

ECONOMY AND ENVIRONMENT OVERVIEW AND SCRUTINY PANEL 20 SEPTEMBER 2021

SUPERFAST BROADBAND ANNUAL UPDATE

Summary

1. The Panel is to be updated on progress of the roll-out of superfast broadband to Worcestershire residents and businesses.
2. Representatives from the Council's Superfast Worcestershire Programme have been invited to the meeting.

Background and Introduction

3. The Panel last discussed Superfast Broadband on 19 June 2020 and the agenda and minutes can be found on the Council's website: [Weblink to Agenda and Minutes](#) Previous Panel reports giving the full background on Superfast Worcestershire contracts 1, 2 and 3 are listed below under Background Papers.
4. In the last year the work has focussed on the completion of deployment on contract 3, the financial closure of contract 2, the continued demand stimulation / monitoring of 'Gainshare'¹, engaging and supporting commercial broadband deliveries, preparing for the next stage of BDUK investments and supporting communities to access 'Gigabit Voucher' funding.
5. It should be noted, WCC inserted a clause into the contract that the supplier would report to this panel, on request, up to once every year during the deployment phase alongside WCC officers, this has taken place since the commencement of the programme in 2013.
6. As we have reached the end of deployment for all the Superfast contracts, we are currently progressing through the closure of deployment phase of contracts 2 and 3. For this reason, we have requested the supplier report, alongside WCC officers, to scrutiny at a later date in 2022, when closure and all details are complete. This report is provided by WCC officers in the interim.

Superfast Worcestershire Funding

7. The table below shows the sources of capital funding directly associated with the infrastructure build; committed into contracts 1, 2 and 3.

¹ Gainshare is a mechanism within the contracts that means if the 'take-up' of services from the new infrastructure exceeds the projection within the projects financial model, any excess profits will be returned to the public sector funding partners in proportion to their financial contribution. An element of Gainshare is also referred to as 'take-up clawback'.

Source of Funding	Contract 1 (final financial position)	Contract 2 inc. gainshare (final financial position)	Contract 3 (pre-closure position)
BT	£4.4m	£11.2m	£6.6m***
WCC	£8m	£2.3m**	£0.44**
BDUK	£4.5m	£2.4m	£1.5m
Local Growth Fund	-	£2.4m	-
ERDF	-	-	£1m
Total	£16.9m*	£18.3m	£9.5m***

* From the original £16.9m allocation, £13.3m was spent on C1. The remainder of the funding was placed in the reinvestment account. Including £1.8m of supplier's contribution and £3.8m of public underspend. N.B. note in previous report regarding BT's contribution.

