

**CABINET****15 OCTOBER 2015****SUPERFAST WORCESTERSHIRE – PROGRAMME UPDATE  
AND REINVESTMENT OPPORTUNITIES**

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**Relevant Cabinet Member**

Mr S E Geraghty

**Relevant Officers**

Director of Commercial and Change

Director of Business, Environment and Community

**Recommendation**

1. **The Cabinet Member with Responsibility for Economy, Skills and Infrastructure recommends that Cabinet:**
  - (a) **notes the Superfast Worcestershire programme is recognised nationally for consistently remaining ahead of schedule, having ensured 86% of the county now has access to fibre, and on track to deliver to over 55,000 premises by June 2016;**
  - (b) **supports further capital re-investment up to a total value of up to £3.25m, released early by BT, subject to value for money, to extend superfast broadband even further across the county;**
  - (c) **authorises the Director of Commercial and Change, in consultation with the Cabinet Member with Responsibility for Economy, Skills and Infrastructure, to negotiate with BT to achieve the best deal for the county with regard to the capital to be released by BT and to take the final decision on specific re-investment to achieve the purpose set out in (b) and subject to (d); and**
  - (d) **subject to the negotiations in (c), authorises the Cabinet Member with Responsibility, in consultation with the Director for Commercial and Change and the Chief Financial Officer, to recommend to Council that £3.25m is added to the Capital Programme for the purposes of such re-investment to be funded by capital released by BT if the commercial negotiations are successful.**

**Council Vision and Priorities**

2. Superfast Worcestershire is an ambitious programme to implement a multi-million pound superfast broadband network which will be one of the best in the country.

3. Both the Council's Corporate Plan and the Worcestershire Economic Strategy clearly support technology-led growth as a key economic enabler for the county and specifically highlight the importance of broadband to local residents, communities and businesses.
4. Our business and political leaders are committed to the programme. The County Council has made a multi-million pound contribution to the programme and Worcestershire Local Enterprise Partnership, recognising the importance of superfast broadband to ensure Worcestershire continues to be a world class place to do business, secured significant further investment through the Local Growth Fund to extend the infrastructure further.
5. Our Vision is to *"Deliver faster Broadband for the county to ensure Worcestershire is, and remains, 'Open for Business'"*. Our ambition is to ensure Worcestershire's business competitiveness is maximised, nationally and globally and we support communities to resolve broadband issues in their area.
6. Superfast Worcestershire will result in a significant step change in our broadband infrastructure, which in turn will facilitate a drive in economic growth and improve the quality of life for all our residents over the next decade.
7. Having excellent broadband through the county underpins the significant developments in technology to communicate, manage health and look after people. This in turn enables vulnerable people to take a more active role in their own care; reduce social isolation and stay independent for longer, in their own homes.

## **Background and Summary**

8. In 2013, the Council started a 7 year partnership with BT to extend fibre broadband across Worcestershire to ensure that at least 90% of the county's residents and businesses could access faster broadband.
9. Due to the outstanding performance in the delivery of the programme and higher than expected take up rates of almost 20% secured, BT has offered the Council the opportunity to re-coup monies early to re-invest in extending fibre coverage even further.
10. At 1 October 2015 Superfast Worcestershire had brought superfast broadband infrastructure to more than 42,000 additional homes and businesses in the county. The programme is on track to deliver to over 55,000 premises by June 2016. The graph at Appendix 1 shows the higher than expected progress to date.
11. The programme is recognised nationally for consistently remaining ahead of schedule and for the strength of partner relationships and contract management. BDUK's Broadband Assurance Board reviewed Worcestershire's progress on 3 September 2015 and in a letter to the Council congratulated Worcestershire on their very good progress not just on achievement of target coverage but also clearly demonstrating that we have achieved value for money.

12. Worcestershire was unique nationally in its deal with BT, setting an objective to extend faster broadband to businesses and increase superfast broadband from 41% to 90% for businesses in the county.

13. Having entered the original deal for 90% coverage, the Council then secured an additional £4.8m from BDUK and through the Local Growth Fund to invest further into extending superfast fibre across Worcestershire. This further investment will extend fibre to 95% of the county's businesses and residents with 94% of the county able to access superfast speeds.

14. Despite this excellent anticipated outcome, it is recognised that even with 95% coverage there will be a proportion of very hard to reach residents and businesses in the county that will not benefit from the Superfast Worcestershire programme. Officers continue to receive significant daily contact from these hard to reach communities, with businesses often referring to their inability to sustain and/or grow due to the lack of effective broadband infrastructure.

15. The contract does give the Council the opportunity to recoup some of its investment with effect from 2025 if either efficiencies are found in the programme deployment or if take-up of superfast broadband exceeds 20% of premises enabled to do so.

