

Superfast Broadband Extension Programme - Update Report

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Purpose of the Report

1. At the South Somerset District Council meeting of 17th November 2016 it was resolved by Council to bring forward a report in February 2017 that provided members with:
 - The results of the Phase 2 Superfast Broadband Roll-out tendering programme and its likely coverage of Superfast Broadband to the residents and communities of South Somerset; and
 - Proposals to further support the provision of Superfast broadband in areas that are not likely to be covered. This will include a potential scheme to provide grant assistance to parishes and vouchers to qualifying households and businesses (sub 10 Mbit/s) to enable superfast broadband to be rolled out across the district, such that we become a connected district, with all the advantages that brings in terms of attracting/ retaining businesses, home working and the amenity of residents

Public Interest

2. The availability of high speed broadband is important to the economic and social wellbeing of the district. It is seen by many as essential to managing their day to day lives. Therefore it is critical infrastructure to the district, both for residents and businesses.

Recommendations

3. It is recommended that Council:
 - a) Note the updated information in this report regarding the delivery of the Connecting Devon and Somerset (CDS) Superfast (broadband) Extension Programme.
 - b) Await further detail of the geographic coverage and extent of the new programme (including the proposed CDS voucher scheme). This detail is expected from CDS by March/ April 2017 and upon receipt of this information, determine whether SSDC's potential financial contribution can be incorporated into a voucher scheme for South Somerset Residents and Businesses.
 - c) Authorise officers to further explore options for a superfast broadband voucher scheme should the outcome of recommendation 2 (the CDS Voucher scheme) be negative.
 - d) Authorise officers to procure specialist advice as necessary on the feasibility, state-aid compliance, implementation and the administration of a voucher scheme. The cost of which would not exceed £50,000 and be funded from general balances.
 - e) Request officers to report back to Full Council as soon as sufficient information is available for members to take a decision on committing funding to a superfast broadband voucher scheme.

Background

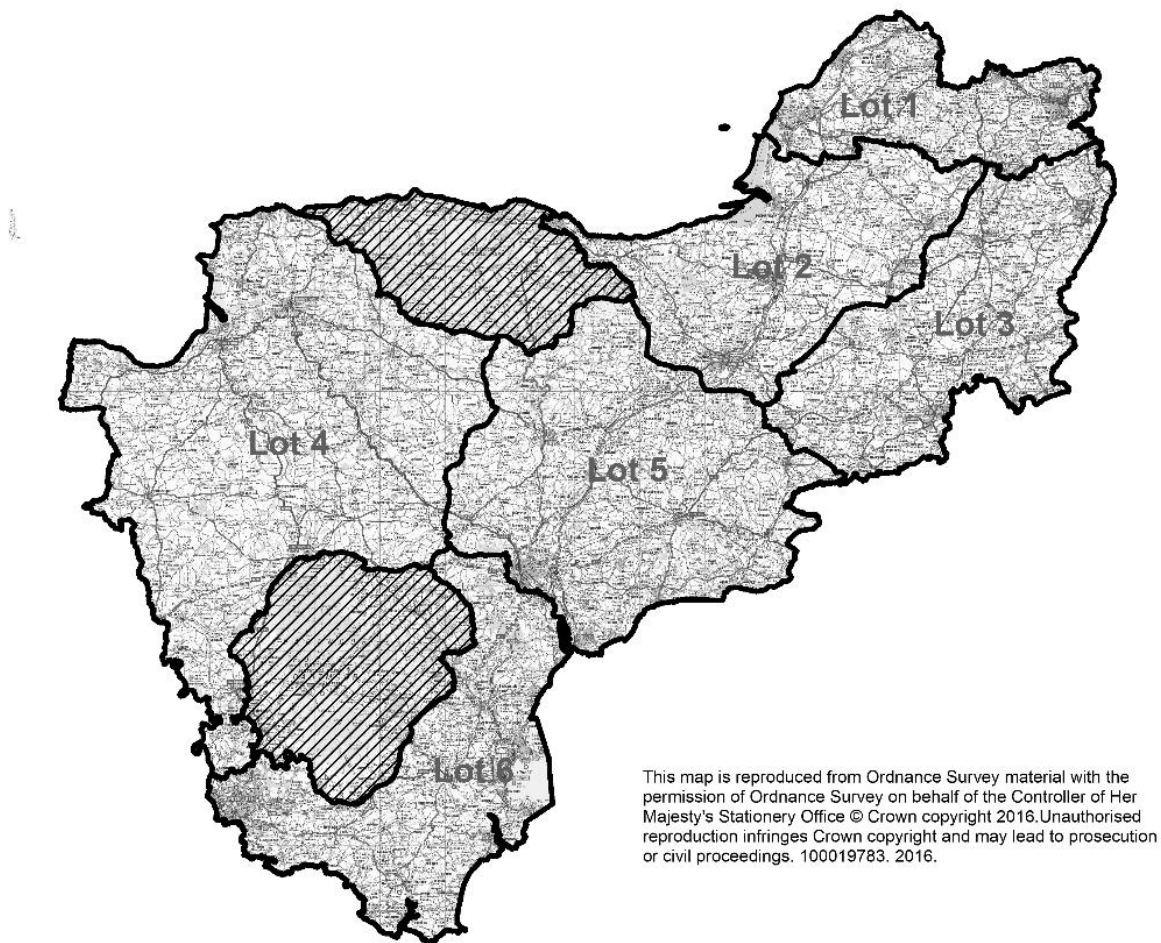
4. **SSDC District Executive Committee 19th June 2014** agreed in-principle to a capital funding commitment of £640,000 which when added to the funding from the County Council, LEP, and BDUK would deliver Superfast Broadband availability to an additional 5% of the district (approx. 6,290 additional premises) by the end of 2017 through the Superfast Extension Programme (SEP). This would mean delivery to 95% of the district, since 90% will already be delivered under the current Connecting Devon and Somerset (CDS) programme.
5. SSDC's contribution of £640,000 to the SEP funding package would have seen our contribution matched by BDUK (Broadband Delivery UK) – the government funded programme) making a total of £1.28m that would have been invested in the CDS programme as a result of SSDC's involvement.
6. The June 2014 District Executive:
 - Agreed to contribute an in-principle and maximum £640,000 to expand the availability of superfast broadband subject to:
 - Satisfactory provision of a detailed assessment of the superfast broadband extension roll-out programme from which it is clear that it is favourable and beneficial to businesses in South Somerset
 - A satisfactory partnering agreement and governance arrangement to ensure that this Council is fully engaged and involved in the delivery of superfast broadband
 - A satisfactory return can be guaranteed from the investment
 - The details of any proposed negotiation/agreement are reported back to District Executive for their decision
 - Requested a wider report on the alternative options/providers
7. **Full Council 12th May, 2016** (following an update on the Superfast Broadband Extension Programme) resolved to retain the £640,000 provisional allocation to Connecting Devon and Somerset made in June 2014, until there was greater clarification on how and where that money would be utilised for the benefit of South Somerset residents or businesses.
8. The procurement of a potential contractor to deliver the project took place between July 2016 and November 2016 following an unsuccessful procurement exercise in 2015. The Invitation To Tender (ITT) issued did not include SSDC's allocated £640,000 within the proposed budget.
9. **Full Council 17th November 2017.** Cllr Mike Beech (Motions, agenda item 14) proposed a reaffirmation of the Councils' earmarked £640k funding for the delivery of superfast broadband. Cllr Beech was particularly concerned that rural areas and businesses may miss out on a superfast broadband connection otherwise.
10. Council resolved that SSDC continue to retain the £640,000 provisional allocation, requested by CDS as agreed by Full Council in May 2016 - to be allocated to the provision of high speed broadband within South Somerset for the benefit of parishes, home owners and businesses within the district.