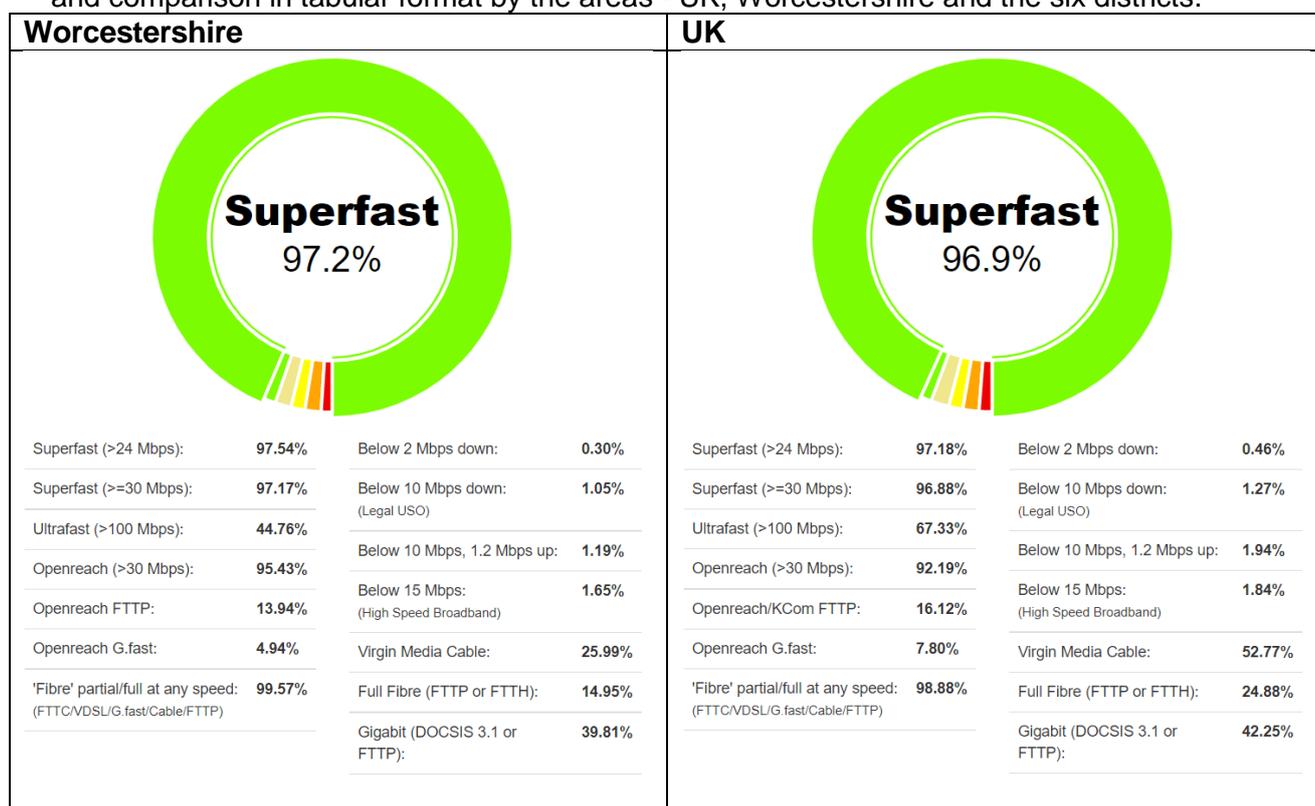
** Consists of elements of C1 underspend and / or gainshare

*** Final amount to be confirmed post Phase 3 contract close down

National Picture and Current Local Position

8. Whilst the initial projects aimed to extend superfast broadband service, recently WCC has followed the national shift to increasingly deploying fibre to the premises and gigabit capable infrastructure networks. This is in line with the UK Government's ambition to achieve at least 85% Gigabit (1000Mbps) capable coverage target by end of 2025. Gigabit coverage in Worcestershire has already increased from 3.8% in December 2019 to 39.76% July 2021 as a result of our projects and external commercial deployments. Worcestershire County Council's ambition is to ensure Worcestershire increases its coverage to above the ever-increasing national average and goes beyond the 85% 2025 target.

Fig 1: Summary of broadband infrastructure availability taken from www.thinkbroadband.com (August 2021). Please see [Appendix A](#) for breakdown of the data and comparison in tabular format by the areas - UK, Worcestershire and the six districts.



9. For clarity, Fibre to the Premises (FTTP) broadband is encompassed within the term 'Gigabit Capable', however gigabit speeds can be achieved through other technologies, not only via FTTP. Appendix B contains three maps of Worcestershire that help identify FTTP and Gigabit capable coverage in the County as a result of contract 2, voucher schemes and in the future.

- A. Contract 2 and Contract 3 FTTP (taken from project reports – the number of premises is included on the maps)
- B. Voucher funded/Community Fibre Partnership premises (please note this includes estimated premises built, approved, or submitted for approval by DCMS, some of these may not be built)
- C. All gigabit capable broadband (taken from data known to the team, this includes all FTTP/Gigabit capable premises built or expected to be built in the next 18 months. Virgin premises included but not City Fibre or Full Fibre)²

Closure of Superfast Broadband Contracts

10. Contract 1 was officially completed in July 2016 with at least £4m of underspend and take-up clawback reinvested into further infrastructure deployment. All the targets were achieved and to avoid delays in formally closing the contract, 29 structures were moved to Contract 2.

