

**SUPERFAST BROADBAND ANNUAL UPDATE – November 2018**
**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. The additional funding was expected to extend fibre technology to over 95% of premises, with 94% of these having access to superfast speeds. In March 2017, the Superfast Worcestershire partnership announced a major extension to the contract to enable around 3,000 more households and businesses by the end of December 2018. At the end of October 2018 superfast speeds were available to 95.5% of Worcestershire premises, with over 99% 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 (initial)	Contract 2 (extended)	Contract 3
BT	£4.4m	£1.1m	£3.4m	£3.7m
WCC	£8m	-	£1.2m	-
BDUK	£4.5m	£2.4m	(reinvestment of gainshare from C1)	£1.5m
Local Growth Fund	-	£2.4m	-	-
ERDF	-	-	-	£1m
Defra	-	-	-	£1.5m (TBC)
<b>Total</b>	<b>£16.9m*</b>	<b>£5.9m</b>	<b>£4.6m</b>	<b>£7.7m</b>

\* 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.

4. As advised in last year's report - Contract 1 was officially completed in July 2016 within budget, with at least £4m underspend committed to the 'reinvestment pot' which could be reinvested into further coverage. At the end of Contract 1, all of the targets were achieved, as a result of which, 29 structures were moved to Contract 2 to avoid delays in formally closing Contract 1 deployment.
5. Of the 29 structures, all but one have been delivered within the original Contract 2 timelines – by Sept 2017. One structure was de-scoped (serving only five Worcestershire premises) due to expected very high deployment cost and anticipated build timeline spanning over two years (resulting from suggested wayleave conditions imposed by landowners).
6. Take Up percentage: Whilst deployment on Contract 1 is complete, demand stimulation activities continue to remain a priority, with the aim to promote the service and encourage 'take-up' across Worcestershire. Contract 1 take-up remains above the national average of programmes working to similar timelines (57.5%).

7. Contract 2 take up (47%) is already performing very well with much quicker adoption rate in comparison to contract 1 mainly due to a more rural nature of the deployment and a greater uplift in comparison to the existing service. Both contracts perform very well in comparison to the originally expected 20%, with Contract 2 take up outperforming the national average as well.
8. Overall take up of both fibre to the cabinet (FTTC) and fibre to the premises (FTTP) technologies across both contracts is 56.42%.
9. In October 2018, the programme team submitted an application for £10k demand stimulation funding to BDUK, with the view to support paid demand stimulation activities and accelerate fibre adoption even further.

### **Update on Contract 2 performance**

10. 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.
11. 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. In March 2017, WCC announced the extension of the original Contract 2 to cover more than 3,000 additional premises with superfast service by December 2018. Positively for Worcestershire, as a result of the latest take-up assumptions (50% instead of 20%), BT's contribution increased to £3.4m which resulted in a much reduced public sector contribution (reduced to £1.2m).
12. By the end of Contract 2, 16,971 additional premises are expected to be connected to fibre infrastructure, with 13,356 benefiting from superfast service (24Mbps and above) meaning approximately 96.5% will have access to superfast speeds. To date, the Superfast Broadband Partnership, through Contract 2, has already enabled 192 fibre structures (152 FTTC & 40 FTTP), allowing 15,421 to benefit from improved speeds, with 10,555 premises able to benefit from speeds in excess of 24Mbps since July 2015.
13. As the programme progresses, the majority of the remaining structures will now be fibre to the premises (FTTP) – c. 50 and c. 15 FTTC structures.
14. Due to increasingly rural nature of the deployment, meaning an increased number of challenges, which could impact on delivery timescales, Contract 2 is currently approximately five months behind schedule. It is expected that Contract 2 will now be delivered by June 2019, instead of December 2018. Current deployment deficit of approximately 1,900 premises remains. This is expected to reduce to c. 1,500 by December 2018, as the programme enters the final quarters of the deployment in line with an agreed recovery plan. To mitigate against deployment delays, Openreach have introduced the recovery plan & micro management of some of the structures as well as a closer liaison with WCC's Streetworks team.
15. The team will continue to publicise the 'earliest possible expected' dates for delivery of the remaining structures and continue to update communities and individual residents / businesses as build in their areas progresses. This reduces the amount of enquiries and provides communities with updates ensuring they are ready to upgrade at an earliest opportunity. The programme team provides overall programme information to registered customers, as well as regular updates to specific enquiries. Regular updates are also provided to MPs, Councillors and partners.

