

Overview and Scrutiny Board 25th January 2012

Local Broadband Plan

Recommendations

That the Overview and Scrutiny Board consider the report and forward any comments to Cabinet for consideration at its meeting on 16th February 2012.

1.0 Background

- 1.1 In early 2011 the Government announced that £530m was to be made available for the provision of superfast broadband (min 24Mbps) to 90% of properties in the UK and that a minimum speed of 2Mbps should be available to 100% of properties.
- 1.2 Coventry City Council, Solihull Metropolitan Borough Council and Warwickshire County Council (the sub-region) are working in partnership as neighbouring authorities to deliver a significant improvement to our broadband infrastructure. This paper sets out our proposed strategic approach, which will then be used to inform our procurement and delivery.
- 1.3 Delivering better broadband – superfast broadband wherever possible – is vital to delivering Coventry, Solihull and Warwickshire’s strategic priorities. It is vital to our economic recovery and future growth, to supporting an engaged and connected community across the whole sub-region, and to enable the public sector to bring a new approach to the way it works with residents and businesses. We know that the return on investment is not sufficient for the market alone to deliver outside of our largest urban areas, and that substantial funding is required to meet the Government’s broadband targets. This will require significant local capital and revenue funding in addition to the central funding allocated to Coventry, Solihull and Warwickshire, as all three authorities will be expected to invest to ensure that the Government’s targets are met.
- 1.4 A capital bid for £3.5 million is to be submitted to Full Council on 7th February and this report and the accompanying Local Broadband Plan sets out how that money is to be used.
- 1.5 Top tier Authorities were invited to submit Expressions of Interest to lead the local roll-out. As a result of this, the Coventry, Solihull and Warwickshire partnership has been allocated £4.07 million of Government funding, provisionally broken down as below:

Coventry City Council	£1,100,121
Solihull Metropolitan Borough Council	£19,943
Warwickshire County Council	£2,949,936
Sub-Total	£4,070,000

- 1.6 In order to attract this funding, matched capital funding must be found at a local level and committed to in a formal Local Broadband Plan that must be submitted to BDUK (Broadband UK) for approval. However, there will also be revenue project costs to run the local projects. Our latest estimates for these are £755,152. These are based on estimates from earlier BDUK projects. These may be capitalised, subject to confirmation from legal and finance
- 1.7 The Government has provided £530 million of funding to 2015 to support improved broadband and stimulate further private sector investment. The Coventry, Solihull and Warwickshire broadband partnership's share of this funding is £4.07 million, announced in August 2011. This must be matched locally with appropriate capital funds. It is expected that this £8.14 million will then attract up to an additional £12 million of private sector funding.
- 1.8 The Government's target is for the UK to have the best superfast broadband in Europe by the end of this Parliament (2015): superfast broadband (speeds greater than 24 Mbps) should be available to at least 90% of homes and businesses in each tier one local authority area, with basic broadband services of at least 2Mbps available to 100% of properties. The Government's intention is that the market should deliver this as far as possible.
- 1.9 Coventry, Solihull and Warwickshire all need to invest to achieve universal availability of basic broadband by 2015. While availability of basic broadband across the sub-region is reasonable, some significant areas of poor or non-existent broadband performance remain. It will be these particular areas that will benefit from this funding.
- 1.10 Superfast broadband roll-out plans to 2012 by BT covers 45% of premises within the UK and 52% of premises within Warwickshire. BT has announced that their superfast broadband will reach two thirds of premises across the UK by 2014. Virgin Media covers 51% of premises within Warwickshire and have not publicly announced any extension to its current footprint coverage.

2.0 Vision

- 2.1 Our vision is to ensure that as many homes and businesses as possible across the sub-region can participate in the superfast broadband future. The Government fully acknowledges the importance of superfast broadband to the UK's economic recovery and future growth. The strategy paper *Britain's Superfast Broadband Future*², published in December 2010, describes superfast broadband as "fundamental to our future prosperity." Similarly, the

¹ http://www.culture.gov.uk/news/media_releases/8388.aspx

² <http://www.culture.gov.uk/publications/7829.aspx>

Government's *National Infrastructure Plan 2011*³, published in November 2011, positions superfast broadband as one of "the foundations of a stronger, sustainable and more balanced economy." Many studies report the positive economic impact of improved broadband provision; links to some examples are provided as background information to this report.