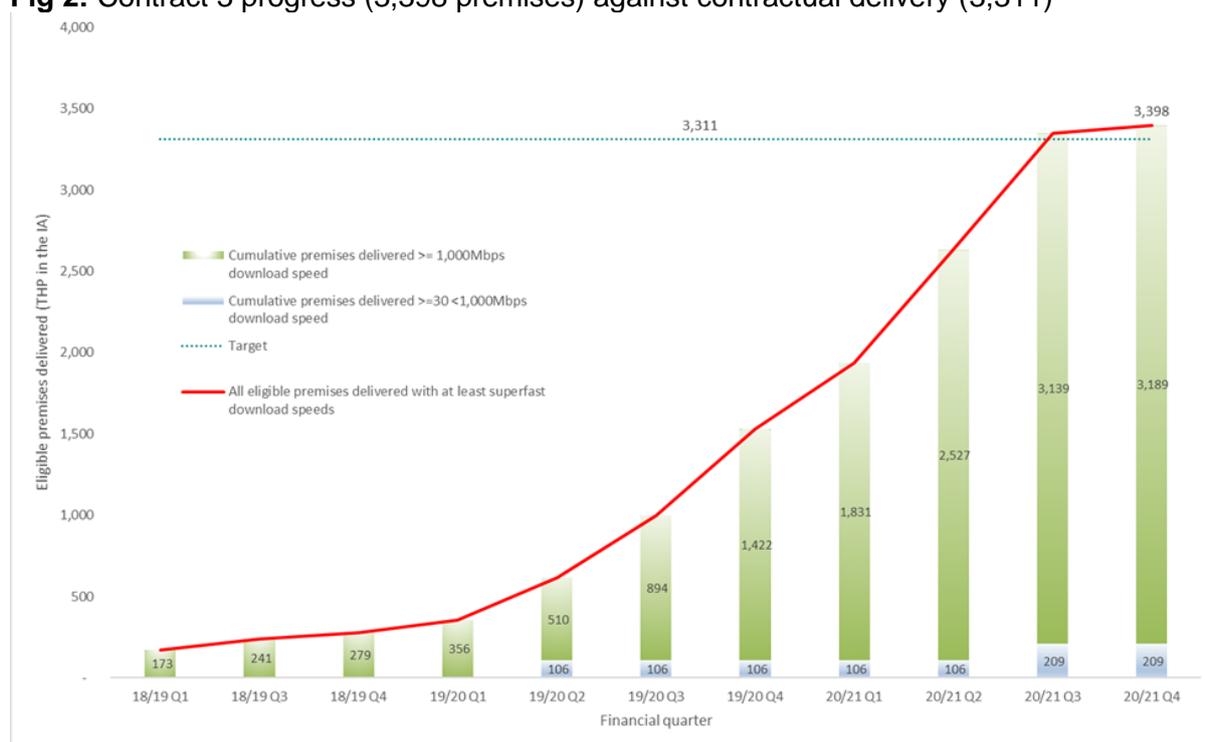
11. 28 of the structures carried over were delivered as planned, with one structure being de-scoped (serving only five Worcestershire premises) due to a much higher than expected delivery cost and anticipated build timeline spanning over two years (resulting from suggested wayleave conditions imposed by landowners).

12. Contract 2 is currently undergoing the final stages of financial closure.

13. Contract 3 closure process has commenced and is expected to take around six months to complete. 3,398 eligible premises have been delivered against the target of 3,311, meaning that Openreach have exceeded the target by 87 premises.

² Maps B and C are caveated with the point that we do not yet have the outcome of the current Open Market Review (OMR) and public consultation that is being undertaken by BDUK, as outlined later in this report. We expect this activity to include extensive commercial build planned in the county, when this is available to us we will update our maps accordingly.

Fig 2: Contract 3 progress (3,398 premises) against contractual delivery (3,311)



	18/19 Q1	18/19 Q3*	18/19 Q4	19/20 Q1	19/20 Q2	19/20 Q3	19/20 Q4	20/21 Q1	20/21 Q2	20/21 Q3	20/21 Q4
Cumulative premises delivered > = 1,000Mbps	173	241	279	356	510	894	1,422	1,831	2,527	3,139	3,189
Cumulative premises delivered > = 30 < 1,000Mbps	0	0	0	0	106	106	106	106	106	209	209
Target - eligible premises	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311
All eligible premises with at least superfast download speeds	173	241	279	356	616	1,000	1,528	1,937	2,633	3,348	3,398

*Q2 information not available

Take-up monitoring

14. Contract 1, although completed, still sees a gradual rise in take-up and is now at 78% (July 2021) - a rise of c. 4% in the last year. Take-up is well above the originally modelled 20% and has provided gainshare payments from BT back to funders, which has been reinvested or is available for reinvestment.