The Current Position

11. The programme to enable superfast broadband coverage across Devon and Somerset is in two separate phases. Phase One effectively concluded in December 2016 and will have taken

superfast broadband coverage to approximately 90% of premises in the area. However, it is clear that residual pieces of work are still being finished as part of that phase one programme.

12. The most recent information on superfast broadband coverage across the CDS area is available on the website: <https://www.connectingdevonandsomerset.co.uk/> . This states that phase one of the rollout programme will have *'provided superfast broadband access to around 277,000 residents and businesses across the CDS area. The Government's 90% target is heavily dependent on BT meeting its obligations under its own commercial programme'* (This would suggest that the final coverage for phase one is still not fully known and there remains the possibility that the 90% coverage target was not met). If the target has not been met then a clear implication for phase two is that the starting point may be lower than the anticipated 90%.
13. Under Phase 2 of the CDS programme, contracts were signed in December 2016 for the roll-out of superfast broadband to more than 35,000 additional properties. This agreement was signed between CDS and broadband provider **Gigaclear**. Gigaclear were awarded contracts for four of the six lots on offer under phase two of the roll-out. South Somerset is covered predominantly by Lot 3 and a small portion of Lot 5. They will deliver superfast broadband to some of the hardest to reach homes and businesses across the region by 2019, enabling them to access speeds of up to 1Gbps. Gigaclear provide a fibre-to-the-premises network and operate networks across 13 counties. In December 2016 they were also chosen as the preferred supplier for new BDUK contracts in Herefordshire and Gloucestershire.



14. CDS are currently working with Gigaclear to finalise the planning and timescales from the baseline proposed coverage submitted as part of the contract tender. CDS is looking to provide detailed coverage information of the phase two roll out as soon as it is planned and confirmed. A set of

postcodes that will benefit from the Gigaclear roll-out are not yet available. However, it is expected that Devon and Somerset should see an increase of around 6% FTTP coverage once complete and this is concentrated in the rural areas of the two counties.

15. The six contracts combined will deliver a £62.25m investment, bringing ultrafast services to an additional 35,225 of the hardest to reach homes and businesses across the region. CDS will announce the remaining two contracts for Lots 1 & 4 when they are awarded. At this moment it is unclear how much the programme will invest in South Somerset or the level of coverage.

