



Report to the Finance, Performance and Resources Select Committee

Title:	An update on the Connected Counties High Speed Broadband Project
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Purpose of Agenda Item

This report is an information item and is **intended** to provide an update on the rollout of high speed broadband across the county. It has been provided to highlight progress, outline future activity and demonstrate Council efforts beyond direct investment, with the collective intention of maximising superfast broadband coverage in Buckinghamshire.

Background

Ubiquitous availability of next generation broadband infrastructure and access to superfast and reliable speeds remains a local and national priority. The Government's strategy for delivering superfast broadband encompasses a variety of activity, focused on direct funding, policy, regulation and incentivising greater and accelerated private sector investment.

In partnership with Central Government, Local Authorities are spearheading delivery at a county level, through supplier contracts, 'match' funding and other supporting activities. In Buckinghamshire, the conduit for much of this is the Connected Counties Project, which is a partnership with Local Authorities, Government (through Broadband Delivery UK), Hertfordshire, Local Enterprise Partnerships and BT, with the intention of extending fibre broadband coverage to 90% of homes and businesses by March 2016.



The County Council plays a key role in the delivery of superfast broadband via the Connected Counties project, through contract management and committed capital investment of £2m. The total contract value, incorporating respective private and public sector funding contributions is in excess of £13m (capital). Beyond this, a second round of investment is imminent, with the intention of extending superfast broadband further, with secured funding from Government, District Councils and Local Enterprise Partnerships.

Given the emphasis on securing ubiquitous connectivity in the context of community and business related issues in 'not spot' areas, a blend of operational and strategic activity is undertaken to expedite solutions where possible. This is not solely reliant on subsidy, but also relies on data and intelligence, market engagement and harbouring/developing positive relationships with providers, as well as the consideration of new residential/commercial developments and lobbying Government for greater national priority to be given to digital infrastructure.

At this point, it is an opportune time to report on progress and pipeline activity that will maintain Buckinghamshire's competitive advantage as a place to live and work, supported by accessible next generation broadband connectivity.

Summary

The following provides a general update on progress, relating to broadband activity:

Connected Counties Project

Fibre rollout:

This is well underway, seeking to ensure countywide fibre connectivity is extended to 90%+ of premises (business and residential). Areas that have been enabled thus far are detailed on the Connected Counties website (www.connectedcounties.org). This includes the ability to validate individual phone numbers and addresses and use a variety of maps for visual reference.

Delivery progress:

The rollout in Bucks is progressing well, with more than 36,000 homes and businesses connected to fibre broadband. The fibre rollout is now over 75% complete in Bucks and on target to be completed by March 2016. Over 30 locations are still outstanding and awaiting fibre upgrades, including communities in all four Districts, where demand for superfast broadband remains high from residential and business users. In total over 200 locations

serving 45,000+ premises will be connected to fibre. In addition, within a small number of locations, other fibre technologies are being used to deliver superfast broadband, including 'fibre to the premises', which brings fibre optic cable directly to the home/business and can offer speeds of 330 Mbps.

Finance position:

The project is currently running within budget, with BT claiming for a cumulative total of £7,008,873, which is less than the permitted amount as forecast in the baseline contract financial model. To date, £5,746,865 of State aid has been paid to BT, using only Government funds. Moving forward, Q3 will be the first BT invoice that will require the use of local funds; this being a pro rata blend of Bucks CC, Herts CC and Local Enterprise Partnership funding. A total of £3.7m local funds are available, with £2m contributed by the County Council and £1.7m from the Growing Places fund (LEP). Funds are administered via a process known as 'Milestone to Cash', which is a Government-specified assurance process enabling payment based on successful contractual performance. This requires quarterly interrogation of network and finance information/data, which is audited before acceptance. As with other aspects of project delivery, the Government maintains a position of oversight, providing additional assurance and escalation where required, to ensure successful contract performance.

Fibre broadband take-up:

Monthly take-up data confirms that this has now increased to 23%, which places the Connected Counties project in a strong position nationally against peers. Targeted marketing and communications is being used in areas where take-up has been slower. This is important as if take-up is particularly strong then we will be able to claim monies back, which can be reinvested in extending superfast broadband even further. The clawback mechanism also applies to any underspent capital monies.

Demand stimulation/communications:

Activity is continuing, focusing on keeping people informed of progress. This is focused on the Connected Counties newsletter, website enhancements, placement of cabinet stickers, targeted leaflet distribution, direct correspondence with businesses/Parishes/Councillors and targeted PR. In addition, the team continues to respond to large numbers of enquiries from the general public, Councillors, MPs and other interested parties.

Universal Service Commitment:

We are waiting to hear more detail on the anticipated voucher scheme and the role of local projects in administering this (government-committed scheme) to homes and businesses that cannot access download speeds of at least 2 Mbps. We expect more information to be forthcoming soon, such that the scheme will be up and running by the end of the year. Our initial expectations are that this will subsidise satellite broadband connections and will be demand driven by applicant homes and businesses.