15. Contract 2 addressed the more rural locations within Worcestershire and had a quicker initial take-up, again exceeding 20%. Take-up continues with an increase of c 5.5% in the last year to 74.5% (July 2021).

16. During Contract 3 (largely FTTP delivery), WCC has seen the take up of broadband increase to over 42.6% (July 2021) – a significant increase of c. 24% in the last year.

BDUK - An 'Outside-In' build strategy

17. A draft Strategy for £5bn UK Gigabit Broadband Rollout was outlined by DCMS in December 2020 and subsequently [published](#) in August 2021 and includes the following key points:

- Centrally ran procurement – with Local Bodies expected to support central activities. Majority of Worcestershire is placed in Lot 24, which is included in Phase 1b (one of the first ten areas announced)
- Contracts are likely to be issued for lots of different clusters of premises (bundles)
- Focussed on gigabit capable infrastructure
- Rural Gigabit Voucher Scheme to be extended from April 2021 onwards in a way that complements rather than competes with the commercial contracts mentioned below
- The existing approach adopted by the Local Full Fibre Networks (LFFN) programme, where public money is used to help build Dark Fibre to connect public and community buildings (e.g., council houses, schools, libraries and GP surgeries) will continue

BDUK Gigabit Project

18. As part of the Gigabit Project, DCMS are undertaking a national Open Market Review (OMR) ahead of national procurements. This process was initiated in March and the initial data from the OMR has recently been shared with WCC. OMR suggests future commercial plans, which will inform Project Gigabit intervention areas. This is a centrally managed process through DCMS.

19. Worcestershire's procurement is expected to start in May 2022, with contract award planned for Spring 2023.

Community Voucher Schemes

20. As part of the wider £5bn Project Gigabit programme the UK Government started a new rural focused £210m gigabit Broadband Voucher Scheme on 8 April 2021. This additional investment in the Voucher Scheme will continue supporting the cost of installing faster and more reliable full fibre broadband connections for small to medium sized businesses and local communities around them.

21. From September 2020, Worcestershire County Council invested £1m, which was further supplemented by £0.5m from Worcestershire LEP (Getting Building Funding), to step up its drive to get high-speed broadband out to the most rural parts of the county, the original amount is close to being fully allocated. The funding is to 'top-up' the Government's existing Gigabit Broadband Voucher Scheme, to help people in hard-to-reach locations get improved connectivity. The funding is being used to match the level of funding available under the GBVS, so that eligible businesses can apply for up to a maximum of £7,000 and eligible residential properties up to £3,000.

22. To date, Worcestershire has secured over £4.3m worth of vouchers from the original Voucher schemes to support Worcestershire communities, with many more already going through the approval process with DCMS. This has meant that with the

help of the connectivity team within WCC, Worcestershire is within the top 5 counties in the UK to receive this inward investment. Only a small number of these have required the support of the 'top up' fund to make them viable.

23. We are aware of over 150 community schemes that have been set up. The data that Worcestershire County Council has access to suggests that 30 schemes have been delivered to date with a deployment total of approximately 1,500 premises at a cost of c. £1.2m. These figures do not include schemes that have progressed independently of Worcestershire County Council.

24. Additionally, circa 35 further community schemes are also contracted and scheduled to be delivered between late 2021 and 2022. Once these schemes have been completed a further 2,000 plus premises will be connected with an estimated value of £2.5m.

25. More than 50 further community schemes are at various stages of progression with a total worth of over £6m and deploying to just under 5,000 premises. However, most of these community schemes were registered under the last DCMS Gigabit Voucher Scheme which closed early 2021. As noted above DCMS recently launched a new Rural Gigabit Voucher Scheme and these 50 community schemes are now progressing under the new Voucher scheme. The Superfast Worcestershire team is working with these communities to ensure that their projects are contracted and moved to delivery as soon as possible.

26. In the new Voucher scheme the eligibility criteria have been narrowed so that only those premises in the remotest areas are eligible, using Ofcom's Area 3 classification. We are aware this has created some issues for a small number of community schemes that were part way through the process, whilst ultimately constrained by the new criteria we have escalated our concerns and sought routes to resolve issues for communities that have been impacted.

