

CABINET

2 FEBRUARY 2023

DIGITAL INFRASTRUCTURE AND CONNECTIVITY – APPROVAL FOR REINVESTMENT

Relevant Cabinet Member

Councillor Marc Bayliss (Cabinet Member with Responsibility for Economy, Infrastructure and Skills)

Relevant Chief Officer

John Hobbs (Strategic Director of Economy and Infrastructure)

Local Member(s)

All

Recommendation

- 1. The Cabinet Member with Responsibility for Economy, Infrastructure and Skills recommends that Cabinet:**
 - a) notes the accomplishments of the Superfast Worcestershire Programme and associated projects to improve digital connectivity within the county, in particular the increased capability to respond to challenges of the Covid 19 pandemic and the potential of ‘improved digital connectivity’ as an enabler of new services and delivery models, as set out in paragraphs 6 and 13 of the report;**
 - b) confirms the ongoing commitment to decisions at the June 2017 meeting of Cabinet, specifically the delegated authority to the Strategic Director of Economy and Infrastructure in consultation with Cabinet Member with Responsibility for Economy, Infrastructure and Skills for reinvestment of underspend and up to £4m of Gainshare from Superfast Worcestershire Phase 1 and Phase 2;**
 - c) approves that the scope of the digital infrastructure and connectivity agenda has expanded in order to**
 - i. deliver the availability of gigabit capable broadband infrastructure to reach 90% of the county’s premises during 2027, and**
 - ii. work to further improve the experience of voice and data services for mobile telephone users in Worcestershire as set out in paragraphs 22 and 23 of the report; and**
 - d) authorises the Strategic Director of Economy and Infrastructure to take all necessary actions to progress the Digital Infrastructure and Connectivity agenda in accordance with the parameters set out in recommendations b) and c) above.**

Background

2. Following the completion of the highly successful Superfast Worcestershire Partnership with Openreach where Worcestershire has seen a growth in Superfast broadband (greater than 24Mbps) to 98.2% premises up from c.44% in 2013, Worcestershire County Council is continuing the journey of improving connectivity across Worcestershire. This is in line with the Government's ambition of reaching 85% premises nationwide with gigabit broadband (up to 1000Mbps) by 2025 through 'Project Gigabit' and Worcestershire's ambition of reaching 90% of premises with Gigabit capable broadband in 2027. The current Gigabit Broadband coverage in Worcestershire is 54.6% (Dec 22) and 72.4% in the UK.
3. The purpose of this paper is to reconfirm the Council's ongoing commitment to improving Digital Infrastructure and Connectivity within Worcestershire. Due to the shift in national and local ambition from enabling 'Superfast' speeds to 'Gigabit capable' speeds, an increase in scope to improve the experience of mobile telecommunications and to explore innovative digital connectivity solutions against a fast changing economic and political landscape, Cabinet are being requested to agree a broader scope for delivery. This will be within existing funding and no additional funding is being requested at this stage, beyond the cover of the delegated authority that was provided at Cabinet in June 2017.
4. In order to provide greater background to the Digital Infrastructure and Connectivity programme, the 'Background Papers' contain a reference to the 'Superfast Broadband Annual Update' which includes a summary of progress made on the 'mobile' agenda to date. This was presented at the most recent Economy Overview and Scrutiny Panel on 30 November 2022. Attention is also directed to the June 2017 Cabinet papers.
5. Whilst a focus remains on providing Gigabit capable fixed line broadband, there has been a growing number of concerns raised by residents and businesses alike in respect of mobile telephone performance in the county. A plan is proposed to both understand current coverage and performance of mobile phone services in the county, before adopting a strategy to improve on it.

Why These Decisions are Important

6. It is pertinent to start with the point that without the investment from Central Government and Worcestershire County Council in improved broadband connectivity in 2012, and the subsequent reinvestments since, the majority of rural Worcestershire and even some urban areas would have found it much more difficult to work from home, home school, keep connected with families, keep medical appointments, take part in democratic processes, entertain themselves and stay safe during the Covid-19 pandemic.
7. Digital connectivity has never been more important for our businesses, communities and the way public services are delivered; it remains an important way to meet many of the key challenges we face today. From improving productivity and supporting sustainable growth to managing climate change, reducing carbon emissions and improving overall quality of life; digital services are a key enabler in most if not all sectors.
8. There is still a small number of premises in the county without access to even Superfast Broadband (24Mbps) speeds, as the rest of the UK moves towards Gigabit

