Bath & North East Somerset Council	
MEETING:	**Cabinet**
MEETING DATE:	**9th November 2012** / EXECUTIVE FORWARD PLAN REFERENCE: **E 2328**
TITLE:	**Improving access to superfast broadband in Bath and North East Somerset: the Broadband Delivery UK Opportunity**
WARD:	All

AN OPEN PUBLIC ITEM

List of attachments to this report:

Appendix 1: Connectivity Maps

Appendix 2: Potential whole project costs

1. THE ISSUE

1.1 Internet access is increasingly regarded as "the fourth utility". It is regarded as a key requirement for economic growth, and for allowing individuals to participate more fully in society. Broadband infrastructure and its effective use also holds potential for the future transformation of (and efficiencies in) public services.

1.2 The Government has recently announced that a fund of £530m is available to local authorities wishing to deliver superfast broadband infrastructure where the market is not delivering it before 2015.

1.3 £1.43m of this Government funding is available to the West of England authorities of Bath and North East Somerset, South Gloucestershire and Bristol, which must be matched locally.

1.4 In order to access that funding, authorities must develop a "Local Broadband Plan", which sets out an overall strategy for broadband delivery, and outlines how this could contribute towards the future growth and health of the area.

1.5 Surrounding authorities (Somerset, Wiltshire, North Somerset and Devon) have been successful in securing Government funding to ensure the delivery of superfast (at least 20 Megabits per second) coverage to 85-90% of all premises in their areas.

1.6 The key issue to consider is whether with scarce resources, Council investment is best made in matching BDUKs funding, or whether there are greater returns to be made by investing elsewhere and in other ways to support economic growth. This would mean leaving the market to ultimately deliver broadband to those areas not currently served.

2. RECOMMENDATION

The Cabinet considers whether to:

2.1 Proceed with developing a Local Broadband Plan with South Gloucestershire Council and Bristol City Council, which would report in February and provide more detail of the cost and benefits of improving broadband infrastructure in the rural areas.

2.2 Allocate £25,000 of funding from Development and Regeneration reserves to complete the report

OR

Not to proceed and therefore not to accept the government match-funding at this stage

3. FINANCIAL IMPLICATIONS

3.1 £25,000 of revenue funding would be required to develop a Local Broadband Plan for the area of Bath and North East Somerset, South Gloucestershire and Bristol in partnership with South Gloucestershire Council and Bristol City Council.

3.2 In the event that, subsequent to the completion of the Local Broad band plan, the Council was to proceed with implementation, then further capital resources would be needed in accordance with the estimates in Appendix 3.

4. CORPORATE PRIORITIES

4.1 Improving broadband infrastructure supports the Corporate Priorities set out below, and supports policies and aims set out in the following documents:

- Infrastructure Delivery Plan 2010
- Draft Core Strategy 2011
- The Local Strategic Partnership's Sustainable Community Strategy 2009-2026
- The Economic Strategy for Bath and North East Somerset 2010 – 2026
- Future Council and Service Transformation report 2010
- Vision for Bath and North East Somerset 2006

Sustainable growth

4.2 The Draft Core Strategy, the Economic Strategy, and the Sustainable Community Strategy highlight the importance of sustainable growth across the District. Broadband infrastructure would support private sector investment, jobs growth and enable home-based start-ups in rural areas.

4.3 According to available data[1], roughly 23% of the District's businesses are based in more rural areas with a likelihood of poorer digital infrastructure. Map 3 at Appendix 1 shows that these are mostly smaller firms of 1 – 10 people which could potentially compete more effectively with better access to ICT.

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[1] Interdepartmental Business Register (2010); Point Topic connectivity data (2011)

4.4 However, with scarce resources it is important to decide where investment would have the biggest economic return. While there are arguments for investing in improving rural broadband, the economic returns may be better in the short term by investing where jobs growth potential is highest. Ultimately the market will deliver solutions for rural areas and in the short term investment elsewhere and in other ways may create more jobs and growth.

5. THE REPORT

5.1 Over the past few years, the availability and take-up of higher internet speeds has increased dramatically. Research by OFCOM recently showed that consumers – increasingly using new online applications such as social media sites - have moved to higher speed packages where available. In 2008 5% of all UK connections were of 10MBPS, increasing to 24% in 2010.

5.2 Given the pace of technological change and the related demand for ever greater internet speeds, "Superfast" or "Next Generation" speeds of more than 20 MBPS are increasingly referred to by the industry and by the UK Government as a benchmark aim. In other words, there is a need to "future-proof" broadband connectivity across the country as far as possible with the resources available.

5.3 Broadband speeds of 20 MBPS can offer reliable high definition video; two-way video communications; and simultaneous usage of broadband services by different householders.