27. As part of the new Voucher Scheme each eligible business can claim up to £3,500 against the cost of connection either individually or as part of a group project. Residents can claim a voucher worth £1,500 as part of a group project.

28. The WCC Connectivity team is aware of approximately five schemes who have to date managed to secure a final quote under the new DCMS scheme launched in April 2021. As the DCMS Rural Gigabit Voucher Scheme is community led there is no requirement for the team to be involved or aware of local projects unless the community have contacted us for some advice, guidance, or support. The team is also aware of a further twelve schemes which are being organised through Airband and understand these are in the process of being approved by DCMS.

Commercial operators across Worcestershire

29. The WCC Connectivity team continues to liaise with commercial broadband operators to understand and assist with their commercial deployment and making Worcestershire an easier place to invest.

30. Over the past few months there have been several key investment announcements for Worcestershire from:

- **Openreach** - a further 45,000 premises for full fibre within Worcestershire (May 2021). The areas served by the 19 exchanges are Badsey, Belbroughton,

Bewdley, Blakedown, Bredon, Broadway, Cropthorne, Droitwich, Hanley Swan, Harvington, Leigh Sinton, Pershore, Powick, Romsley, Stourport, Tenbury Wells, Upton Upon Severn, Wolverley, Wychbold

- **Airband** – are working with several Community Projects within Worcestershire to deliver gigabit connectivity (June 2021). *Areas which have been or will be shortly submitted to DCMS for voucher funding include Cropthorne, Dormston, Earls Croome, Eckington, Elmley Castle and Bricklehampton, Fladbury, Inkberrow, Little Comberton and Great Comberton, Pershore, Ryall & The Grove, Upton Link/Tunnel Hill, Upton upon Severn, Welland, Wick, and Wyre Meadows (Pershore).* Additionally, Airband are looking at the following locations and would **welcome any local champions or communities in these areas to contact them**: Bredon, Deford and Birlingham, Knowle Fields and Cookhill, Little Witley/Holt Heath, Lower and Upper Moor, Pinvin (NR Wyre Piddle), Severn Stoke & Clifton, Shelsley Beauchamp, Woodmancote, and Wyre Piddle. (August 2021).
- **FullFibre** – full fibre to 100,000 premises across 11 rural and semi-urban areas, including two within Worcestershire – Droitwich and Stourport-on-Severn (March 2021)
- **CityFibre** - £21m full fibre rollout around Worcester City, which includes Hallow, Norton, Fernhill Heath and Norton, that started June (June 2021)

31. In addition to engaging with the operators, the Connectivity Team work with County and District Council teams around matters such as ensuring broadband and mobile infrastructure considerations are included in Local Development Plans, that projects are in place to support the adoption of broadband and connectivity into business solutions and coordinating with Highways colleagues to minimise disruption to the Highway and protect WCC assets and improvement programmes.

32. It is important to highlight that whilst for many their current broadband solution may now be sufficient for their needs, evidence shows that there will be an expediently increasing demand for faster more reliable broadband for both business and recreational uses in coming years.

33. It should also be noted that in November 2017, Openreach announced that they would be retiring their Public Switched Telephone Network (PSTN) and Integrated Services Digital Network (ISDN) by the target date of December 2025 and eventually planning to retire the copper network. With some areas, initially in North Worcestershire, already identified to stop selling new services over PSTN and ISDN networks from the end of 2021. The planned retirement of the copper network makes the investment and deployment of fibre-based networks increasingly important. The more immediate PSTN/ISDN switch off means many services such as telephone switchboards, lift lines, alarm systems, traffic signals and even 'careline' style services that are currently delivered via PSTN and ISDN solutions need to understand the impact. It is expected that the majority of services will be capable of being switched across to the new 'digital' networks, however users are encouraged to check with their equipment or service provider.

Universal Service Obligation (USO)

34. The USO is a UK-wide measure, intended to fill the gap left by the UK Government's existing broadband roll-out programmes, to deliver broadband connections to the hardest to reach premises in the UK – expected to be less than 0.5% of Worcestershire premises.

