

## **Superfast Broadband in Lancashire**

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### **Executive Summary**

To consider how the benefits from the early deployment of superfast broadband can be secured throughout Lancashire.

### **Recommendation**

The Leader is recommended to approve the commencement of a process to select a strategic partner to work with the County Council, its partners and stakeholders in order to maximise the benefits from the deployment of superfast broadband across Lancashire.

## **Background and Advice**

### **Introduction**

The expressions "superfast broadband" and "Next Generation Access (NGA)" are interchangeable but essentially mean one and the same thing.

Superfast broadband describes a combination of infrastructure and technology that delivers very high speed broadband access which allows business users and domestic customers to benefit from a range of information, education, entertainment and business services.

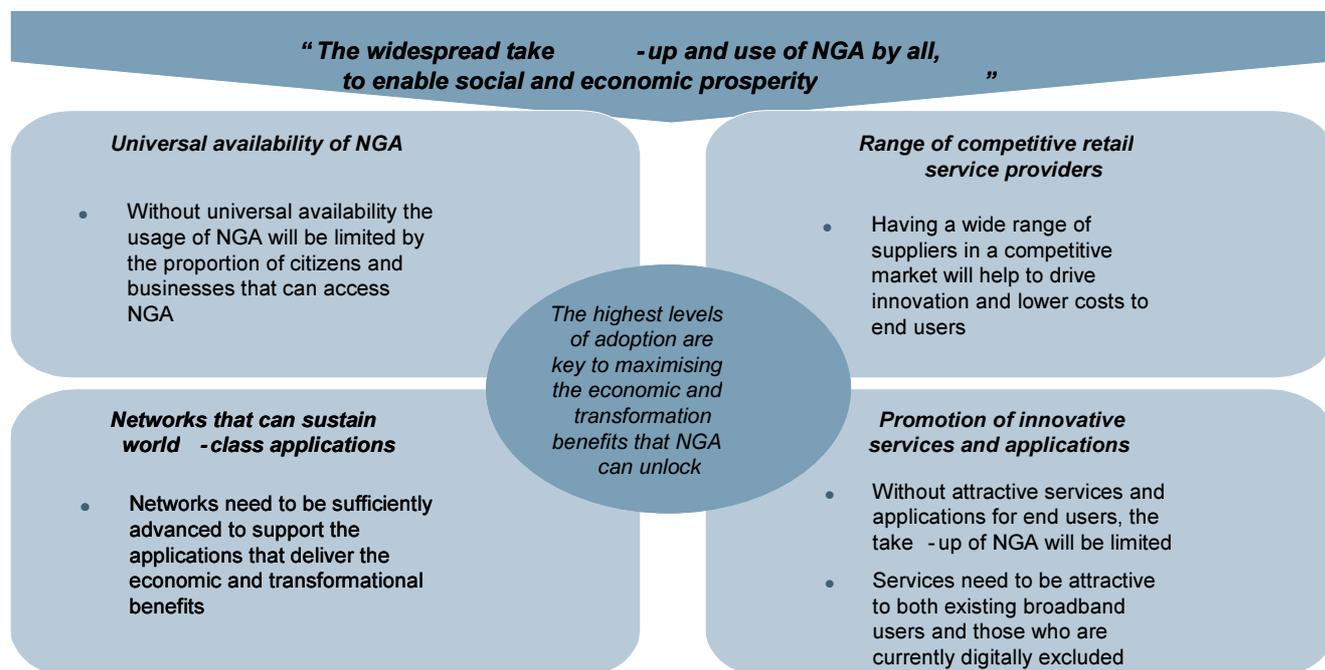
Superfast broadband is one of the coalition government's top priorities. In December 2010, the coalition government published its strategy for Britain's Superfast Broadband future setting out a clear vision that the UK should have the best broadband network in Europe by 2015.

Sitting within the national policy context for superfast broadband is the Northwest NGA Strategic Framework which has the overriding vision of "the widespread take up and use of NGA by all, to enable social and economic prosperity".

Achievement of the vision will lead to numerous economic and transformation benefits that are associated with superfast broadband. This will put Lancashire in the

strongest possible position to exploit the full benefits that superfast broadband brings. The vision is supported by four strategic priorities, as shown in figure 1.

**Figure 1 (Vision and strategic priorities for NGA (Source: Analysis Mason)**



Achieving these four strategic priorities is fundamental to the widespread take up and use of superfast broadband across Lancashire.

