

**Prosperous Staffordshire Select Committee
24th April 2014**

Progress Report: Superfast Broadband

Recommendation

1. This progress report is for information purposes only.

Cllr Mark Winnington, Cabinet Member for Economy and Infrastructure

Report

Background

2. Cabinet approved £7.44m capital expenditure (21st March 2013) as match funding to the £7.44m contribution from Broadband Delivery UK, to extend the superfast broadband network across Staffordshire.
3. Broadband Delivery UK (BDUK) is part of the Department of Culture, Media and Sport (DCMS) and has been set up to facilitate the delivery of superfast broadband services to areas that are not considered commercially viable by existing service providers (e.g. BT & Virgin).
4. Having undertaken a framework procurement exercise, BT was awarded the contract, which was duly signed on the 23rd May 2013. The value of the contract is £27.35m.
5. By mid-2016 97% of the premises in Staffordshire will be connected to the superfast fibre network. Approximately 472,000 (95%) premises will be able to receive speeds in excess of 24 Megabits per second. All premises in Staffordshire will be able to receive a minimum of 2 Mbps as part of the Universal Service Commitment.
6. Since the contract was signed a joint County Council, BT and BDUK project team have been formed, along with the governance structures required to deliver the project in line with BDUK requirements.
7. The project will be delivered in a series of 8 phases over the two year fibre deployment period, starting in 2014 and due for completion in 2016.

8. Over 500 individual structures will be upgraded during this period, deploying over 1 million meters (approx. 621 miles) of fibre in the process. Approximately 90,000 premises in the intervention area will be connected to the fibre network.
9. Communities will start to benefit from May 2014 and will be able to order superfast broadband services. These will include Rugeley, Colton, Ash Bank, Clifton Campville, Marchington, Yarnfield, Yoxall, Kings Bromley, Burntwood, Heath Hayes and Penkridge. It is anticipated that additional communities will be announced on a quarterly basis as the project progresses.
10. In November a key stakeholder event was held at St George's Park, near Burton to launch the Superfast Staffordshire brand and dedicated website that had been developed www.superfaststaffordshire.co.uk to support and promote the project. Keynote speakers included Philip Atkins, Mark Winnington, Nick Bell from the county and Bill Murphy (MD BT Next Generation Access).
11. Additional to the key stakeholder event there was a further event in the afternoon which was attended by county councillors, district & parish councillors and broadband champions. Again there was an introduction to the project, demonstrations of fibre deployment equipment and an opportunity for the delegates to ask questions of project officers and BT personnel.
12. To aid delivery of this project each of the districts and the City of Stoke have been briefed by the project manager. In addition the highways and planning teams from around the county were invited to workshops. The purpose of which was to form a virtual team in each district that would act as champions and a single point of contact, so that the fibre deployment could be undertaken efficiently. To date this approach appears to be paying dividends, allowing cabinets to be sited even in conservation areas, through the joint working approach.
13. To ensure that Staffordshire realises the full benefit of this major infrastructure upgrade and the County's investment, it will be important that Staffordshire residents and businesses make full use of the superfast broadband services. To this end, members of the Superfast Staffordshire project team will lead the promotional and awareness raising activities, to ensure communities and business alike are alerted to the provision and benefits of the service. This will involve working with stakeholders, parish councils and locally recruited broadband champions to work with communities to ensure these services are fully utilised.
14. To ensure SME businesses fully realise the benefits of superfast broadband the Optimising Business Broadband project has been launched. The project delivers awareness raising events and direct assistance to individual SME's companies. This is delivered by the Superfast Staffordshire project team in partnership with Shropshire County Council and is part funded by the European Regional Development Fund (ERDF).
15. BDUK have recently undertaken a project assurance review on the Superfast Staffordshire project and made the following comments:

“The BDUK Broadband Assurance Board reviewed Superfast Staffordshire on 3 April 2014 and agreed that there was a high level of confidence that the

required level of contract management is in place, concrete evidence of sustained assurance activity, and excellent levels of knowledge and compliance with contractual mechanisms.

The Assurance Board expressed the exemplar nature of the Staffordshire project in all aspects, including team, assurance work and demand stimulation / community engagement.”

16. Recently the coalition government have announced a further £250m additional funding to start to address the premises that will not get 24Mbps and above. Staffordshire is set to have 95% access to 24Mbps and above by 2016, and has been allocated £1.68m by BDUK to start to address the final 5%. Superfast Staffordshire will need to secure £1.68m match funding to draw down the BDUK allocation. Digital Connectivity has been included in the LEP Strategic Economic Plan and financial support will be sought through the Local Growth and / or ERDF funding streams.
17. Superfast Broadband will impact positively on many aspects of Staffordshire life and public service delivery, hence Staffordshire County Council’s recognition of its strategic importance. It is anticipated that the provision of superfast broadband will strengthen the local economy by helping attract further inward investment, improving productivity & competitiveness and providing access to new markets. In addition, citizens will benefit from an improvement in services and access to: payments on-line, internet banking, shopping, e-government, e-learning, video calling, digital medical care, on-demand television and much more.

