

Electoral Divisions affected:
All

The Superfast Broadband Lancashire Programme – Phase 1 and Phase 2 (Extension) Update

Contact for further information:
Sean McGrath/Gemma Johnson, (01772) 531053/536619, Programmes Office
sean.mcgrath@lancashire.gov.uk / gemma.johnson@lancashire.gov.uk

Executive Summary

The report outlines the outcome of Phase 1 on the Lancashire Superfast Broadband Phase 1 programme and the planned implementation of the Superfast Broadband Extension Programme (SEP).

Recommendation

Scrutiny Committee is asked to consider the contents of the report

Background and Advice

Introduction

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 24Mbps.

In order to comply with European Union State Aid (Competition) 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 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 Funding

For Phase 1 of the Lancashire programme the County Council, working in conjunction with other partners, was successful in accessing £10.83m of Government resources via Broadband delivery UK (BDUK). This resource was allocated to support the national target of at least 90% of premises to have access to Superfast Broadband by 2016. The County Council has also been able access up to a further £15m of European Regional Development Funds to support SME access to Superfast Broadband in Phase 1 and a Business Support programme. These funds have been matched by £9.028m of delivery support from BT and £1.178m from Lancashire County Council plus up to £0.53m from Blackburn with Darwen and Blackpool Councils.

Infrastructure (Capital) delivery of Phase 1 -Lancashire Superfast Broadband project

Phase 1, delivering Superfast Broadband to 21% (136,051) of premises in Lancashire commenced in 2013 through a partnership between Lancashire County Council and British Telecom (BT). The Phase 1 project will have delivered Superfast Broadband to over 136,00 premises by the end of March 2016, approximately with another 5,000 able to access speeds greater than 10mbps and the remainder able to access speeds above 2mbps (total coverage is 146,000+ premises).

This will result in at least 95% of Lancashire premises will have access to Superfast Broadband (based upon commercial programme delivering to target) by March 2016, ahead of the national target.

In addition, 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'. It is estimated that a further 2,000 SMEs will also now have access to Superfast Broad although they are outside of the scope of ERDF element of the programme.

Phase 1 involved the completion of approximately 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 solution 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 and we are updated on areas, funded via the public intervention, that have or about to reach capacity.

In more rural, isolated areas Fibre to the Premise (FTTP) tends 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.

Support to businesses under Phase 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 Salmesbury and Warton Lancashire 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. This 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 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 4 Get Your Business Superfast (GYBSF) Events at key venues across the County attracting businesses onto the Programme.

Phase 2 – Superfast Extension Programme (SEP) of the Lancashire Broadband programme

Planning for Phase 2 of the Lancashire project, the Superfast Extension Programme (SEP), has started, with some network surveys having already taken place. The SEP project will provide access to an additional 12,000 (approx. 2% of Lancashire premises) premises by a target date of March 2018.

This project will be worth a maximum of £7.68m provided by Lancashire County Council and BDUK on a 50:50 basis with the project delivered by BT under the BDUK national framework. 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 (again taking into account commercial delivery). This will be ahead of the national target of 97% by end 2017.

Officers are working with BT identifying when the postcodes (or part thereof) in the SEP will be included in one of the three delivery phases. There are 1500+postcodes,

each linked to a BT exchange, that are currently going through a planning process linked to Openreach's network. This relates to the number of premises due to be given access in a particular postcode (as identified in the Speed and Coverage Template element of the contract between LCC and BT). At this stage there is no access to the individual addresses to be covered.

Once this review is complete a deployment option is produced in the form of a virtual structure, i.e. a technological solution such as FttC or FttP, for a particular part of the network. At this point a site survey is undertaken to identify the most suitable location (or in the case of FttP route) for a cabinet. It is the outcome of the site survey that will start to dictate the number of premises that will be covered.

At this stage officers will discuss the detail of the survey with BT and will seek to map proposed coverage. As a structure is surveyed and its location established, this information is passed onto the Business Intelligence team to develop a map of Superfast coverage assumed for a 1.2 km range around the structure. Although coverage will not be exact, (final coverage will depend upon a range of factors whose impact will not be known until the cabinet is completed, i.e. distance from the cabinet) an indicative map will give a good visual indication of the likely premises that will have access to Superfast Broadband.

It is only once a cabinet/structure has been completed that the exact number of premises and addresses is made available by BT (through a C3 report, which is based upon a BDUK nationally agreed template).

It is intended that the Superfast Lancashire website will be able to present information on postcodes to be delivered through the life of the SEP with an indication of when the work will be undertaken and completed. We are unable to provide more detailed information at present as we are still awaiting information from BT.

At the start of the programme, as surveys are undertaken, the information presented will need be broad in timescales, i.e. which postcodes are planned to be delivered to in which phase/year, but will become accurate as surveys are completed, sites agreed and delivery planned. Based upon the experience of Phase 1 County Council officers have developed an effective system for forward planning and managing delivery. This is underpinned by a robust approach to financial management.

