

# Cabinet report



**REPORT NO**

Report of head of economy, leisure and property

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Wards affected: All

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To: Cabinet

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## Broadband

### Recommendations

That cabinet:

- (a) agrees to provide £250,000 to increase superfast broadband coverage in the Vale
- (b) recommends to full council that it transfers £250,000 from the capital contingency budget to the broadband budget for the delivery of the extension of the Better Broadband for Oxfordshire programme in the Vale
- (c) authorises the strategic director, in consultation with the relevant cabinet member, to negotiate and agree the detailed terms of the contract and implementation plan with Oxfordshire County Council, and authorises the head of legal and democratic services to complete the necessary agreements.

### Purpose of report

1. The purpose of this report is to provide an update in relation to the Better Broadband scheme for Oxfordshire and the additional coverage that would be provided by the Vale Council contributing £250,000 to the scheme. The report also seeks cabinet's support for the Vale Council contributing £250,000 towards the scheme and asking full council to transfer this amount from the capital contingency budget to the capital programme, and authorising officers, in consultation with the relevant cabinet member, to negotiate and enter into the necessary agreements with Oxfordshire County Council.

## **Strategic objectives**

2. Increasing superfast broadband coverage contributes towards the strategic objective of “building the local economy” and the corporate priority of “roll out of faster broadband across the district”.

## **Background**

3. In April 2014, the Vale Council indicated its support for providing £250,000 capital funding to extend the Better Broadband for Oxfordshire scheme coverage in the Vale. This funding is match-funded by Broadband Delivery UK (BDUK) under the Superfast Extension Programme (SEP).
4. The scheme provides fibre to the cabinet (FFTC) using fibre-optic cables throughout the network right up to the street cabinet. It then uses copper wires to connect the cabinet to homes and businesses. It provides wholesale download speeds of up to 80Mbps and upload speeds up to 20Mbps. The exact speed that premises receive depends on a number of additional factors like the length of the premise’s line from the telephone exchange or green roadside cabinet, the line quality and the equipment and internal wiring within the premises.
5. Once Oxfordshire County Council (OCC) had received clarification from the other Oxfordshire districts as to their intentions for additional funding, it implemented an open market review (OMR) exercise. The purpose of the OMR exercise was to establish existing and planned (next three years) commercial coverage of broadband services in Oxfordshire by all existing, and any prospective, broadband infrastructure providers. This exercise was completed in September 2014 and the information gathered as part of the OMR was then used to define the Intervention Areas to be targeted for additional coverage.
6. Following the completion of the OMR exercise, there then followed a 30 day State Aid public consultation on the proposed Intervention Areas. Once the State Aid consultation was completed, OCC instructed BT to model the additional coverage on the basis of achieving maximum coverage for the investment. The resulting additional coverage will be delivered in parallel with the current Better Broadband programme.
7. OCC has provided an additional £400,000 to enable all schools in Oxfordshire (except those in West Oxfordshire) to be able to receive superfast broadband, which has enabled the district funding to be used in other parts of the Vale.

## **Current position**

8. Initial data was received by officers on 21 November 2014. This headline data shows that 1,149 additional premises will be funded through the additional £500,000 investment in the Vale (50 per cent from SEP and 50 per cent from the Vale Council). This would bring the total number of premises with access to superfast broadband to be delivered under the Better Broadband for Oxfordshire project in the Vale from 50,353 premises to 51,502 premises i.e. 95.6 per cent coverage.
9. For the purposes of this project, the estimated number of premises in the Vale is 53,892, thus leaving some 2,390 premises not able to access superfast broadband i.e. 4.4 per cent.

10. The proposed £250,000 capital investment by the Vale Council equates to a cost of £218 per premise, but clearly is supported by match funding of £250,000 from BDUK SEP fund, without which the Vale Council would have been required to provide funding of £500,000 to achieve the same coverage.
11. Along with this headline data, officers also received a speed and coverage template, which provides details of coverage by postcode. The speed and coverage template split this delivery into phases which have indicative delivery dates in due course. Due to the size of the speed and coverage template it is not appended to the report but is available to members as necessary.
12. There is also potential that the £2 million for provision of superfast broadband in the Enterprise Zone allocated under the Oxfordshire Local Enterprise Partnership (LEP) Growth Fund could be match funded by BDUK to provide a total of £4 million to support delivery not just in the Enterprise Zone area but also other business parks in Oxfordshire if it is combined with this contract. This would enable the Vale Council's £250,000 contribution to spread further into more rural parts of the Vale and ultimately would provide 97 per cent coverage for the Vale, South Oxfordshire and Cherwell districts. It is hoped that agreement with the LEP can be achieved on this in January 2015, to enable this additional funding to be added to the existing Better Broadband for Oxfordshire programme. If this should not be agreed the coverage would revert to the 95.6 per cent, as set out above.
13. Officers recommend cabinet to agree to provide £250,000 to increase superfast broadband coverage in the Vale.

