Prosperous Staffordshire Select Committee
16th October 2014

Progress Report: Superfast Staffordshire

Recommendation

1.   This progress report is for information purposes only.

Cllr Mark Winnington, Cabinet Member for Economy, Environment and Transport

Report

Background

2.   Cabinet approved £7.44m capital expenditure (21st March 2012) 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.   Since April 2014 approximately 12,000 premises have been connected to the fibre network and can now access superfast speeds in excess of 24Mbps. Early exchange areas to benefit include Ash Bank, Blackshaw, Burntwood, Burton-on-Trent, Cannock, Fordhouses, Gospel End, Heath Hayes, Lichfield, Milford, Rugeley, Stafford, Stoke, Tamworth, Trentham, Waterhays Dimsdale and Yoxall.

10.   83 of the 519 digital cabinets have been fully installed and commissioned to deliver these services. Many more are in the various stages of construction and will be ready for service before the end of the year.

11.   The project team have recently undertaken an Open Market Review to ascertain the extent of superfast broadband coverage by the commercial operators, including the impact of this project across Staffordshire and the City of Stoke. Initial indications are that the size of the Staffordshire "final 5%" will result in approximately 35,000 residential and business premises not having access to superfast broadband by the end of the current project.

12.   In recognition of the 35,000 premises shortfall in superfast broadband provision, BDUK have allocated Staffordshire a further £1.68m, which will need to be match funded if it is to be drawn down. This would lead to an approx. £4m extension to the current project and start to address the shortfall. The project team is exploring various options for securing the match funding, however it is proving to be very challenging. If funding is secured the project would undertake an additional framework procurement exercise to ensure the maximum number of premises were enabled for the available funding, thus ensuring best "value for money". If match funding cannot be secured the BDUK allocation will be reallocated to other projects.

13.   Recently a study by SQW (UK Broadband Impact Study Nov 2013) concluded that the BDUK funded interventions are projected to return approximately £20 in net economic impact for every £1 of public investment.

14.   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.

15.   To ensure SME businesses fully realise the benefits of superfast broadband the Optimising Business Broadband project has been developed. This will consist of several awareness raising events, interactive webinars, downloadable tools and "face to face" support. Further details can be found at www.optimisingbusinessbroadband.co.uk. 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).

16.   Recently the project has secured a further £67,000 of additional funding from Government Equalities Office to assist women in business to make the best use of superfast broadband within their businesses. This will also apply to women wishing to set up a business. The assistance will be in the form of conferences, workshops, mentoring, networking and caste study activities. The programme will be delivered by WiRE (Women in Rural Enterprise), Chamber of Commerce and Simply Staffordshire. Further information can be found here: www.wirechallenge.org

17.   The training of Digital Champions has started, with a series of workshops in both the North and South of the County; further events will be scheduled as the rollout progresses. An online Google Group has been set up to share knowledge and experiences across both the project and County as a result of these events. Interest continues to grow as the project gathers momentum; @SuperfastStaffs has 700 followers currently.

18.   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

www.superfaststaffordshire.co.uk
Twitter @superfaststaffs
www.optimisingbusinessbroadband.co.uk
www.wirechallenge.org

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
Resource and Value for money In consultation with finance representative	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. 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. 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. 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).
Risks identified and mitigation offered From corporate risk register categorisation	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. 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.
Legal imperative to change In consultation with legal representative	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. 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.