35. Ofcom is working with its designated Universal Service Providers – BT and KCOM – to deliver the USO. The USO is intended for UK households and businesses currently receiving less than 10Mbps download speeds and not due to receive a service from a publicly-funded roll out programme, the right to request a decent broadband connection of at least 10Mbps (download) and 1Mbps (upload) up to the installation cost of £3,400. Where costs are over £3,400, consumers will be required to contribute the excess costs or do some of the work themselves. A very helpful guide is available on Ofcom’s website: <https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/broadband-uso-need-to-know>.

36. BT, USO designated provider for Worcestershire, have written to all eligible premises across Worcestershire, advising them of the availability of the funding and informing how to request a quote.

Purpose of the Meeting

37. The Panel is asked to consider the latest information provided on superfast broadband in Worcestershire, and:

- consider whether any further information or scrutiny is required at this time
- determine any comments or recommendations to the Cabinet Member with Responsibility for Economy and Skills

Supporting Information

Appendix A - Superfast and other broadband statistics by UK, County and Districts within Worcestershire

Appendix B - Maps showing FTTP and Gigabit capable coverage in the County as a result of contract 2, voucher schemes and in the future

Contact Points

Alyson Grice / Alison Spall, Overview and Scrutiny Officers, Tel: 01905 844962 / 846607
Email: scrutiny@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Assistant Director for Legal and Governance) the following are the background papers relating to the subject matter of this report:

Agenda and Minutes of:

- Economy and Environment Overview and Scrutiny Panel on 19 June 2020, 14 November 2018, 29 November 2017, 10 October 2016 and 30 September 2015
- Economy, Environment and Communities Overview and Scrutiny Panel on 17 September 2014 and 20 May 2015
- Cabinet on 5 February 2015, 15 October 2015 and 29 June 2017

All agendas and minutes are available on the Council’s website: [weblink to agendas and minutes](#)

Appendix A

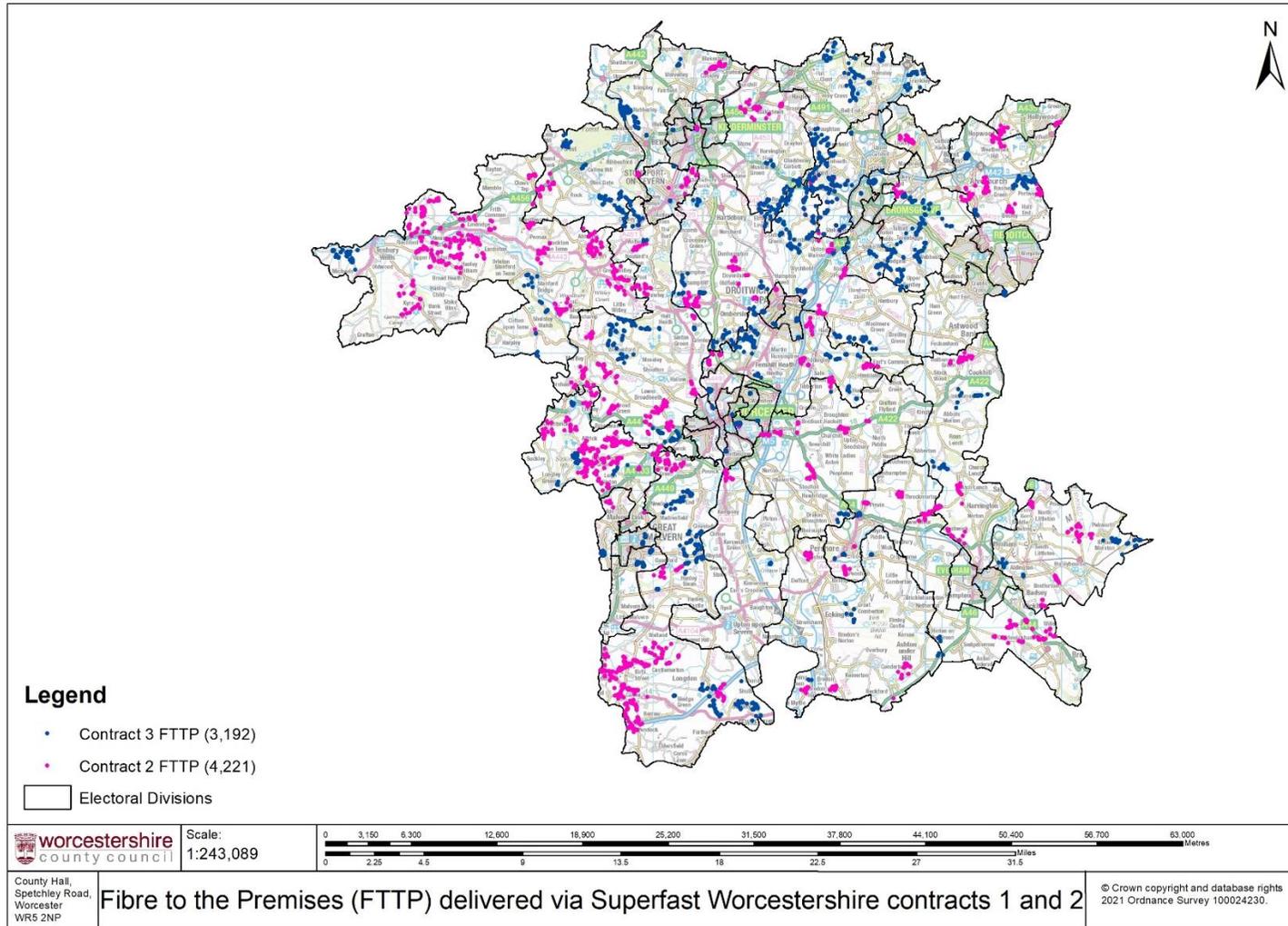
Superfast and other broadband statistics by UK, County and Districts within Worcestershire (taken from www.thinkbroadband.com August 2021)