Market Delivery of Superfast Broadband

5.4 Broadband services can be delivered using a range of technologies, including fibre, satellite, cable, fixed wireless and mobile wireless. Each technology has its own benefits and costs. However, consistent "Superfast" speeds of more than 20 megabits per second (MBPS)[2] can currently only be achieved through fixed line connections – that is, either fibre or cable technology.

5.5 BT, through BT Openreach, has committed to delivering superfast "fibre to the cabinet" (FTTC) technology to 65% of the country, leaving what BT calls the "final third" unserved by this technology until 2015 at the earliest.

5.6 BT is largely focusing its infrastructure delivery in and around more urban areas that are more densely populated, and are therefore more commercially attractive to Internet Service Providers such as TalkTalk, who will be charged by BT to use their infrastructure.

5.7 Due to the cable technology it uses, Virgin also focuses its activity in urban areas (see Appendix 1, Map 4) and does not currently plan to extend its networks.

Superfast broadband delivery in Bath and North East Somerset

5.8 BT is in the process of delivering superfast broadband infrastructure to cabinets linked to the Kingsmead (Bath), Radstock and Midsomer Norton exchanges. This rollout is due to be completed by the end of 2011.

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[2] Current UK Government definition of superfast.

5.9 A maximum[3] of 46,000 premises[4] in B&NES (roughly 56% of all premises) will therefore benefit from BT's rollout, with many of the remaining 35,000 premises continuing to receive lower maximum speeds until 2015 at the earliest without intervention.

5.10 There are no plans to upgrade any other areas in Bath and North East Somerset, due to the reduced commercial viability of connecting those remaining premises.

The picture in the rest of the District

5.11 Map 1 at Appendix 1 demonstrates theoretical maximum speed coverage by postcode, including the BT rollout[5]. The map shows that higher speeds will generally continue to be found in and around our urban areas.

5.12 Since speeds indicated on the maps at Appendix 1 are theoretical maximum speeds, what is experienced will be slower in many cases.

5.13 Figures show that of the premises not receiving BT superfast infrastructure upgrades,

- An estimated 9,000 premises will continue to receive speeds of less than 1MBPS from their fixed lines
- An estimated 2,500 premises will continue to receive speeds of only 1-2 MBPS maximum.

5.14 Those premises that will continue to receive speeds of less than 2 MBPS will continue to have an unreliable service.

5.15 Broadband Delivery UK (BDUK – see below) estimates that roughly 18,000 premises in Bath and North East Somerset would be eligible to receive government support for improving infrastructure.

Bridging the Gap: The Broadband Delivery UK (BDUK) Opportunity

5.16 The UK Government has recently stated its intentions regarding broadband infrastructure in the UK:

- That the UK will have the best broadband network in Europe by 2015;
- That 90% of the UK will be covered by superfast broadband (at least 20MBPS), and that *all* remaining premises will be able to access *at least* 2MBPS.

5.17 As stated above, the market will not deliver this before 2015. The Government has therefore made available £530m to help fund improvements to broadband infrastructure where the market does not intend to deliver. An agency called Broadband Delivery UK (BDUK) is managing this fund.

5.18 In the South West of England, the following authorities have already secured funding from BDUK, and have also committed to matching the Government

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[3] It is important to note that even within those exchange areas, some premises are not benefitting due to their distance or relationship to the exchange, or local topographical conditions which make investment less attractive.
[4] Using Point Topic connectivity data (2011)
[5] Not all premises within these areas will necessarily benefit from the BT rollout

funding available: Cornwall, Devon, Wiltshire, Somerset, and North Somerset. These authorities are now in the process of procuring the required technologies to deliver at least 20 MBPS connectivity to 85-90% of the premises in their areas.

5.19 In August 2011 the Government announced that the West of England, comprising South Gloucestershire, Bath and North East Somerset, and Bristol, would be eligible to receive £1.43m in funding to help fund broadband infrastructure improvements.

Accessing the BDUK fund – the Local Broadband Plan

5.20 In order to access the West of England's allocated £1.43m of capital funding, the three authorities must produce a **Local Broadband Plan**. The plan should set out the area's ambitions for improving broadband infrastructure, and set out broadband's role in the future development of the District.

5.21 The Local Broadband Plan should also:

- Identify the potential costs of delivering the aims set out in paragraph 5.19 above;
- Outline the level of match funding that the three authorities can contribute towards the project;
- Give some detail on residential and business demand for greater connectivity;
- Confirm that the procurement and rollout of technologies will be managed and monitored by a dedicated project team, and provide some detail on likely procurement process;
- Outline a strategy for demand stimulation and access support activities to run alongside the delivery of new infrastructure.

Resource implications of developing a Local Broadband Plan

5.22 The development of a Local Broadband Plan involves a range of activities, including techo-economic modelling and liaison with communities to enable a fuller articulation of issues and demand.

5.23 Given that the Government funding available is for the three West of England authorities, one Local Broadband Plan would be developed for the whole area.

