

SUPERFAST BROADBAND ANNUAL UPDATE September 2016 - September 2017
Superfast Worcestershire Update – BT and Worcestershire County Council
Background and Introduction

1. Worcestershire County Council signed a c.£20 million contract with BT in August 2013 (Contract 1) to ensure Superfast Broadband was available to over 90% of the County's residential and 90% of business premises by June 2016;
2. A second contract (Contract 2) was signed in spring 2015, again with BT, for c.£6m to increase fibre coverage in the county; specifically to increase the number of premises with access to superfast speeds, defined as 24Mbps and above. At the end of September 2017 superfast speeds were available to 93% of Worcestershire premises, with over 96% able to access fibre based broadband.
3. The table below shows the sources of capital funding directly associated with the infrastructure build; committed into contracts 1 and 2, taken from the financial models.

Source of Funding	Contract 1	Contract 2
BT	£4.4m	£1.1m
WCC	£8m	-
BDUK	£4.5m	£2.4m
Local Growth Fund	-	£2.4m
Total	£16.9m*	£5.9m

* The reason for difference in £20m reported value and value in table, is some of BT's costs are not eligible to be claimed within the contracts project financial model.

Summary of Contract 1 performance

4. There have been eight deployment phases to contract 1, the first premises were connected, ahead of schedule in May 2014 and deployment was officially completed at the end of July 2016. The final claim is agreed and Contract 1 has come in within budget, with at least £4m underspend committed to the 'reinvestment pot' which can be reinvested into further coverage.
5. Within Contract 1 over 400 new cabinets were delivered enabling over 62,000 premises to have fibre broadband of which 55,000 are achieving superfast speeds within Worcestershire. Out of all the planned structures in Contract 1 only one, due to siting issues, could not be completed. This is a significant achievement and highlights the close working relationships between the Council project team and BT.
6. The original Worcestershire Local Broadband Plan set out three high level priorities.
 - to ensure fibre broadband was available at 90% of Worcestershire premises;
 - uniquely amongst other similar contracts across the UK, Worcestershire also set a 90% business premises target;
 - to ensure that all premises had access to a minimum speed of 2Mbps by 2016.
7. At the end of Contract 1 all of these targets had been achieved; fibre coverage has reached c.96% of the county, business coverage was at 90%, up from 44% when the programme commenced. The third 2Mbps minimum service commitment has been enabled through the availability of the 'Basic Broadband Scheme' enabling individuals to apply for a voucher through other services such as satellite broadband.

Update on Contract 2 performance

8. Having initially agreed Contract 2 in March 2015, with the deployment due to commence in July 2016 and be complete in June 2018, BT and WCC worked together to agree an improved delivery timeline to conclude nine months earlier in September 2017. This was made possible, as a result of a well progressing deployment. The main programme objective was to extend fibre coverage further across Worcestershire with a focus on superfast (24Mbps and above) speeds.
9. As a result of the positive take-up on the programme (highlighted in Appendix 2), BT offered WCC the opportunity to 'reinvest' up to £3.25m into the programme, earlier than anticipated. WCC agreed to progress and announced in March 2017 the intention to extend the programme into new areas. As a result, Contract 2 was extended and more than 3,000 additional premises will benefit from superfast service by December 2018. Positively for Worcestershire, as a result of the latest take-up assumptions (50% instead of 20%) the financial models were amended, resulting in a much increased contribution from BT and a reduced public sector contribution (reduced to £1.2m), than was originally expected, for the agreed additional coverage.
10. The Superfast Broadband Partnership, through Contract 2, has already enabled 112 fibre structures, allowing just over 7,000 premises to benefit from speeds in excess of 24Mbps since July 2015. Positively, only one structure (Colwall 1) could not be completed due to very high cost per premises. It is estimated that by the end of the Contract 2 deployment, 95% of all premises will have access to superfast speeds (93.7% currently).
11. The Panel will recall that 29 structures were transferred from Contract 1 to Contract 2. 28 of these structures are now reporting as live and only one (Colwall 1) has been removed from the programme (as indicated above). Out of the 28 structures, three have minor technical issues, which are currently being corrected (some premises are able to order fibre services, whilst others require further rearrangement upgrades – this is known as 'Live to Live' issues).
12. As the programme progresses, the majority of the remaining structures will now be fibre to the premises (FTTP) up until the expected completion of the extended Contract 2 in December 2018, reflecting the rurality of the remaining areas, smaller clusters of premises and increasing distances between them, as well as reducing costs for the improved technology.

Lessons Learnt

13. As the programme has progressed into increasingly rural areas there has been an increase in the number of wayleaves required for both standing cabinets and building power and fibre ducts or poles. Wayleaves can cause delays when landowners cannot be identified or fail to respond in a timely manner. Equally landowners may refuse wayleaves or see opportunities to request excessive payments. To mitigate against these risks, the programme office are working to escalate wayleave issues as quickly as possible to local contacts and look for support from within communities when possible.
14. Early in the programme the decision was made to be transparent around the planning and timelines for the build of the cabinets albeit recognising and acknowledging that all plans are subject to change. Whilst this has been a successful strategy it has led to many communities assuming that an initial indicative timeline was a target for delivery and in many cases these dates do change. As the programme continues the need to balance transparency with local expectations will remain a challenge. The team will continue to publicise the 'earliest possible expected' dates and then update the website if they move within the programme. Whilst this generates queries and complaints the team do respond to explain the position and also provide community updates on request for local newsletters etc.. Having received enquiries

about cabinets, if permission is provided, we then contact individuals directly as soon as the structure goes live, this has a positive impact on take-up.