capable speeds it is important our hardest to reach areas do not fall further behind. Worcestershire cannot afford to be in a position where acceptable broadband speeds are not available to large swathes of the county. This is why in Shaping Worcestershire's Future 2022-2027 increasing Gigabit broadband coverage to 90% of the County in 2027 is such an important ambition. These decisions will enable the operational activity to support both the commercial and gap funded deployment of 'Gigabit Capable' broadband in the county to continue, with necessary interventions to ensure as many hard-to-reach areas benefit from the infrastructure improvements.

9. In addition to connectivity in our homes and places of work, connectivity on the move is equally important to our businesses, communities and our workforce. Residents and businesses alike tell us that their experience using mobile telephones in the county are lower than they would expect. Activity to understand coverage in the county and efforts to improve services have been successful, but it is a fast-moving sector and we need to maintain a current view. Recent experience suggests we cannot rely on the coverage data provided by Ofcom and the Mobile Network Operators (MNO) alone and that by proactively engaging, we have an increased opportunity to leverage opportunities and developing a strategy to improve mobile performance locally over coming years.

10. It is important to stress that improvements to digital infrastructure are 'not simply a nice to have', there are announced changes to the way digital services are provided, that means investment is required. In broadband, there is a planned retirement of the copper network, with some services supported by the old 'analogue switches' already being ceased. Equally, in mobile, 3G services are already being switched off, planned to be completely switched off by 2025 and 2G services are set to follow.

11. Improving digital infrastructure across Worcestershire will allow business competitiveness to be maximised, by incorporating more businesses around the county. 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.

12. The social benefits of good connectivity should also be acknowledged. 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, better preparing them for their increasingly digitally connected jobs in the future.

13. Compared with the rest of England, Worcestershire has a relatively elderly age profile. Broadband and mobile services will play an increasingly important role in supporting older and vulnerable people by providing access to online services, shopping, online access to care information and assessments, banking etc. as well as services provided by Worcestershire County Council and other public partners. Improving connectivity will support the further development of assistive technologies and new health and social care services, enabling people to stay in their home for longer, potentially avoid unnecessary hospital admissions and support the earlier discharge from hospital, as the Council and partners explored through the West Mercia Rural 5G project.

Council investments to Date

14. Since the initial £8.5m of local authority funding was allocated by the Council to the Local Broadband Plan in 2012, alongside the first DCMS and private sector investment, the Digital Infrastructure and Connectivity team has been securing other public funds, securing commercial investments and under delegated authority reinvesting underspends and gainshare to improve digital infrastructure in the county. The reinvestments to date have included new phases to the Superfast Worcestershire programme, specific projects and local funds. Of the initial £8.5m, £0.5m was initially committed to support the work of the Programme Management Office.

15. Achieving very positive take up levels – already in excess of 20% in 2015, had enabled the Council to take advantage of an opportunity from BT to re-coup capital investment up to £3.25m to further extend the fibre coverage in the county. This funding was change controlled into ‘Phase 2 Contract – Superfast Extension Programme’ to further extend superfast coverage beyond the originally anticipated 90%, including the hard-to-reach communities and business premises. Positively for Worcestershire, as a result of updated modelling assumptions (assuming take-up of 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.

16. In June 2017, Cabinet delegated authority to the Director of Economy and Infrastructure, in consultation with the Cabinet Member with Responsibility for Economy and Infrastructure, to take the necessary decisions to execute and deliver Phase 3 of the Superfast Worcestershire programme. The Council subsequently added £2.6m to the Capital Programme, made up of DCMS funding of £1.5m and European Regional Development funding of £1.1m. Delegated authority was also provided to reinvest the remaining underspend from the previously allocated £8.5m County Council capital funding and up to £4m of Worcestershire County Council's proportion of further claw-back funding if it became available. A summary of the reinvestments made to date and remaining financial cover under delegated authority, in respect of underspend (c£3.8m at the time of the June 2017 decision, reducing to £2.735m at the end of Phase 2) and Gainshare (up to £4m), are included in Appendix A.

