

# Digital Innovation and Efficiency Committee

Item No.

<b>Report title:</b>	<b>Better Broadband for Norfolk Programme update</b>
<b>Date of meeting:</b>	<b>18 September 2017</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe - Executive Director, Community and Environmental Services</b>

## Strategic impact

The Government has identified the vital role the Digital Economy will play in the UK's future. The concept of the Digital Economy is wider than the digital sectors such as technology companies and is described in detail in the Government's UK Digital Strategy which was published during March 2017.

<https://www.gov.uk/government/publications/uk-digital-strategy>

The UK Digital Strategy includes the following themes:

1. Building world-class digital infrastructure for the UK
2. Giving everyone access to the digital skills they need
3. Making the UK the best place to start and grow a digital business
4. Helping every British business become a digital business
5. Making the UK the safest place in the world to live and work online
6. Maintaining the UK government as a world leader in serving its citizens online
7. Unlocking the power of data in the UK economy and improving public confidence in its use

This paper describes the Better Broadband for Norfolk (BBfN) Programme which underpins theme 1 within the UK Digital Strategy.

## Executive Summary

The first BBfN rollout completed on time at the end of September 2015, met its contractual outcomes and thereby doubled access to Superfast broadband speeds (24Mbps+) from 42% to 84% of Norfolk properties.

The second BBfN rollout began during December 2015 and is delivering as expected against plan. Implementation is planned to be completed by the end of March 2020, by when 95% of Norfolk properties are expected to have access to Superfast broadband speeds.

This report describes the BBfN Programme and reports progress.

## Recommendations:

**Members are asked to review the progress of the BBfN Programme to date.**

## **1. Proposal**

- 1.1. Norfolk County Council signed a contract with BT Group in December 2012 for the implementation of fixed broadband infrastructure, in areas of Norfolk that would not benefit from fully commercially funded infrastructure. This contract, completed on time, delivered access to Superfast broadband speeds for over 1,000 more properties than contracted, and costs were some £12 million less than expected. Councillors agreed to invest this under-spend in the second BBfN contract.
- 1.2. The first BBfN contract implemented 680 fibre cabinets across Norfolk between July 2013 and September 2015 which serve 42% of Norfolk properties.
- 1.3. The second contract was signed in December 2015. It is expected to complete by the end of March 2020 when access to Superfast broadband speeds is expected to increase to 95% of Norfolk properties.
- 1.4. The second contract is more complex, requiring over 1,100 fibre structures across Norfolk, to serve approximately one quarter as many Norfolk's properties (11%) as the first contract.
- 1.5. Councillors agreed that to achieve the greatest coverage possible, for the investment available, the Council would not identify specific locations for upgrade as this would have created technical constraints on BT and lead to less coverage and speed uplift; instead, the Council specified the following:
  - To seek the highest possible levels of Superfast Broadband (24 Megabits per second +). This means BT created a design for Norfolk based on a balance between the public subsidy required and the level of speed increase achieved.
  - Implementation takes place in the most efficient technical order to deliver the maximum possible coverage.
- 1.6. Both BBfN contracts were let as call-off contracts under the national Broadband Delivery UK (BDUK) Framework contract. This contract both meets EU State Aid requirements and complies with procurement legislation.
- 1.7. Procurement legislation means that public sector contracts usually need to be let via a competitive process. In the case of the national BDUK Framework contract, 43 suppliers bid, six were taken through a full competitive dialogue process and two were appointed as suppliers. One of the two then withdrew.
- 1.8. The BDUK contract complies with State Aid requirements, specifically:
  - Infrastructure has to be available for any Internet Service Provider (ISP) to use to offer services. There are over one hundred ISPs that use BT Openreach fibre based infrastructure to deliver Superfast broadband services. This ensures customers have choice.
  - Public subsidy can only be used to fund Next Generation Access (NGA) technologies, for instance BBfN can't subsidise local wireless services.
- 1.9. The basis of the contract is "gap funding". This means the subsidy available is the cost to deploy the infrastructure, minus the revenue the infrastructure generates in the seven years following its implementation. The actual BBfN funding is:

- BT will contribute over £15 million capital and all operating costs
- Public sector investment will be £48 million, from BDUK, LEP, Norfolk County Council and the five rural District Councils
- Protections within the contracts mean if Take-up of services using the new infrastructure is higher than expected, a unit margin is recovered for each additional property that takes a fibre service, over the number specified in contract. To date, a further £5 million rebate from BT has been agreed as part of contract one. This has been re-invested via the second contract.
- Total capital investment over both contracts will be over £68 million.

## 2. Evidence

- 2.1. The programme involves public subsidy therefore BT report progress against contractual measures every quarter. Information is provided during the second month following the quarter end. BBfN then validates the information before confirming contractual commitments have been met.
- 2.2. This table contains information reported via the contract up to the end of June 2017 and it demonstrates progress in delivering the second contract. The table is based on speeds of 15Mbps+ (although the majority of properties have access to speeds above 24Mbps) which is the speed above which State Aid rules prevent the deliberate use of public subsidy.