16. BT has offered the Council the opportunity to re-coup monies early if the Council agrees to re-invest the circa £3m to further extend the fibre coverage in the county, rather than wait to recoup the money in 2025. Any future opportunities to re-coup capital investment will be brought to Cabinet for further consideration.

17. Given the issues identified with even 95% coverage, Cabinet is asked to agree to take this opportunity to re-invest capital released early by BT to extend superfast broadband even further across Worcestershire. This opportunity could enable around an additional 3000 premises (homes and businesses) in the county to access Superfast broadband.

## **Progress to Date**

18. The Superfast Worcestershire partnership is focused on ensuring the delivery of superfast broadband to the county's businesses and residents. However, it is recognised that for our communities to take full advantage of the new infrastructure they need to understand the benefits this will bring and how they can take up the service. Continued communication of benefits and stimulation of the demand must be sustained to bring the infrastructure to life for our communities.

19. BT has shared with us an anonymised comparison of Worcestershire's take-up rates across the region. Currently take up of the faster infrastructure, deployed by Superfast Worcestershire, is at nearly 20% and continues to rise each month. As shown in the graph at Appendix 2, it is recognised that take up rates in Worcestershire are 40% higher than others at this stage in their programme deployment.

20. Case studies from local businesses continue to illustrate the benefit of faster broadband:

*"A lot of my work is done online using videos. Without fast internet, it would take me a lot longer to write programmes and upload videos... 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.

*"We were reluctant to offer more graphic design and artwork services due to the slow internet so now we are free to expand that side of our business."* Anna Marshall, Steaves Shirts.

*"In my business the Internet is so important but uploading photos and videos can take hours. It's so frustrating! I need to be able compete on an equal footing with areas where there's faster broadband speeds. That's why I really welcome the plans to upgrade speeds across Worcestershire."* Elspeth Van Der Hole, Fashion Photographer.

21. As indicated in the summary, further to the additional funding secured from BDUK and through the Local Growth Deal totalling £4.8m, the Council was able to secure plans to extend fibre to 95% of the county.

22. The Council was also able to agree a formal acceleration to the original dates identified by BT for completion of this extension programme. This will now start as soon as the initial contract deployment is completed (to deliver 90% fibre coverage across the county) and is now planned to be completed in 2017, rather than the original completion date at the end of summer 2018.

### **Proposal and Recommendation**

23. BT has offered to release early capital re-investment of circa £2.1m. This would be used to extend superfast fibre broadband even further across the county. Securing this offer, significantly earlier than expected, is a major achievement for the county and is a result of the progress made in the Superfast Worcestershire Programme.

24. A further circa £900K would be made available by BT to extend coverage even further through efficiencies made to date in programme deployment.

25. This re-investment of around £3m would enable the extension of fibre infrastructure into parts of the remaining 6% of the county's businesses and residents. If approved, the Cabinet Member with Responsibility and Director of Commercial and Change will negotiate the best deal for these communities with BT, and final coverage and deployment plans will be understood and agreed before formal contract change controls are agreed. This deal will need to demonstrate value for money for Worcestershire's tax payers, ensure a continued focus for our business and resident communities and take account of demand.

26. Cabinet is asked to take this early opportunity to re-invest c. £3m into further deployment of broadband across the county. This opportunity to extend fibre further across Worcestershire will be lost if the monies are not identified for re-investment into broadband infrastructure and will remain in the "re-investment pot" until 2025.

27. If the recommendations in this report are agreed this will not require any additional net borrowing for the Council as any re-investment would be funded by early release of capital by BT.

### **Next Steps**

28. If Cabinet agrees the recommendations to take the early re-investment opportunity to secure further expansion of the county's broadband infrastructure, the next steps are to:

- (a) Secure Council approval for the addition to the Capital Programme using capital released by BT
- (b) In the light of the additional potential, engage and stimulate demand further to identify those businesses and communities that most need enhanced broadband infrastructure
- (c) Develop the Council's requirements in relation to investment deployment and undertake formal negotiations with BT to model the additional coverage
- (d) Ensure value for money is tested and evidenced in the final proposals for re-investment
- (e) Agree contractual change control with BT to include the additional investment in the Superfast Worcestershire partnership.

### **Equality and Privacy Issues**

29. There are no equality or privacy issues to consider as a result of the recommendations in this report

### **Supporting Information**

Appendix 1 – Progress of Superfast Worcestershire deployment (1 September 2015) – available electronically

Appendix 2 – Worcestershire Take Up compared with other Local Bodies in the Region – available electronically

### **Contact Points**

#### County Council Contact Points

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## **Background Papers**

In the opinion of the proper officer (in this case the Director of Commercial and Change) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meetings of Cabinet held on [24 November 2011](#), [24 May 2012](#), [8 November 2012](#), [18 July 2013](#), [5 February 2015](#)