### **The Lancashire Context**

The County Council's Economic Strategy is structured around five strategic priorities which are critical to Lancashire's economic success:-

- Economic Growth, Knowledge and Innovation
- Spatial
- Skill and Employment
- Infrastructure, and
- Partnership Development

The ambition is to deliver the following key outcomes over the next 10 years:

- New economic activity (GVA) valued at £3 billion, underpinned by private investment plan worth around £4 billion;
- The creation of nearly 40,000 new jobs, with more than 15,000 new jobs in higher-value sectors;
- A rate of GVA per head that matches or out-performs the national average;
- Employment gaps in our communities in greatest need reduces to the national average; and
- Improvements in the quality of our collective strategic leadership that enable Lancashire, as a whole, to become recognised as a destination of choice for businesses, investors, visitors, students and residents alike.

Underpinning and enabling Lancashire's long term strategic direction is superfast broadband. Without the accelerated deployment of superfast broadband, Lancashire will be unable to meet these outcomes; the Lancashire economy will be far less competitive than the economies of our regional neighbours.

Improved connectivity would benefit a number of industries – especially those that are information intensive – by improving links between businesses in Lancashire, and links from Lancashire to companies around the world. These links would serve to increase productivity, stimulate activity in rural areas, and attract inward investment from UK-based and international companies.

Beyond the business benefits, improved Internet access would provide Lancashire's citizens with a host of new services and applications that would assist in raising overall quality of life.

Lancashire businesses will benefit from improved supply chain linkages, improved R&D collaboration with other firms and institutions and reduced costs of using productivity boosting ICT applications such as video conferencing and cloud computing. Superfast broadband will enable public and private sector organisations to explore new business models and adopt new ways of working by enabling flexibility in aspects such as home working. The benefits of this initiative will be felt particularly strongly across information-intensive sectors prioritised in *Future North West: Our Shared Priorities*, such as Digital and Creative Industries, Advanced Engineering and Manufacturing, Biochemicals and Business and Professional Services, which regularly transfer large media files and require high levels of network resilience and security. This will be of particular significance to Lancashire's desire to attract increased levels of overseas investment.

## **The Challenges**

Without any involvement by the County Council in the manner proposed:

- Broadband availability in Lancashire is expected to increase incrementally due to market forces, with fibre to the cabinet coverage increasing at national level to around 66% by 2015 from private investment by companies such as Virgin Media and BT;
- About 34% of premises across Lancashire will not have superfast broadband by 2015. The impact of this will be most acute in our rural and harder to reach communities. This means that a significant proportion of Lancashire businesses and citizens would otherwise be unable to exploit the transformational benefits of superfast broadband;
- The majority of private sector funded superfast broadband deployment is expected to be fibre to cabinet, because deploying fibre to premises is generally recognised as being more expensive. This will lead to the requirements of information intensive sectors such as advanced manufacturing, digital, creative, business and professional services and inward investors not being met in the short term or medium term;
- Currently, roll out of superfast broadband across the UK is largely determined by the telecommunications companies. Within their proposed national allocations, all UK regions are competing for investment in geographically

specific areas and also to exploit the economic benefits of earlier investment. Due to the rural, coastal and sparsely populated aspects of Lancashire, these areas run the real risk of not receiving investment until 2015, if at all;

- Not having world class infrastructure will affect the level of inward investment; and;
- If superfast broadband is not adopted widely, the overall benefits will be diluted. Lancashire currently has pronounced aspects of below average broadband adoption and it is important to reverse this for superfast broadband to deliver its full potential.

## **Objectives**

To enable economic growth and social benefits from new technology through the development of a future proof, fully sustainable superfast broadband network with access to end user applications and services to all Lancashire's communities.

The key objectives of the project are:

1. Through a competitive process to select a private sector partner(s) who will, in partnership with the County Council develop and deliver superfast broadband, and in doing so attract private sector investment to build a superfast broadband network;
2. To secure public sector funding in order to provide gap funding required to attract and supplement private sector investment in areas that are currently perceived as economically challenging for the roll out of superfast broadband;
3. A superfast broadband network which provides the optimum achievable end to end service levels that support current and future applications and services, resilience, quality of customer experience and affordability at the end user level;
4. Deployment of a superfast broadband network that delivers optimum coverage for the available investment funding, aiming for close to 100% coverage in Lancashire, including rural, remote and sparsely populated areas;
5. A superfast broadband network which is demonstrably sustainable and future proof in the long term without recourse to further public funding;
6. A superfast broadband network open to all service and communications providers;
7. The completion of the superfast broadband network within 2.5 years from the commencement of deployment;
8. A private sector partner who will invest in and support a Lancashire programme of demand stimulation and business support, to include:

- developing broadband and ICT skills and capabilities of the workforce in Lancashire;
  - addressing digital exclusion and promoting use of broadband and ICT in communities;
9. A superfast broadband network that will support the delivery of innovative, future public sector services; and
10. The superfast broadband deployment must take steps to reduce any impact on the environment and in doing so maximise the positive impact of ICT on the environment and use of sustainable energy.