AVAILABLE FROM COMMERCIALY FUNDED ROLLOUTS	42%
AVAILABLE VIA BETTER BROADBAND FOR NORFOLK CONTRACT 1	42%
DELIVERED VIA CONTRACT 2 (End June 2017)	5%
WILL BE DELIVERED BY THE END OF CONTRACT 2 (March 2020)	6%
NO FIBRE SOLUTION PLANNED	5%
<b>TOTAL COVERAGE AT 15MBPS+ End JUNE 2017</b>	<b>89%</b>

- 2.3. An independent website “Think Broadband” provides levels of coverage for a whole county, unitary, region, metropolitan area, or at District or Parliamentary Constituency level.

<http://labs.thinkbroadband.com/local/index.php?area=E10000020>.

A range of speeds are reported, the two key UK government measures are 24Mbps+ and the percentage of properties with access to a speed of less than 2Mbps. This is the table for Norfolk, at the end of June 2017.

Think Broadband			
Superfast UK (>24 Mbps):	88.24%	Below 2 Mbps (USC):	1.63%
Superfast EU (>30 Mbps):	87.20%	Below 10 Mbps (USO):	6.99%
Openreach (>30 Mbps):	86.75%	Below 15 Mbps:	9.62%
Ultrafast (>100 Mbps):	26.57%	Virgin Media Cable:	26.47%
Openreach FTTP (Native):	0.07%	FTTP or FTTH	0.11%

- 2.4. Take-up of Superfast services is very important, both because it allows residents and businesses to take advantage of the many benefits that it can offer, but also because for every property which takes a Superfast service package a Take-up rebate is paid. At the end of June, Take-up of services using the infrastructure which was implemented as part of the first Better Broadband for Norfolk contract has risen to 43%.
- 2.5. People can check to see current coverage and future plans using their postcode at the Better Broadband for Norfolk website: [www.betterbroadbandnorfolk.co.uk](http://www.betterbroadbandnorfolk.co.uk)
- 2.6. There are 5% of properties where funding is currently insufficient to provide a Superfast broadband infrastructure. There are potential solutions:

- The Digital Economy Act 2017 which received Royal Assent in April, enabled the creation of a new broadband Universal Service Obligation (USO), giving every household and business the right to request a broadband connection at a minimum speed of at least 10Mbps, up to a reasonable cost threshold - no matter where they live or work. Following this, the Government is consulting on the specific design of the USO which would be set in secondary legislation.

The consultation covers a number of interrelated design issues - the minimum specification, the technologies and providers that can deliver this, affordability, how it is funded and minimising market distortion. It also considers the review of the USO to ensure that it remains relevant over time.

The consultation was launched on 30<sup>th</sup> July, with responses required by mid-day on 9th October.

- Further funding could be applied to expand coverage, for instance future Take-up rebates. Although if “new” funding is allocated this will require new State aid approval

State Aid rules govern when and how public subsidy can be applied. This means new developments usually cannot attract public subsidy for broadband infrastructure. Developers are strongly advised to register their new sites with potential Superfast infrastructure providers which will often provide infrastructure at no cost to the developer. The main two in Norfolk are:

BT Openreach: <https://www.ournetwork.openreach.co.uk/>

Virgin Media: ): <http://www.virginmedia.com/lightning/network-expansion/property-developers>

- 2.7. Any property with access to a broadband speed of less than a minimum of 2Mbps that will not benefit from a fibre upgrade can access the Government's voucher scheme. This scheme aims to cover the set-up costs for the implementation of alternative technologies such as wireless or satellite. Details and an application form can be found on the Better Broadband for Norfolk website <http://www.betterbroadbandnorfolk.co.uk/better-broadband-subsidy-scheme/>
- 2.8. Once Superfast broadband is available, people need to contact their Internet Service Provider (ISP), or another, as their service will not automatically be moved to a fibre based service. There are over 100 ISPs offering Superfast services, people can check availability and costs using the comparison websites on the Ofcom webpage:

<https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/costs-and-billing/price-comparison>

There are usually good deals available and people can shop around every time their contract comes up for renewal to ensure they always have the best value available.

- 2.9. People sometimes raise operational service issues with BBfN or members. It is important that people raising such issues are asked to notify the problem directly to their own Internet Service Provider, rather than via the County Council. The Internet Service Provider will then either resolve the issue, or refer it to BT. This link provides information on what to do next if a problem is not resolved adequately: <https://www.ombudsman-services.org/sectors/communications/who-can-we-help>
- 2.10. Information regarding how to improve broadband speeds can be found at this Ofcom website:

<https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/advice/broadband-speeds>

### **3. Financial Implications**

- 3.1. No further information above that is not already provided in sections 1 and 2.

### **4. Issues, risks and innovation**

- 4.1. Risks have been identified and managed using the Corporate Risk Management Framework. The BBfN Steering Group reviews programme risks and proposed mitigations at its quarterly meeting.
- 4.2. The environmental impact of the contractor's proposals and, specifically, what steps the contractor will take to minimize the environmental impact of the programme are assessed as part of Norfolk's procurement processes.

### **5. Background**

- 5.1. County Councilors identified that the lack of broadband infrastructure disadvantages large parts of Norfolk both economically and socially. This is identified in the Council's Economic Growth Strategy as key infrastructure to support economic development.
- 5.2. Better Broadband for Norfolk contracts are managed within nationally agreed contract management and assurance processes.

### **Officer Contact**

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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