Extending broadband coverage and other activity

Superfast Extension Programme:

We are working to extend superfast broadband coverage to new locations, via the Government's Superfast Extension Programme. This is reliant on local 'match' funding being secured; this has been achieved following funding applications, business case sign-off and political approval from respective funding organisations.

A package of local funding for the Superfast Extension Programme is now confirmed and work is advanced in order to formalise arrangements to enable BT to develop proposals for extended speed and coverage. This will ask that BT models over £4m of District Council, Local Enterprise Partnership and Government funding, subject to specified requirements. It is anticipated that BT will issue proposals later this year, which will then be subject to detailed evaluation. New funding opportunities are being explored, such as a further phase of Government investment and European bids, which may enable the further extension of superfast broadband coverage, subject to requirements.

Government strategy:

The Government is continuing to explore how it can support broadband extensions through further investment and policy. At present, this is focused on a series of pilots which will determine investment and technology approaches going forward. There is also an emphasis on regulation, technology advancement, convergence between fixed and wireless and encouraging further private sector investment. In addition, broadband has featured prominently in Westminster recently, with many debates taking place on the matter. Most recently, a Select Committee has been asked to evaluate the current Government strategy and how remaining issues can be resolved.

Supplier activity:

We are continuing to engage actively with broadband suppliers in the marketplace, including Village Networks, Avonline and Virgin Media. New private sector investment is occurring; Gigaclear are about to commence the building of fibre optic networks in Ludgershall, Kingswood and other areas on the Bucks-Oxfordshire border, which is excellent news for affected communities. We hope this will extend even further to other poorly-served villages. In addition, the Aylesbury Vale Broadband project is progressing, as it moves towards offering superfast broadband in North Marston and Granborough. This initial pilot is financed and coordinated separately by Aylesbury Vale District Council and does not attract Government match-funding to the local investment.

Virgin Media have selected Chesham as a location to trial new technology given their network presence and in response to local engagement. The first outcome of this will be a free Wi-Fi zone, centred on the town centre aimed at supporting businesses and visitors. Possible follow on projects will be setting up a local app, the use of sensors (traffic, emissions etc) and other innovative ideas. Virgin are now in the process of going public and we have offered to assist in promotion. The hope is that other trials will be undertaken and if successful, free Wi-Fi extended to other Bucks locations.

Tri-County collaboration:

Some initial work has been undertaken to assess how the Tri-County relationship with Northamptonshire and Oxfordshire could be developed to support enhanced delivery of broadband infrastructure. A draft Strength, Weaknesses, Opportunities and Threats (SWOT) analysis has been produced, setting the scene for further discussion and focusing on areas where the scope for collaboration is strongest.

Business vouchers:

We are seeking to negotiate an extension to the Government's Super Connected City voucher scheme, so that it becomes accessible to businesses in Bucks. If successful, this will allow businesses the opportunity to access up to £3,000 towards the installation of ultrafast broadband (100 Mbps or more). This would be purely as a result of lobbying as, to date, Bucks has been unable to benefit from this scheme.

Other:

A variety of other activity is continuing, including monitoring extended 4G mobile coverage across the county, ensuring new developments have the best possible broadband provision

and local lobbying/influencing continues to challenge Government on its digital infrastructure policy and investment plans.

Key issues

Good progress is being made in relation to the activity described above, with the centrepiece being the management of the Connected Counties contract. The need for enhanced broadband connectivity in 'not spot' areas remains great, with a heightened sense of the everyday issues affecting homes and businesses where broadband speeds are poor.

Whilst we do not currently have any financial concerns, some wider issues to consider going forward include:

- Future Government investment is likely to require further local 'match' funding in order to secure monies.
- The marketplace is becoming more competitive, which provides complexities around balancing additional State aid subsidy versus private sector investment.
- Broadband continues to be an emotive issue and increasingly political.
- There is additional complexity as part of the Superfast Extension Programme, aligned to District Council and Local Enterprise Partnership funding and associated governance.
- Growth, expansion and development has to be coordinated, such that new homes and businesses are connected to the best possible broadband from the outset, rather than requiring costly and wasteful retrospective subsidy.
- The county should be cognisant of its near neighbours and associated progress in extending superfast broadband in bordering counties, as a threat to competitive advantage.

Resource implications

- Capital expenditure for contract 1, through to 16/17 (already approved and in place)
- Revenue expenditure to support contract/project management for the remainder of contract 1 and any Superfast Extension Programme activity (already approved and in place subject to the length of the extension programme)
- Local 'match' funding sources required to leverage future Government and private sector investment (a package has been agreed for the extension programme, anything further will be the subject of further consideration by both the county council and local partners).

Next steps

The priorities are to:

- Ensure successful conclusion to contract 1, achieving contracted milestones.
- Maximising opportunities for clawback reinvestment, to extend coverage further.
- Deliver extended coverage through an agreed Superfast Extension Programme from BT, in partnership with District Councils, Local Enterprise Partnerships and Government.
- Continue to deliver strategic activity which works towards the goal of achieving ubiquitous superfast broadband coverage, whilst minimising the need for public subsidy.
- Submission of funding bids as necessary.