

Lancashire Enterprise Partnership Limited

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Lancashire Superfast Broadband Update

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Executive Summary

The report sets out the latest position in the delivery of the Lancashire Superfast Broadband project.

Recommendation

The LEP Board are asked to note the report.

Background and Advice

1. Introduction

1.1 Superfast Broadband (SFBB) refers to a range of measures to ensure businesses and consumers are best able to exploit the benefits of high speed broadband connections. Through Broadband Delivery UK (BDUK), the government has defined SFBB as a speed of not less than 24Mbs. Mbs stands for Megabits per second and is the expression used to measure broadband speeds.

Increasing the availability and take up of Superfast Broadband is a key driver for learning, delivery of services and enterprise and growth, and is a high priority for Lancashire. Acknowledged benefits include:

- Supporting the development of new and more efficient, business models and enabling increase of international trade and collaborative innovation.
- Increasing the social and economic resilience of Lancashire, its infrastructure and communities;
- A key ingredient in attracting inward investment into the county as well as supporting new housing and employment site developments.
- Extending deployment of superfast broadband in under-served areas can also
- support the safeguarding of employment in areas which have not and will not benefit from commercial roll out of Superfast Broadband supporting access to services, including learning and health related activity particularly for residents furthest from the labour market and commercial centres and with specific need.



- Acting as a supporting mechanism for communities take on the delivery of certain public services through alternative operating models. For example, residents can benefit from greater e-commerce opportunities and interaction with public services through digital communications, including tele-health and tele-care. Increased broadband speeds and coverage underpins options for local community delivery of public services.

The national target is to have 95% of premises with access to Superfast Broadband by the end of 2015, in Lancashire this figure is likely to be closer to or at 97% (taking into account commercial delivery).

2. Capital Delivery of the Lancashire Superfast Broadband project

In order to comply with European Union competition (State Aid) rules public intervention can only take place in those areas that do not already have a commercial broadband provider or are not included in any commercial delivery plans. These are areas of market failure and are known as 'white' areas and are to be the focus of any public intervention. They are designated as such through an Open Market Review, which assesses the plans of commercial providers.

Of the premises in Lancashire approximately 76% will be covered through commercial delivery (BT, Virgin and B4RN) leaving 24% in the 'white' area and eligible for public intervention. These areas are in the main rural but not exclusively so, e.g. South Shore and Bentham.

Phase 1, delivering to 21% of premises, commenced in 2013 through a partnership between Lancashire County Council and British Telecom with additional financial support from the North West European Regional Development Fund (ERDF), Broadband Delivery UK (BDUK), Blackpool and Blackburn with Darwen Borough Councils. The total Phase 1 project is currently worth c.£30m and will have delivered Superfast access to over 124,000 premises (households) by its completion, with another 22,000 able to access speeds greater than 2mbps yet less than 24mbps (Total coverage is 146,000 premises).

At the time of writing in excess of 120,000 premises and in excess of 9,000 ERDF eligible SMEs (a key delivery output in order to access ERDF funds) now have access to Superfast Broadband in the 'white area'.

Phase 1 involves the completion of 934 structures across the 'white' areas of Lancashire using a range of technologies. The most familiar example of the Superfast rollout is the 'Green Cabinet' or Fibre to the Cabinet (FTTC). This approach involves providing a fibre connection from the nearest exchange to the cabinet, with existing connections being used to connect the cabinet to individual premises. This approach is relatively straight forward. Although there can be siting difficulties, it provides good value for money in terms of the number of premises covered.

However, speed and coverage is dependent upon the distance a premise is from the cabinet. If this distance exceeds c.1.2km it is unlikely that the broadband speed will be Superfast. The speed can also be affected by the number of users connected at any one time, and by the number of connections to a structure being limited due to cabinet capacity issues. This issue is currently being discussed with BDUK.

In more rural, isolated areas Fibre to the Premise (FTTP) has tended to be used more often. This involves building fibre straight to a premise and can provide reliable higher speeds. However, this option is more expensive, as a result of the build which involves laying kilometres of cabling underground and through mixed terrain. Other options for delivery are being rolled out by BT and are likely to be used as part of the Phase 2 delivery.

Phase 2 of the Lancashire project, the Superfast Extension Programme (SEP), will start early in 2016 and will provide access to an additional 12,000 premises by a target date of the end of 2017. This project will be worth a maximum of £7.68m provided by Lancashire County Council and BDUK on a 50:50 basis.

By the end of Phase 2 Lancashire Superfast rollout it is envisaged that approximately 99% of premises in Lancashire will have access to Superfast Broadband services (taking into account commercial delivery). BDUK and the County Council are currently looking at options for delivering to the very hardest to reach places and communities including Satellite, Wi Fi and 4G connectivity.

3. Support to businesses

3.1 As part of deployment of the Superfast programme access been provided to 100+ priority business sites across Lancashire and, in addition, enhanced connectivity is being provided for the Samlesbury and Warton Enterprise Zone sites. Discussions are already taking place regarding the Blackpool Airport Enterprise Zone and, as part of discussions related to Phase 2 of the Superfast rollout, the same will need to take place regarding the newly designated Hillhouse Enterprise Zone.

An element of the Phase 1 Contract was that BT delivered a £3m Business Support Programme to ERDF eligible SMEs across Lancashire. Expenditure was matched 50:50 by BT and ERDF.

The investment funded the provision of business support activities to encourage SME business users to adopt and exploit the benefits of Superfast Broadband. This support was delivered via various awareness raising seminars, 1 to 1s with Business Advisors and more intensive SFBB clinics.

The ERDF target was for 355 SMEs to receive at least 12 hours of intensive business support by 31st March 2015 and progress was reported quarterly to the

funder. Since it was officially launched in June 2013 the programme actually achieved:-

- Over 8,193 hours of intensive business support
- 507 business assists completed the 12 hour programme, 152 assists above the original final target (143% of target)
- Held four Get Your Business Superfast (GYBSF) Events at key venues across the County attracting businesses onto the Programme.

4. Future Activity

4.1 Building upon the successful Superfast rollout within Lancashire (both commercial and public) will be a key task for future activity especially in ensuring businesses are able to fully exploit the opportunities that it brings.

Limited amounts of resource, approximately £5m, will be available through the Lancashire European Structural and Investment Funds (ESIF) 2013-20 programme under the *ICT* theme. This theme will support business support activity to develop business opportunities provided by Superfast access and can be linked to the work being undertaken by the Lancashire Growth Hub, BOOST, to ensure a cohesive offer to local SMEs.

In addition, the *ICT* theme will support further physical access for SMEs, but only in areas of market failure ('white' areas) where the businesses (which need to be ERDF eligible) have speeds of less than 2mbps. These limitations, and level of resource available, is likely to mean that physical development will only be feasible if targeting on a specific location.

Additionally, limited amounts of resource from the European Agricultural, farming and Rural Development Fund (EAFRD), part of Lancashire's ESIF allocation, can be used to enhance access to improved connectivity for businesses in Lancashire's rural areas. It is not known exactly what type of activity, or applicant, will be eligible to apply for this resource.

A further report on these issues will be provided to a future Board meeting.

5. Conclusion

5.1 This report outlines progress in the delivery of the Lancashire Superfast programme and highlights some options for future business support activity linked to BOOST.

However, key to the economy in Lancashire's fully benefiting from the opportunities provide by Superfast will be the business take up of Superfast services. At the moment information on the level of business take up is not available and therefore it is not possible to assess how great the take up has been within the business community. This may be an issue that the Board wishes to consider in more detail.