGA Black Premises</td>
<td>298,175</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>496,707</strong></td>
</tr>
</tbody>
</table>
The Superfast Broadband Intervention Area includes a potential total of 24,737 premises. This has been restricted based on the County Council’s priorities as listed in section 6, below.

6. **Intervention Area**

The potential Intervention Area is shown in Figure 1. This is the area that does and will not have, complete superfast broadband coverage without further intervention. **Note:** The additional funding that will be applied in Contract 2 is insufficient to deliver 100% coverage across Nottinghamshire. The coverage that can be achieved will not be known until the contract is awarded.

As with Contract 1, the Contract 2 Intervention Area will cover the geographical scope of Nottinghamshire’s administrative boundary as defined in Figure 2, subject to additional priorities (see below).

Post Contract 1, three of the seven districts in Nottinghamshire will receive sub-95% superfast coverage, the County Council has included these and identified business and industrial sites as priority areas for Contract 2. These being: Bassetlaw, Newark and Sherwood and Rushcliffe (As shown on Figure 2).
7. Contact Details

If you have any comments or questions regarding the project, you can get in touch with the County Council’s BBfN Project Team by email at: enquiries.broadband@nottscc.gov.uk

Up-to-date information about the BBfN project can also be found at http://www.nottinghamshire.gov.uk/broadband