### **Selecting a Private Sector Partner**

This project will be delivered through public gap funding made available to a private sector partner selected using a competitive process under the EU procurement rules. What is not clear is the level of public sector intervention required. This will be determined through the competitive process. The approach to public sector funding is outlined in the next section of this report.

The private sector partner will own the superfast broadband network and in doing so will have responsibility for maintaining and upgrading the network, ensuring a sustainable solution. The private sector partner will be required to ensure open, equitable and transparent access to the network. The private sector partner will be expected to own and manage the risks associated with delivering and operating the network including any risks from take up and demand forecasts. As part of the competitive process, we will be asking potential partners to identify the extent to which existing technology in Lancashire, e.g. the Cumbria and Lancashire Education Online (CLEO) network, can be utilised and the benefits, without impacting on the services it already provides.

Marketing, promotion and end user support activities will be fundamental in order to achieving the overall objectives and outcomes. This will be needed on two levels; firstly, attracting service providers by communicating the benefits of the superfast broadband network to the industry; and secondly, marketing and demand stimulation to the end users in particular the business community. High levels of take up will accelerate benefits to Lancashire in achieving its objectives. A joint programme of demand stimulation and business support will be a key feature of the project.

In order for the project to be a success, over the forthcoming months we will need to engage with a range of partners and stakeholders across all of Lancashire's communities to ensure that we secure the best possible outcomes. The County Council will not prescribe the technology. In this sense we are technology neutral. Potential private sector partners will be required to propose technologies that are most suitable to achieving the overall project objectives, including cost effective solutions to isolated rural and hard to reach areas with limited infrastructure capacity. It is the intention to allow neighbouring authorities and other public sector organisations to benefit from this project.

## **Funding**

Whilst it is crucial that we maximise the level of private sector funding, as outlined above public sector funding will be required in order to achieve the overall objectives. We have submitted an outline proposal for ERDF funding of £20m. We would expect as a minimum that a private sector partner will match this investment.

The outline proposal has been reviewed by the Northwest Development Agency and we expect a decision in the next few weeks. If the outline proposal is approved, the next step will involve the development of a full ERDF bid. The Government, through Broadband Delivery UK, will be investing £530m over the lifetime of this Parliament. Lancashire will bid for investment from this funding. We will also seek to identify other funding sources which could include a contribution from the County Council's capital programme.

## **Next Steps**

The initial next steps will be to develop the overall scope and vision together with supporting documentation to a standard which will support the procurement of a private sector partner in accordance with EU procurement rules. In order to assist this and to put in place an officer structure that will support all stages of the procurement and subsequent delivery stages, it is proposed that the following actions will be implemented:

- the Chief Executive will act as the Project Sponsor;
- the Director of Special Projects will act as the Project Director;
- a Project Steering Group will be established comprising the Chief Executive and several other Executive Directors;
- a Project Board will be established which will comprise senior officers across directorates and will be lead by the Project Director.

Terms of reference for the above roles will be prepared together with an overall procurement strategy and timetable. Additionally, the County Council has secured a further resource from the NWDA who has significant experience in the area and will provide a valuable asset to the project moving forward.

## **Consultations**

The Northwest Development Agency has consulted on the Northwest NGA Strategic Framework. On 11 January 2011, the County Council held a stakeholder event which was attended by a number of public sector, private sector and community organisations. Whilst there were differing opinions on the types of technologies available and how they could be deployed, there was nevertheless general support for progressing superfast broadband in Lancashire.

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

As set out in the report.

## **Financial**

At this stage it is difficult to be precise about the financial implications arising from this proposal. Private sector investment and public sector investment is required to deliver the project, the amounts will be explored through the completion phase.

### **Any representations made to the Cabinet Member prior to the issue being considered in accordance with the Public Notice of Forward Plans**

Name: Organisation: Comments:

N/A

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Directorate/Tel
Britain's Superfast Broadband Future	December 2010	Eddie Sutton, Office of the Chief Executive, (01772) 535171
Making NGA a reality in the Northwest	20 August 2010	Eddie Sutton, Office of the Chief Executive, (01772) 535171