	UK	Worcestershire	Bromsgrove Authority classified as Significant Rural (SR)	Malvern Hills Authority classified as Rural-50 (R50)	Redditch Authority classified as Other Urban (OU)	Worcester Authority classified as Other Urban (OU)	Wychavon Authority classified as Rural-80 (R80)	Wyre Forest Authority classified as Rural-80 (R80)
Superfast (>24 Mbps):	97.18%	97.54%	98.33%	93.84%	99.45%	99.72%	96.02%	96.02%
Superfast (>=30 Mbps):	96.88%	97.17%	97.99%	93.01%	99.39%	99.72%	95.42%	95.42%
Ultrafast (>100 Mbps):	67.33%	44.76%	76.15%	24.47%	91.82%	15.08%	20.53%	20.53%
Openreach (>30 Mbps):	92.19%	95.43%	94.25%	92.19%	94.21%	99.67%	95.05%	95.05%
Openreach FTTP:	**16.12%	13.94%	51.63%	15.39%	4.08%	2.96%	11.06%	11.06%
Openreach G.fast:	7.80%	4.94%	0.00%	7.25%	0.00%	11.57%	8.91%	8.91%
Fibre' partial/full at any speed: (FTTC/VDSL/G.fast/Cable/FTTP)	98.88%	99.57%	99.75%	98.72%	99.91%	99.75%	99.42%	99.42%
Below 2 Mbps down:	0.46%	0.30%	0.14%	1.06%	0.04%	0.00%	0.41%	0.41%
Below 10 Mbps down: (Legal USO)	1.27%	1.05%	0.52%	3.28%	0.13%	0.01%	1.71%	1.71%
Below 10 Mbps, 1.2 Mbps up:	1.94%	1.19%	0.55%	3.62%	0.19%	0.25%	1.78%	1.78%
Below 15 Mbps: (High Speed Broadband)	1.84%	1.65%	1.00%	4.84%	0.29%	0.13%	2.45%	2.45%
Virgin Media Cable:	52.77%	25.99%	27.95%	0.00%	88.56%	0.00%	0.72%	0.72%
Full Fibre (FTTP or FTTH):	24.88%	14.95%	53.60%	17.21%	6.08%	3.51%	11.40%	11.40%
Gigabit (DOCSIS 3.1 or FTTP):	42.25%	39.81%	76.15%	17.21%	91.82%	3.51%	11.58%	11.58%