Worcestershire County Council Officer Update

Phase 3 Introduction and update

15. Further to the progress made through the existing two 'Superfast Worcestershire' contracts, it was recognised that even with the current investment into the broadband infrastructure, around 15,000 premises, spread across all six districts, will be unable to access broadband speeds in excess of 24Mbps post December 2018. Council officers continue to receive regular enquiries from these communities and businesses, often referring to their inability to sustain and/or grow due to the lack of effective broadband infrastructure.
16. In summer 2017, WCC Full Council agreed for a further £2.5m to be added to the Capital Programme on the recommendation of June Cabinet's decision to progress a third phase of Superfast deployment (Phase 3 – Contract). Cabinet also approved a reinvestment of identified underspend and projected 'Gainshare' from the existing contracts to extend superfast broadband further into the county. WCC recognise that excellent digital connectivity will be one of the key drivers of economic prosperity and competitiveness going forward, as well as ensuring the county remains a location in which people would aspire to live, work and visit.
17. The Panel are asked to note that the £2.5m capital to be added to the programme has been made possible through the Council's funding request to Broadband Delivery UK (£1.5m) and European Regional Development Fund (£1m). Since Council's approval, Officers have progressed contract finalisation, and are currently awaiting the outcome of a final condition to be agreed between Broadband Delivery UK, the preferred supplier and WCC, before a contract can be awarded; this is expected to be complete in November 2017.
18. The social benefits of good connectivity were acknowledged at WCC Cabinet in June, noting that children can be disadvantaged if they do not have access to broadband at home; this impacts both their ability to do homework and learn independently, but also deprives them of the social networking world that young people rely upon. Improved broadband will have significant impact on educational and wider well-being for children in rural communities. There is an increased expectation for students to participate with online educational forums, virtual learning environments and access to course resources and class work.
19. Compared with the rest of England, the remaining areas without access to Superfast Broadband has a relatively elderly age profile; broadband services will play an increasingly important role in supporting older and vulnerable people by providing access to online services, shopping, banking etc. as well as services provided by Worcestershire County Council and other public partners; potentially supporting people to stay at home for longer by enabling the introduction of new health and Social Care services, such as, tele-medicine or tele-care. A good broadband connection enables people to stay in touch with family and friends, whether locally or those based around the world, improving the quality of life and enabling a work-life balance.
20. In addition to the potential social benefits identified above with more public services being available online, people can now use online services to pay their council tax, order goods, order library books, report problems with housing, claim benefits just to mention a few.
21. Case studies from local businesses continue to illustrate the benefits of faster broadband:

"We can now think about expanding the range of services we offer, and can therefore look forward to a healthier bottom line. These days, practically every service we deliver needs a decent level of broadband service. Now we're certain about decent speeds, we can plan with confidence." Andrew Troughton, Carver Knowles

"We do design work in-house, but need to outsource some of it. We hadn't realised how much quicker fibre was, the download speeds are quite astonishing!" Anna Marshall, Steaves Shirts

"I use the Internet for everything and it's important to me that it's reliable and as fast as possible as I am running my business from home." Ellen Halpin-Barnett, Luxury Hampers and Gifts

"I don't have any worries about the future of my business as I know I have the infrastructure to do what I need to do. I can't imagine trying to run my business without it!" Tracy Reck, Naturally Exuberant

Current and Future Opportunities

22. In addition to the existing contracts and the soon to be announced 'Phase 3 Contract', the following opportunities exist to enhance the availability of improved broadband infrastructure; these include seeking additional funding and the reinvestment of both underspend and any further 'Gainshare' generated as a result of positive take-up of fibre broadband within the programme area:
23. An application is being prepared into DEFRA's £30m national funding programme to support the rollout of improved fibre broadband (30Mbps+) to rural areas and businesses. WCC is looking to apply for £1m - £1.5m. Successful projects must be completed (deployment and funding defrayal) by the end of December 2020. Dependent upon the outcome of the application, it would be the intention to seek to add any subsequent deployment, including an element of underspend or 'Gainshare' to an existing contract.
24. Proposed launch of £500k WCC's 'Local Body Partnership' – this scheme will act as a way for the County Council to provide partial 'financial support' to communities not included in any of the contracted deployments ('the last 5%') and who have received an estimated build cost to from BT's 'Community Fibre Partnership' scheme (December 2017). Bringing such communities into the existing contract would present positive opportunities relating to the take-up clawback.
25. Local Full Fibre Networks (LFFN) opportunity - Public sector parties are in the process of preparing a response to the imminent launch of DCMS's Local Full Fibre Network Programme. C.200m funding round is expected to be announced in next two weeks allowing parties to bid for funding to extend full fibre networks further through innovative solutions.

Report Ends

Report jointly prepared by Rob Shakespeare (BT Openreach Senior Project Manager) and Ste Ashton (WCC Senior Project Manager); October 2017