Next Steps: Project Gigabit - reaching 90% Gigabit Coverage Within Worcestershire and the Mobile Implementation Plan

17. Project Gigabit - The UK Government has committed £5bn to enable hard-to-reach communities to access gigabit-capable broadband. It anticipates achieving 85% gigabit coverage in the UK by 2025 with plans to go further towards 99% coverage by 2030. Although it is worth noting that the “final 1%” of premises “could be prohibitively expensive to reach” via any programme. ‘Gigabit’ coverage means providing premises with broadband download speeds of 1,000Mbps.

18. Within Project Gigabit, Worcestershire’s Lot 24 procurement operated by BDUK, has already commenced, an invitation to tender (ITT) is expected to be released in early 2023, with contract award estimated by late Summer 2023. It is estimated that c. 16,000

– 18,000 premises will be included in this BDUK operated procurement. It remains important the Council's team continues to support this project and any supporting schemes. The preferred supplier solution is unlikely to be known until Winter 2023.

19. The achievement of the Government's expected target of 85% is very heavily reliant upon the commercial gigabit deployment. Therefore, the Digital Infrastructure and Connectivity team continues to liaise with commercial broadband operators to understand and assist with their commercial deployments and making Worcestershire an easier place to invest. In addition to engaging with the operators, the Digital Infrastructure and Connectivity team works with County and District 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 Council assets.

20. As part of the Project Gigabit programme, the Government started a new rural focused £210m Gigabit Broadband Voucher Scheme (GBVS), with recently publicised revisions (5 December 2022). Although the new scheme has been launched, the scheme is currently on hold in Worcestershire, due to Building Digital UK's (BDUK) 'Project Gigabit' procurement process. It is currently expected that the new voucher scheme will re-commence in Worcestershire in early 2024, and the team are already putting a plan in place to actively and directly target some of the hardest and most challenging communities in the county to minimise those who are left behind without an acceptable broadband service. There is also an opportunity to agree a small number of Voucher Priority projects prior to Project Gigabit contract award, which is being explored.

21. Whilst Project Gigabit progresses and the commercial builds are underway, there will remain areas with poor connectivity, which the team will look to support. Noting, following both public and commercial investments there will remain gaps in Gigabit coverage. Until the outcomes of these major investments are better understood it is not appropriate to allocate specific funds to given schemes at this time, however we recognise additional local funding will be needed. Early planning will allow the team to put plans and funding in place, including, for example, a new voucher top up opportunity, or 'alternative technologies fund', this will be invaluable for the most challenging premises.

22. In respect of mobile improvements, from available data, contacts with residents and business owners, and more anecdotally, we know that people living and working in Worcestershire do not always receive the mobile connectivity they need. The view of the team is that modelled data available from Ofcom and the MNOs is, at times, overestimated; this view is supported from resident feedback and our own drive trials in 2017 and 2019. Whilst the Connected Nations 2022 report from Ofcom (December 2022) has considered 'performance' it does not give the detail required at a local level.

23. As part of a 'Mobile Implementation Plan' (Appendix B) work is currently underway to determine the best way to understand the current state of mobile connectivity within Worcestershire, through a soft Market Testing event, scheduled on 30 January 2023. Following the event, the Council will progress to procure the right solution(s) to increase the current understanding, suggested methodologies of mobile connectivity across Worcestershire and to create an ongoing and dynamic view (data and voice) in the county. This will allow us to engage with MNOs, Ofcom and DCMS to establish subsequent plans to improve the experience of our residents and businesses.

Implications of not supporting the recommendations within this report

24. Not reinvesting in connectivity would go against the latest iteration of the Corporate Plan – Shaping Worcestershire’s Future 2022 – 2027, which explicitly states that the Council will prioritise investment in digital infrastructure to provide gigabit capable broadband connectivity to 90% of our homes and businesses in Worcestershire by 2027, support improvements in mobile telecommunications and continue to explore leading edge digital technologies, such as 5G, for the benefit of the County.

25. Failing to reinvest would raise queries over Worcestershire’s commitment to digital infrastructure improvements, likely reducing further investments by BDUK and commercial operators, or willingness to explore new initiatives in the county. Embracing the digital revolution will support Worcestershire’s economy for the next generation and maximise opportunities associated with our changing ways of work and life.

26. The Digital Infrastructure and Connectivity team and their budget is entirely funded by reinvestment funding, the team are not funded through core WCC revenue budgets and without additional reinvestment will cease to exist. Without the support of the team not only would local projects cease, but commercial deployments and Project Gigabit would also be negatively impacted, through lack of local support.