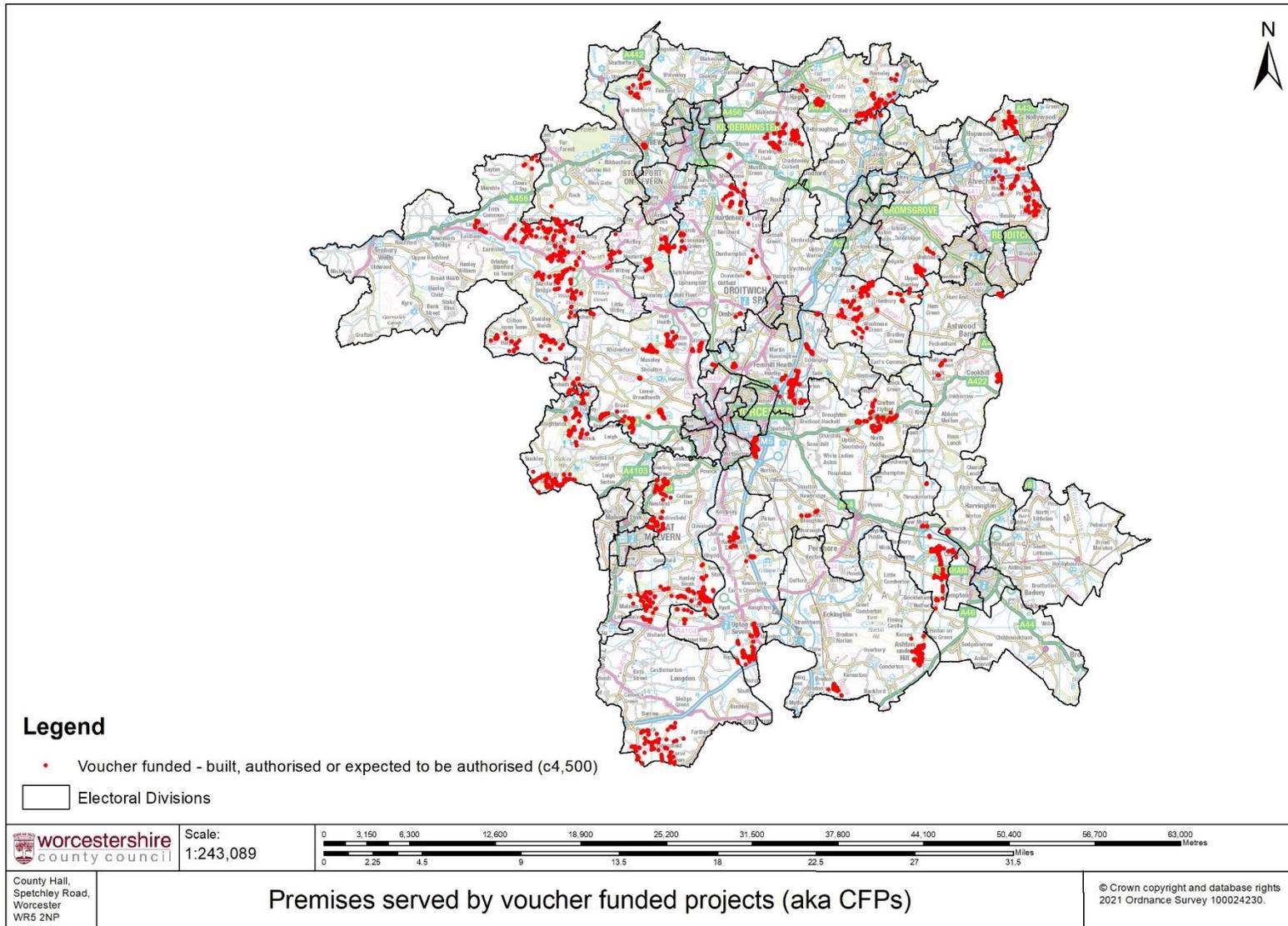
Coverage percentages include both residential and business premises and is based around postcode level data. The speed available are determined by a model that reconstructs the Openreach exchange/cabinet based network and takes into account the distance limitations of ADSL2+ and VDSL2/G.fast (FTTC) services. ** UK FTTP includes Openreach and Kcom

Appendix B

Map A



Map B



Map C