16. An updated GIS based map is now available on the Superfast Worcestershire website, which provides a programme overview at premises level, based on contracted deployment. Wider areas can also be checked at a glance, allowing residents and businesses to check if they are able to order a superfast connection already, are in existing plans to access superfast by the end of our current contracts, or should work with neighbours to develop a community led scheme.
17. With regard to structures originally planned to be delivered by September 2017, only Stourport V33 (Shrawley) and Inkberrow 602 remain outstanding. Both structures have had long standing issues including power wayleave, land wayleaves and road closures. Inkberrow 602 is expected imminently, and Stourport V33 is expected before Christmas.
18. As the programme has progressed into increasingly rural areas there has been an increase in the number of wayleaves required for both erecting 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.

### **Phase 3 Introduction and update**

19. 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.
20. In summer 2017, WCC Full Council agreed for a further £2.5m to be added to the Capital Programme to progress a third phase of Superfast deployment (Phase 3 – Contract 3), with the funding coming from Broadband Delivery UK (£1.5m) and European Regional Development Fund (£1m). At the same time, Cabinet also approved a reinvestment of identified underspend and projected 'Gainshare' from the existing contracts to extend superfast broadband further into the county.
21. The Phase 3 programme was originally expected to extend the superfast broadband roll-out to more than 5,300 further Worcestershire households and businesses. Whilst detailed planning was underway, our delivery partner, Openreach, has made us aware that approximately 1,800 premises planned to be delivered via Contract Three, have already been delivered earlier through a commercial deployment.
22. The implication of these premises being delivered commercially means that significant funding is being modelled to unserved premises, which although identified as eligible for Contract 3, were not part of the proposed solution indicated in the funding agreement.
23. To date, over 70 detailed survey packs have been released by Openreach, 30 of which have already been approved and build orders are in the process of being generated. It is expected that a number of Phase 3 structures will be completed by the end of the year.

### **Current and Future Opportunities**

24. In addition to the existing contracts, 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:
25. Earlier this year, Worcestershire was successful, subject to grant conditions, in securing a further £1.5m of additional funding from DEFRA, to extend superfast and ultrafast coverage further across Worcestershire with a focus on businesses. Initial modelling request was submitted in March 2018, however WCC requested subsequent modelling in September

2018 to take into account current deployment complexities. The outcome of the modelling, expected to expand the ultrafast infrastructure to a further c. 2,500 of Worcestershire homes and businesses, is expected by the end of the year. It is expected that all of the structures funded through this project will be Fibre to the Premises (FTTP). Successful projects must be completed (deployment and funding defrayal) by the end of December 2020.

26. Funded by the underspend from Contract 1, the Local Body Partnership Scheme (LBP) was initially introduced as a £500k scheme, a further £500k was added to support demand from communities. LBP is aimed at supporting communities not yet earmarked for any public or private sector roll-outs, by sharing the infrastructure and installation costs between WCC, Openreach and local residents. The scheme has proved very popular and c. 1,100 premises are expected to benefit from full fibre upgrade through this scheme - 21 communities are currently progressing through the change control process with Openreach.
27. 'GigabitVoucher' Scheme – BDUK National initiative. The primary objective of this scheme is to expand the full fibre, gigabit-capable network to small and medium-sized enterprises. SMEs will be able to access a voucher worth up to £3,000 to upgrade their connection. At the same time groups of residents will be able to apply for a voucher of up to £500 for each domestic connection - as long as there are business users in the scheme who are the main beneficiaries. The £67m scheme was launched in May 2018 and already c. £12m has been committed nationwide. In Worcestershire, we are committed to take advantage of this scheme and to date, 48 vouchers, worth £100k have been secured to extend ultrafast coverage to 120 premises, with a further c. 300 – 500 in the process of getting detailed proposals from Openreach. This would equate to a further 0.25% of Worcestershire premises having access to FTTP. The programme team is actively working with proactive communities and partners on increasing the number of vouchers issued to communities.
28. Local Full Fibre Networks (LFFN) opportunity is available for public sector parties to bid into DCMS's Local Full Fibre Network Programme. £200m worth of funding was made available initially. Some funding has already been allocated, however the recently announced Budget allocates a further £200m to pilot innovative approaches to deploying full fibre internet in rural locations, starting with primary schools, and with a voucher scheme for homes and businesses nearby.
29. Alongside the Budget, the Government is currently publishing consultations to mandate gigabit-capable connections to new build homes and speed up the delivery of upgraded connections to tenants, making it quicker and easier for communications providers to roll out full fibre networks. This support is welcomed locally, as the team have been working to increase requirements on developers by making recommendations to district planning documents.
30. The WCC Broadband project team also liaise with other commercial broadband operators to understand and assist with their commercial deployment plans in the county and engage in wider connectivity related activity such as mobile coverage in the county and the 5G Testbed and Trials project.

## **Report Ends**

Report prepared by Rob Stepniewski (WCC Project Manager); November 2018