27. If the Mobile Implementation Plan is not implemented, this would leave Worcestershire in a disadvantaged position, reliant on national statistics and over simplified reports that do not evidence the local needs appropriately. Without an informed view our case would not stand up to scrutiny and we would be unlikely to be able to leverage the improvements that are required.

Legal, Financial and HR Implications

28. The fact Project Gigabit is being led by DCMS means the legal implications are less than they previously were. However, it is anticipated that occasional support from Legal Services will continue to be required to support local initiatives e.g., commitments to a ‘Top Up Voucher Scheme’ or resolving issues in deployment. In terms of progressing the Mobile Implementation Plan, Legal Support will be required to contract any services that are procured to ‘understand current mobile coverage’ and advice will be required, the level of which, determined by the approach taken to address any required improvements, e.g., ensuring compliance with ‘Subsidy Control’.

29. The financial implications of progressing the recommendations within this report are entirely covered by existing resources and covered by the delegations previously approved by Cabinet in June 2017. With the approved Capital Programme, £4.27 million is currently available which is made up of an element of both underspend and Gainshare. Within the earmarked Broadband Revenue Reserve c£4 million is available from income received from the Council’s Gainshare. This reserve was created to retain, ringfence and support repayments to DCMS for their proportion of Gainshare funding and the proportion relating to the Council. Funding is utilised to manage projected gainshare in future years as required to support the Digital Infrastructure and Connectivity agenda, fund existing commitments and manage risk. Should a requirement for further funding emerge, this will be reported to Cabinet for a future decision.

30. An amount of Underspend will still need to be returned to BDUK. This is currently expected to less than £1 million, and the final amount will be determined on the financial closure of Phase 3, which is currently underway. An element of Gainshare that is returned to the Council by the supplier, will continue to be returned to BDUK in proportion to their investment. The Gainshare from any public funding, other than that from the Council, should be spent on digital connectivity projects to ensure compliance with original grant conditions. Worcestershire County Council Finance will ensure that all statutory accounting requirements are complied with.

31. There are no further immediate HR implications as a result of progressing the recommendations in this report, other than that the Digital Infrastructure and Connectivity team resource will need to be extended to continue to support the delivery and support of Council teams to undertake future actions taken under the delegated authority this report requests. This will be funded from within the 'Gainshare' reinvestments.

Risk Implications

32. The high-level risks associated with both the ambition to reach 90% Gigabit Capable coverage within Worcestershire during 2027, and the Mobile implementation plan are included in Appendix C:

Joint Equality, Public Health, Data Protection and Sustainability Impact Assessments

33. Joint Equality, Public Health, Data Protection and Sustainability Impact Screenings and Assessments will be completed as appropriate on individual projects within the control of the Council and will be considered as part of any Cabinet Member Responsible or Officer Executive decision that is taken under the delegated authority provided in recommendation (b).

Supporting Information

The following Appendices are included below

- Appendix A – Summary of Council Reinvestments Since June 2017
- Appendix B – Mobile Implementation Plan
- Appendix C – Summary of High-Level Risks

Contact Points

Specific Contact Points for this report

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Background Papers:

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

Agenda and Minutes of:

- Cabinet on 29 June 2017, 15 October 2015 and 5 February 2015 [Browse meetings - Cabinet - Worcestershire County Council \(moderngov.co.uk\)](#); and their immediately subsequent Meetings of Council.
- Meeting of Council on 18 February 2021 [Browse meetings – Council – Worcestershire County Council \(moderngov.co.uk\)](#)
- Economy and Environment Overview and Scrutiny Panel on 30 November 2022, 20 September 2021, 19 June 2020, 14 November 2018, 29 November 2017, 10 October 2016 and 30 September 2015 [Browse meetings – Economy Overview and Scrutiny Panel – Worcestershire County Council \(moderngov.co.uk\)](#)
- Economy, Environment and Communities Overview and Scrutiny Panel on 17 September 2014 and 20 May 2015

Record of the following Decisions:

- Officer Executive Decision [Broadband and Connectivity Funding 17th December 2021](#) and the previous decisions referenced in Appendix A for that decision
- [Decisions and Reports of the Cabinet Member of Economy and Infrastructure](#) on 31 August 2020 and 7 March 2019