A Voucher Scheme

The CDS Voucher Scheme

16. During Phase 1 CDS operated a voucher scheme. The CDS Broadband Voucher Scheme provided anyone with a broadband speed of less than 2 Mbps with a voucher for £500 towards the cost of a new broadband connection. During the running of the voucher programme CDS received in excess of 3,900 applications. Those applicants that were confirmed as below the 2Mbps threshold and had no access to faster networks were issued with a voucher and over 2,700 applications were approved. By November 2016 over 300 installations had been completed. It should be noted that many communities used the combined value of several vouchers to be able to effect the work. 18 suppliers joined the scheme and offered solutions such as 4G, fixed wireless and satellite to bring residents at least 10Mbps and in many cases much faster speeds.
17. The CDS voucher scheme closed to new applications on the 30th November 2016, but CDS are currently indicating on their website that they intend to run a new voucher scheme once the detail of phase two is finalised. Officers have made enquiries as to whether SSDC might be able to contribute directly to the new CDS voucher scheme to the benefit of SSDC rural premises. Again we are awaiting the final detail and implications for SSDCs potential involvement in such a voucher scheme.

The potential for a SSDC-led voucher scheme

18. It is important that members note that no council has established and operated their own voucher scheme in the UK. Whilst councils have supported and advertised voucher schemes, the schemes have been delivered exclusively by the superfast programmes for each area. There are a number of reasons for this:

State Aid Compliance

19. Because public money is being used to deliver the superfast broadband programme, the programme operator needs to comply with state aid regulations. In Somerset and Devon the body that has State Aid clearance for the project is CDS. Once such clearance has been granted it is not possible for another public body to operate a publicly funded scheme for a similar project in the same area.
20. Officers have checked a number of voucher schemes that had operated under phase one. In Dorset the broadband voucher scheme had been run through the state aid compliant 'Superfast Cities' programme. More detail of this programme is available at <http://www.superfastcities.co.uk/eligibility/>. Another programme that was well detailed can be found at <http://www.superfastsex.org/en-us/betterbroadband.aspx> where again it can be noted that quite strict criteria apply to voucher applicants and the scheme was run through a State Aid compliant body.

Organisational capacity

21. It is likely that administering such a voucher scheme will be resource intensive. As is illustrated by the CDS voucher scheme, approximately 3900 applications were received and processed and 2700 of these were then scheduled for further action. SSDC currently has neither the capacity nor the expertise to establish a broadband voucher scheme. Therefore, members would need to consider the possibility that if we were to go down the SSDC-led voucher route, we would have to commit a percentage of the allocated funds to employ the necessary expertise to advise SSDC how best to legally allocate their contribution.
22. Therefore, specialist advice is needed on the feasibility, state-aid compliance, implementation and the administration of a voucher scheme. For this reason, it is recommended that SSDC waits until the detail of the CDS voucher scheme is known before deciding on further action.

Financial Implications

23. At this stage the financial implications are still to be fully established. It is unlikely that the vouchers could be treated as capital grants and therefore funding would be from revenue general balances.
24. Any spend on specialist advice would not exceed £50,000 and would need be funded from general balances.

Summary

25. At this stage:
 - We are able to inform members of the results of the Phase 2 tendering process of the Connecting Devon and Somerset (CDS) Programme.
 - We are not able to provide a detailed analysis of that programme (i.e. the geographic coverage and the implications for the District) as the details of the programme have not yet been finalised between CDS and the contracted party. Similarly we have not been able to ascertain the full extent of the proposed new CDS State Aid compliant voucher scheme that they intend to operate.

Corporate Policy Implications

26. We are committed to SSDC Council Plan 2016 – 2021 priority of supporting district-wide roll out of superfast broadband.
27. The Economic Development Team are currently completing the SSDC Economic Development Strategy 2016-2019 which states as an objective that we will ensure the provision of a competitive digital infrastructure by supporting the CDS programme.

Carbon Emissions and Climate Change Implications

28. There are no current implications associated with this report though the extension programme assists improvements in communication and the reduction of energy use.

Equality and Diversity Implications

29. In preparing this report, due consideration has been given SSDC's statutory Equality duties Section 149(1) of the Equality Act 2010.
30. Aspects of this project related to subsidising the rollout of broadband have a low relevance to equality, whilst implementation has a medium relevance to equality. Having greater superfast broadband coverage has the potential to impact positively and consequently there are negatives if there is not full coverage in the District.

Background Papers

- Full Council 17th November 2017 - Motion – Agenda Item 14
 - Full Council Report 12th May 2016 - Superfast Broadband Extension Programme – Decision on SSDC funding contributions
 - District Executive Report 19th June 2014 – Match Funding for the Superfast Broadband Extension Programme.
 - Broadband Task and Finish Group Scrutiny Review, Sept, 2014.
 - Superfast Broadband Extension Programme – Decision on SSDC funding contributions, June 2015.
 - Connecting Devon and Somerset Members Briefing, April 2016.
 - <http://www.connectingdevonandsomerset.co.uk/> is also a recommended source of considerable background information and further detail.
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