Link to Strategic Plan

The Superfast Staffordshire project is an enabling project which will lead to a better connected Staffordshire. This in turn will contribute to at least two, if not all three of the priority outcomes:

The people of Staffordshire will:

- Be able to access more good jobs and feel the benefits of economic growth
- Be healthier and more independent
- Feel safer, happier and more supported in and by their community.

Link to Other Overview and Scrutiny Activity – there is no additional activity.

Community Impact – see Appendix 1

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List of Background papers

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Appendix 1

Community Impact Assessment for Superfast Broadband for Staffordshire

	Impact Assessment	
	+ve/neutral/ -ve	Further information [Degree of impact and signpost to where implications reflected within the report/main Assessment]
Assessment next to Outcomes and impact areas		
Prosperity, knowledge, skills, aspirations	Positive	The provision of an improved broadband service to all residents and businesses within Staffordshire and Stoke on Trent will improve these outcomes by providing access to information, new ways of providing education, new ways of providing health and social care, investment by SMEs, encourage people to live and work within the county.
Living safely	Positive	
Supporting vulnerable people	Positive	
Supporting healthier living	Positive	
Highways and transport networks	Positive	
Learning, education and culture	Positive	
Children and young people	Positive	
Citizens & decision making/improved community involvement	Positive	
Physical environment including climate change	Positive	Potential reduction in business mileage. Possible reduction in energy consumption in corporate premises.
Maximisation of use of community property portfolio	Neutral	
Equalities impact		
Age	Positive	Increased opportunities for people of all ages to communicate, participate in educational and social activities, and access services. New and innovative ways of delivering health services could be made available
Disability	Positive	The provision of the service will allow people with disabilities other options to access services.
Ethnicity	Positive	Ability to interact remotely with communities of interest for support and reduced isolation.
Gender	Positive	
Religion/Belief	Positive	
Sexuality	Positive	

	Impact/implications
<p>Resource and Value for money In consultation with finance representative</p>	<p>The cost to the County Council of prudential borrowing, and maintaining debt charges over 20 years for the sum of £7.44m is £11.64m. The debt charges will be £621k per annum. The capital costs will phase in as the infrastructure works are implemented. The works will commence early in calendar year 2013. Until the project has entered procurement, any breakdown of costs is speculative. It is possible that a supplier may require investment within financial year 2012-13, however, the local broadband project team is negotiating with BDUK for Government funds to be provided at the start of the project (front-loaded). It is estimated that debt charges of £75k will be incurred in financial year 2013-14, rising to £383k in 2014-15, and to £621k from 2015-16 until 2032-33.</p> <p>The project will operate a competitive procurement process, inviting responses from suppliers within a national procurement framework. The majority of unit costs necessary for the rollout of broadband improvements are regulated by Ofcom. The procurement process will therefore ensure best value for money.</p> <p>The supplier will own the broadband infrastructure assets, and will be responsible for on-going maintenance and additional investment in broadband infrastructure. There will be no on-going revenue commitments for Staffordshire County Council.</p> <p>Public funds may only be invested in broadband infrastructure within defined areas of market failure, under State Aid rules. The contract with the selected supplier will include a clawback clause such that if the supplier achieves significantly higher revenues than anticipated, funds will be returned to the local investor(s).</p>
<p>Risks identified and mitigation offered From corporate risk register categorisation</p>	<p>The key risk to the implementation of the project is the changing priorities and scope that may be mandated by BDUK. The risk can be mitigated by working closely with BDUK and gaining as much advance notice of possible changes.</p> <p>The key risk to the outcomes of the project focuses on the funding available. The funding is being provided on a gap funding basis, and assumptions are being made of the level of demand and capital cost of the project. This risk can be mitigated by actively working to generate demand and adjusting the scope and priorities of the project based on the funding available.</p>
<p>Legal imperative to change In consultation with legal representative</p>	<p>BDUK has developed an Umbrella State Aid agreement and a procurement framework for the procurement of the services. Using these tools will reduce the risk of any State Aid or procurement challenge.</p> <p>While there is no statutory obligation on Tier 1 Local Authorities to deliver a local broadband project in their areas, delivery is a politically imperative. The Department of Culture, Media and Sport has reserved the right to take control of projects which it does not believe will achieve successful delivery, and any such Tier 1 Local Authorities would not only lose the ability to influence delivery, but would see broadband improvements delayed.</p>