2.2 Analysys Mason (the pre-eminent adviser on superfast broadband in the UK, to central and local government, regional agencies and Ofcom, as well as operators and investors) predicts that superfast broadband will increase the productivity of employees and will have a direct impact on economic growth across the sub-region. Their socio-economic modelling of benefits and costs accruing from the proposed investment in superfast broadband across Coventry, Solihull and Warwickshire over fifteen years indicates a net estimated socio-economic impact of +£345 million (a benefits to total costs ratio of 9:1), against a projected investment of just over £32 million to 2015. This includes:

- a) **Increased productivity** – it is expected that superfast broadband will increase the productivity of employees and will have a direct impact on gross value added (GVA). At the end of 15 years it is expected that 50% of businesses in intervention areas will experience increased productivity for their employees. The assumed productivity increase per employee due to superfast broadband availability is 1.21%.
- b) **Knowledge-based economy** – it is assumed that availability of superfast broadband will help promote a knowledge-based economy which will, in time, create more high-value jobs and some current employees within the region will move into this sector with higher salaries. Salary increase for a high-value job over average salary is assumed to be 2% yearly in the model.
- c) **Flexible working (including teleworking)** – it is assumed that more employees will be able to adopt flexible working due to the availability of superfast broadband (5% increase in flexible working used in the model). Superfast broadband availability also creates opportunities for people who are otherwise economically limited or inactive (e.g. the disabled, people over pension age and parents with young children). Flexible working generates potential benefits for existing employees and employers in the form of mileage savings, reductions in carbon dioxide emissions and time savings. Flexible working could also lead to a reduction in employee absenteeism (5% reduction is assumed in the model).
- d) **Telehealth** – it is expected that by deploying telehealth services for remote monitoring it will be possible to reduce the number of carers in residential care homes, and to maximise the efficiency of healthcare professionals, leading to cost savings. In the model, a 5% reduction in residential care cost per person has been assumed.
- e) **Cloud computing** – it is expected that superfast broadband will promote more widespread use of cloud computing. For many users, this approach leads to a marked decrease in the processing power needed to complete computing tasks, allowing much simpler (and lower cost) computers to be

³ http://www.hm-treasury.gov.uk/national_infrastructure_plan2011.htm

used. End users can enjoy potential savings on the purchase of new computers and their maintenance and it is assumed that a 10% reduction of computers' cost is achievable.

- f) **Remote learning** – superfast broadband can support enhanced distance learning, as lectures with video conferencing facilities become ubiquitous. It can, therefore, be expected that there will be an increase in the number of students (both part-time and full-time) registering with remote learning centres, as well as an increase in the quality of teaching available through such organisations. Remote learning will likely increase the number of highly skilled workers, which will have a positive impact on local GVA. Remote learning could also generate benefits for employees / students in the form of mileage savings, reductions in carbon dioxide emissions and time savings.

3.0 Summary of Local Broadband Plan

- 3.1 The funding available from Government is predicated upon the development of a satisfactory Local Broadband Plan, which must set out how the Government's national broadband targets will be delivered locally. Our Local Broadband Plan includes details of the local context, current and future planned broadband provision, demand stimulation and registration approaches, procurement strategy, project management and governance arrangements (including risks and mitigations) and the range of benefits expected.
- 3.2 Local Broadband Plans must have Cabinet level approval and demonstrate that appropriate local funding has been secured to release the allocated funds. The Local Broadband Plan for Coventry, Solihull and Warwickshire is under final review and we expect to submit it to the Government in keeping with the February 2012 deadline⁴. We will then go to market to procure the required infrastructure and services to deliver in accordance with the Government's targets for 2015.

4.0 Benefits for Local Authority Partners

- 4.1 The benefits are, as follows:
- **Economic Development:** the project will support the economic recovery and future growth for all business sectors, including SMEs. Superfast broadband will provide an essential underpinning for growth of the knowledge economy.
 - **Policy/strategy:** Improved broadband connectivity offers opportunities for improved/more efficient delivery of public services and will help us to demonstrate successful delivery of central Government targets.
 - **Environment:** There will be a reduced need for business and commuting travel (and better support for support for flexible/home working), which will be facilitated by more efficient ICT service

⁴ http://www.culture.gov.uk/news/media_releases/8722.aspx

delivery (i.e. cloud computing, data centre consolidation, reduced power consumption).

- **Partner Organisations:** there will be improved partnership working opportunities and opportunities for shared services via aggregated delivery.
- **Community:** We anticipate improved access to public services, quality of life, and meeting consumer expectations. Improved broadband speeds will address identified digital divide issues by developing the same broadband speed and performance across both urban and rural areas.
- **Financial:** There will be reduced public sector connectivity costs and more efficient service delivery (reduced transaction costs).
- **Legal:** We are currently identifying planning issues (way-leave agreements, street works, conservation areas and sites of special scientific interest).
- **Mitigation:** We are liaising with the different planning authorities through CSWAPO and discussing options with highways to minimize impact on the local environment and delays to the roll-out.
- **State aid issues:** BDUK are developing an umbrella notification in relation to its procurement framework, which we intend to use for our route to market and this will reduce time, cost and potential risk of challenge.

5.0 Consultation

- 5.1 **Communities:** The broadband survey was released in March 2011 and has over 2000 responses to date; we are assisting with funding applications to the Rural Community Broadband Fund (RCBF), including on-going discussions with the developers of Stoneleigh Park and community representatives from the wider area surrounding that development.
- 5.2 We are undertaking extensive consultation with a wide range of partners, as identified in the draft Local Broadband Plan.
- 5.3 **Businesses and business parks:** We are working to identify significant developments throughout the sub-region and are in discussions with a number of business parks and estates.
- 5.4 **Soft market testing:** We will review our proposed plans for expansion of the broadband network with the two major suppliers in the sub-region (BT and Virgin Media).