## **Next steps**

14. There is a requirement for BT/OCC to provide the Vale Council with a detailed implementation plan, including the projected timescale for the works, so that the Vale Council can monitor the delivery and milestones. This is due early in the new year. The implementation plan will include details of the number of premises to be reached by certain milestones, postcodes of premises, an approximate delivery date and a contract date when complete.
15. The speed and coverage template provides details of the out-of-scope areas and will enable the Vale Council to consider options for supporting these areas to achieve superfast broadband.
16. A draft funding agreement is in discussion between the Vale Council and OCC. The key point to note in relation to this agreement is that the implementation plan will be appended to the agreement and this will give the Vale Council the opportunity to monitor the delivery of the contract.
17. Once the funding agreement is completed with OCC, the coverage and timetable will be added to the existing mapping on the Better Broadband for Oxfordshire website ([www.betterbroadbandoxfordshire.org.uk](http://www.betterbroadbandoxfordshire.org.uk)).

## **Options**

18. There are a number of alternative models of delivery that the Vale Council could consider; however, it should be noted that the OCC/BT scheme is the only scheme that offers match funding through BDUK. Whilst there will be some risks in terms of delivery, given that the Vale Council is reliant on OCC to manage the contract

with BT, there are likely to be time delays and financial implications should the Vale Council choose to procure a separate solution.

## **Financial implications**

19. The capital contingency budget contains an allocation of £250,000 for the delivery of this project and this allocation needs to be vired to the broadband budget. Officers request cabinet to recommend to full council that it transfers £250,000 from the capital contingency budget to the broadband budget for the delivery of the extension of the Better Broadband for Oxfordshire programme in the Vale.
20. The contract details will determine how the allocation of the Vale Council's agreed contribution of £250,000 is provided to OCC.
21. If the council considers additional options for extending broadband coverage outside the BT/OCC scheme, then any financial implications will be addressed in the 2015/16 budget.

## **Legal implications**

22. It is proposed that this funding is added to the OCC contract with BT under a contract variation clause. The Vale Council will enter into a legal agreement with OCC prior to OCC commissioning BT. Officers recommend that cabinet authorises the strategic director, in consultation with the relevant cabinet member, to negotiate and agree the detailed terms of the contract and implementation plan with Oxfordshire County Council, and authorises the head of legal and democratic services to complete the necessary agreements.

## **Risks**

23. As set out above there are risks associated by not controlling the project directly. However, it is anticipated that a project board will be established with representation from the Vale Council. Officers will also ensure that the legal agreement with OCC protects the Vale Council's interests as closely as possible.
24. OCC are suggesting that the contractual obligation for BT is an end-stop position, supported by quarterly delivery milestones. For example, x number of premises passed by December 2017 in the Vale. The speed and coverage template will split this delivery into phases which have indicative delivery dates.
25. In addition, the main contract between OCC and BT will have milestone achievement requirements at a county level, for example 34,000 premises passed by 31 December 2014, 45,000 premises passed by 31 March 2015. However, this is not correlated to specific premises in a specific location. BT has the ability to amend the implementation plan. This can be both in respect of completion dates (provided they maintain their quarterly milestones), and replacement coverage (by agreement) if an irresolvable issue arises.

## **Conclusion**

26. Supporting the roll out of faster broadband across the district is a corporate priority for the Vale Council and this scheme offers the opportunity to raise coverage in the district to 97 per cent for a relatively low investment, which is match funded. Therefore, officers recommend that cabinet supports the Vale Council contributing £250,000 towards the scheme and recommends to full council that it transfers this

amount from the capital contingency budget to the broadband budget, and authorises officers, in consultation with the relevant cabinet member, to negotiate and enter into the necessary agreements with Oxfordshire County Council.