For the SEP it is proposed that the website is managed by LCC instead of BT, who managed the website for Phase 1. Officers are also developing a communication plan in order to provide County Councillors, District and Parish Councils with the most up to date information on deployment for relevant areas in a relevant, structured way.

Universal Service Commitment USC

The Government has made a commitment to provide every home and business in the UK with access to a basic broadband service, at least 2Mbps download speed.

Lancashire County Council in conjunction with Broadband Delivery UK (BDUK), are delivering a Satellite Broadband Subsidy Scheme, for those premises who cannot access an affordable broadband service (min 2mbps) and are unlikely to benefit from the Superfast programme as currently planned. Further information and application guidance can be found on the Superfast Lancashire website, along with details of the Retail Service Providers operating under this scheme.

If eligible the applicant is awarded a subsidy towards the cost of equipment and installation of a satellite broadband connection, enabling them to purchase a basic broadband service for the first year at a cost of no more than £400 (taking account of any up front costs and the 12 month service charge). Each application received will be reviewed on the basis of eligibility, i.e. within the white area and sub 2mbs broadband speed, inclusion (or not) in the Superfast Extension programme.

Future Activity

Building upon the success of the public intervention in Lancashire will be a key task for future activity especially in ensuring residents and businesses are able to fully exploit the opportunities that it brings.

Limited amounts of resource, approx. £5m, will be available through the Lancashire European Structural and Investment Funds (ESIF) 2013-20 programme under the *ICT* theme. This theme will fund business support activity to develop business opportunities provided by Superfast access and will 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 'white' areas where the businesses (which will need to be ERDF eligible) have access to speeds of less than 2mbps. These limitations, and level of resource available, is likely to mean that support for physical development will only be realistic if targeting on specific locations where there are clusters of business (we have identified approx. 600 businesses that may be eligible in Lancashire) that will provide value for money.

Additionally, £250k 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 and communities in Lancashire's rural areas in support of employment and skills. Initial advice is that these funds can only be spent the 'white' area and only accessed by public authorities and/or Community Interest Companies. Officers are currently seeking further information as to how this will operate.

As part of the Lancashire ESIF programme the BIG Lottery have also launched a call for a consortia of partners to develop and implement a Digital Inclusion/Skills programme focused on those with limited digital skills or with particular access issues. This programme will focus on revenue activities and will be worth £2.8m (with no requirement for match funding)

As part of the publically funded rollout BT have signed up to a Gainshare mechanism whereby, an element of their revenues from Superfast Broadband take up can be invested in the 'white' areas in Lancashire to further improve coverage. Gainshare is a requirement of the State Aid clearance from the European Commission that allows public money to be invested in/to extend BT's (Openreach's) network.

Current average Superfast take up in Lancashire is circa 21% with some variations across the LEP area relating to a range of factors (previous speed, rurality etc.) and is increasing at approximately 1% per month. Currently Gainshare is modelled at take up above 20% with BT going through the process of identifying how much might be 'due' to Lancashire (this cannot be formalised until Phase 1 of the Superfast rollout is completed).

BDUK and the County Council are also looking at other options delivering to the hardest to reach places and communities. It is likely that there will be approximately 7000 premises across Lancashire without access to Broadband speeds above 2mbps once the publically funded and commercial interventions are complete (based upon the existing Open Market Review).

We have been in contact with the 'Independent Network Cooperative Association (INCA) whose members support the development of independent digital networks and infrastructure, specifically that which is shared by different operators and providers; is open for use by competing operators or service providers or is owned by the communities or businesses that use it. They are scheduled to run an event in October 2016, hosted by Lancashire County Council, attended by their Members, Council Officers and County Councillors to explore the procurement and delivery options for those areas of Lancashire that will not benefit from the Phase 1 or SEP Contract.

Working together with BDUK, the INCA event will feature case studies of how FTTP (fibre to the premises), Wireless and Satellite networks are being deployed, often in very hard to reach communities and discuss the opportunities for Lancashire to gain greater coverage. INCA are delivering a series of these events in England throughout 2016.

Implications

This item has the following implications as indicated:

Financial

As part of the SEP the County Council is required to provide match funding up to £3.84m in order to draw down the full BDUK entitlement. This will be partially funded from underspends within the current capital programme on Phase 1 Superfast Broadband (£2.44m). It is anticipated that as the County Council receives Gainshare revenue it is entitled to from BT under the current contract in relation to connections above 20%, this will effectively enable the balance of the County Council match funding to be provided.

Legal

There are no particular legal risks associated with this contract award save as is usual in terms of contracts of this size and involving State Aid. In using the BDUK framework, the County Council is required to adopt the BDUK template contract. Legal advice has been sought throughout the procurement process and will continue through contract finalisation.

Risk management

The risk of managing the effective and efficient roll out of the SEP will be managed through the County Council's Programme Office.

List of Background Papers

Paper	Date	Contact/Directorate/Tel
The roll out of Superfast Broadband across Lancashire	26 Jan 2012	Eddie Sutton, 01772 535171, OCE

Reason for inclusion in Part II, if appropriate

N/A