6.0 Funding

- 6.1 Conversations have been taking place between partners on the potential breakdown of the matched funding between themselves, and Warwickshire Districts Councils, led by Tonino Ciuffini, Head of Information Assets at Warwickshire County Council. These have included:

- Discussions between the BDUK Project leads of the three partners, and their own internal Member and Officer management.
- Meeting with the Chief Executive of Warwick District Council, and a subsequent email from him to other District Chief Executives.
- Meeting with the Senior Management Team at North Warwickshire District Council.
- Meeting with Cabinet and Management Team representatives at Rugby Borough Council.
- Meeting with the Head of Customer Access at Stratford on Avon District Council.
- Discussions with ICT Lead at Nuneaton and Bedworth Borough Council.

6.2 It is planned to seek to confirm these discussions as part of the individual Councils' budget processes. The importance of this timescale has been reaffirmed by a letter from Secretary of State Jeremy Hunt on 16th December 2011 which introduces a new deadline that "all local authorities to have submitted a draft Local Broadband Plan by end of February 2012 at the latest".

6.3 To support this process the following breakdown is suggested based on discussions with the individual partners.

	Capital Matched Funding	Project Revenue Funding	Total Funding
Authority			
Coventry City Council	27,500	£5,102	£32,602
Solihull Metropolitan Borough Council	19,943	£3,700	£23,643
Warwickshire County Council	2,949,936	£547,335	£3,497,271
Warwickshire District Councils	1,000,000	£185,541	£1,185,541
Unallocated **	72,621	£13,474	£86,095
Sub-Total	4,070,000	£755,152	£4,825,152

** This amount has only recently become available since figures for Coventry have been recalculated. It is likely that this will be made available for the Districts to bid for on a pro-rata basis.

6.4 It should be noted that this breakdown is a suggestion and it is predicated on:

- Coventry confirming that it will focus on the provision of Universal Access of 2mbs minimum for all premises and that it will not be necessary to invest in the provision of Superfast Broadband because it is projected that the industry will have already provided in excess of the 90% requirement by 2015. Therefore, Coventry does not require the full BDUK funding indicated for their area.
- Solihull confirming that they only want to match their BDUK forecast commitment.

- Warwickshire County Council and the Warwickshire Districts taking up the remaining partnership funding. This would include Warwickshire County meeting their full BDUK allocation; we have a formal Capital Programme bid in train to fund this share.
- The fact that not all funding will be required in 2012/13. Again this will depend on project approval by BDUK and the private sector partners' ability to respond. The current estimate is that for each authority their breakdown could be as follows:

2012/13	5%	Primarily a procurement year
2013/14	15%	Pilot roll-out
2014/15	60%	Main installation activity
2015/16	20%	Project completion.

6.5 It should be recognised that there are no guarantees that the funding being made available by BDUK and being matched by partners will deliver the 90% Government Target, the final figure reached will be determined by the private sector response to the competitive tendering process. Also, even if the target is reached, then up to 10% of premises across the partnership will still not receive superfast broadband.

6.6 Achieving a more equitable spread across the County may require a decision that reduces the overall figure for Warwickshire. Any decision on options should be considered as part of the market response through the competitive tendering process once detailed plans are proposed.

6.7 The assets funded through this investment will be owned and maintained by the successful bidder and so the Local Authorities will have no on-going liability or responsibility for the maintenance of the infrastructure.

7.0 What are we doing?

7.1 We are encouraging people to complete our broadband surveys for residents and businesses that can be found on the project web page at www.warwickshire.gov.uk/superfastbroadband - people that live and work at the same premise should complete both. The more responses we receive, especially from clusters or particular villages, the better the chance of improved broadband in that area.

7.2 We have developed an integrated communications strategy that includes a website (currently under development), regular electronic briefings, face to face meetings and PR which utilises local press and radio.

7.3 Most importantly, we need to communicate our message through Community Champions who will have close contacts with their own local communities. The aim is to prove that there is sufficient demand for the services to create a business case so as to increase the likelihood of a potential bidder prioritising that locality for the provision of services. Community Champions are people who live and/or work in particular areas and who are prepared to help by:

- (i) spreading the word;
- (ii) encouraging people to register their interest in the project;
- (iii) running local campaigns to drive up demand in an area; and
- (iv) directing members of the public to the dedicated project website <http://www.cswbroadband.org.uk> or directing enquiries to the project email address: broadband@warwickshire.gov.uk

8.0 Timescales and Next Steps

8.1 In late December new timescales were announced by Government for the national BDUK project. Therefore we are now required to:

- a) Submit the draft Local Broadband Plan (approved by Cabinets of all three upper tier authorities) to BDUK before the end of February 2012.
- b) The Local Broadband Plan should be approved by BDUK by the end of April 2012.
- c) Be ready to procure the solution by July 2012. If any of these dates is not met then government has announced that they may take the procurement back centrally, which would mean less local input and less control over how and where the service is delivered.
- d) The delivery of the programme should be complete by end 2015.

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