5.24 The cost of developing a Local Broadband Plan, including the development of a demand stimulation strategy to B&NES Council would be **£25,000**.

5.25 Should the Council decide to take part in *submitting* a Local Broadband Plan in partnership with other authorities, the Council will need to plan for other project costs relating to the implementation of infrastructure in the District. Estimates of these costs are set out in **Appendix 2**.

Project Governance

5.26 Should the Council decide to go ahead with developing a Local Broadband Plan, it is proposed that a project board involving all three authorities be set up to manage the development of the Plan and to oversee specialist consultant work.

Timings and Delivery

5.27 Local Broadband Plan work could begin in November

5.28 The Cabinet would then receive an update in February 2012 on the findings and costings identified in the initial Local Broadband Plan work

5.29 Should the Council decide to take part in submitting a Local Broadband Plan for the West of England to the Government, it is estimated that this would take place in summer 2012

5.30 The table below also sets out potential timings for the whole project should the Council decide to submit a Local Broadband Plan to Government.

Table 1: Estimated project timings:

Item	Estimated timing
Draft local broadband plan (LBP) produced for internal consultation	November 2011 – Feb 2012
Internal Consultation on draft LBP	Feb - March 2012
Potential timings (pending decision by Council) of project delivery:	
Political sign off/s of final LBP	June 2012
Submission of LBP to Government (BDUK)	July 2012
Procurement process begins	October 2012
Demand stimulation activities begin	Spring 2012
Rollout of infrastructure begins	October 2013
Rollout of infrastructure is complete	End 2014 / early 2015

Implications of not undertaking the Local Broadband Plan

5.31 Should the Council decide not to undertake the Local Broadband Plan the opportunity to secure match funding from BDUK of £670,000 will be lost at this time and utility providers will not undertake to upgrade rural areas until 2015 at the earliest.

5.32 Separate funding is being made available to deliver ultra-fast broadband in Government backed Enterprise Zones and Enterprise Areas such as the Bath City Riverside 'City of Ideas' Enterprise Area. The details of these arrangements are as yet unclear, but it will sit outside the BDUK bidding process

6. RISK MANAGEMENT

6.1 The report author and Lead Cabinet member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with the Council's decision making risk management guidance.

7. EQUALITIES

7.1 A formal Equality Impact Assessment will be carried out as part of the Local Broadband Plan should the decision be made to proceed.

7.2 If the Council should decide to submit a Local Broadband Plan to the Government in partnership with South Gloucestershire and Bristol City Council, which is the first step in delivering improved broadband infrastructure in the District, there are some real opportunities to:

- Reduce the inequality of service generally experienced by those living in more rural areas than those living in more urban areas;

- Improve communities' ability to use the internet to access public service information, work from home if travel is difficult, develop their businesses, use distance learning materials, and so on;

- Ensure more vulnerable communities and groups, such as older people, can receive help to access better internet services which might for example help to support them in dealing with health issues.

8. RATIONALE

8.1 This report shows that, in general, people living in more rural areas in the short run, are at a disadvantage due to the lack of planned broadband infrastructure upgrades.

8.2 Improved broadband connectivity supports a diverse range of Council priorities, from supporting private sector jobs growth, to improving the independence of older people.

8.3 Initiating work on a Local Broadband Plan with neighbouring authorities would allow the Council to better understand connectivity issues, and identify any potential costs associated with delivering superfast broadband to 90% of those premises not already receiving upgrades from BT.

8.4 However we expect that the market will ultimately deliver solutions for rural areas and a decision is needed on whether a short term investment in matching BDUK is the best way of supporting economic growth when resources are scarce.

9. OTHER OPTIONS CONSIDERED

9.1 There are pros and cons to taking the BDUK opportunity.

9.2 If the decision is made not to move forward with Local Broadband Plan work an opportunity will be lost to potentially access Government funding to deliver improved broadband services in rural areas in the short term

9.3 Superfast market providers (Virgin and BT) have confirmed that significant further improvements will not happen before 2015 at the very earliest due to commercial considerations

9.4 However we expect that ultimately the market will deliver this service if the demand is there. In this situation it may be better to use scarce resources in other ways to support economic growth.

10. CONSULTATION

10.1 *Cabinet members; Other B&NES Services; Stakeholders/Partners; Other Public Sector Bodies; Section 151 Finance Officer; Chief Executive; Monitoring Officer; Business representative bodies.*

11. ISSUES TO CONSIDER IN REACHING THE DECISION

11.1 *Social Inclusion; Customer Focus; Sustainability; Human Resources; Young People; Corporate; Impact on Staff.*

12. ADVICE SOUGHT

12.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	John Wilkinson 01225 396 593
Sponsoring Cabinet Member	Councillor Cherry Beath
Background papers	- Draft Core Strategy - Economic Strategy for Bath and North East Somerset - Sustainable Community Strategy for Bath and North East Somerset - Vision for Bath and North East Somerset
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