

# Joint Scrutiny committee report



Report of head of HR, IT and Technical Services

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To: JOINT SCRUTINY COMMITTEE

DATE: 30 January 2017

## Broadband

### RECOMMENDATION

1. The committee is invited to:
  - comment upon the roll-out of superfast broadband in the districts
  - make recommendations to the relevant cabinet member in terms of any further intervention.

### PURPOSE OF REPORT

1. The report considers the councils' investment in improving broadband coverage across the districts to support residents and businesses.

### STRATEGIC OBJECTIVES

2. The council's investment in broadband is guided by the following strategic objectives:
  - South Oxfordshire's strategic objective to "invest in the district's future" through the corporate priority to "seek to further improve broadband coverage"
  - Vale of White Horse's strategic objective for "building an even stronger economy" through the corporate priority to "working with providers and partners to improve broadband access".

## BACKGROUND

### PHASE ONE

3. In August 2013, Oxfordshire County Council (OCC) signed a contract with BT to provide 90 per cent coverage of superfast broadband across Oxfordshire by end of 2015. Superfast broadband is defined as 24 Mbps and above.
4. Details of the funding for this phase are provided in appendix one. This roll-out delivered increased district coverage in Vale from 68 to 93 per cent of premises and in South from 53 per cent to 88 per cent of premises.
5. The OCC/BT contract included a clause which allows district to contribute funding to extend the coverage in their particular area. In September 2013, district councils were ask to identify possible funding contributions to increase coverage in their areas for phase two.

### PHASE TWO

6. Subsequently, in March 2014, it was announced that the Government has allocated a further £2.15 million to Oxfordshire through the Superfast Extension Programme (SEP) to increase coverage to 95 per cent across the county. OCC negotiated an increase in this allocation to £2.55 million. The SEP was required to be match funded, so this meant that districts would only have to provide half of their original committed sums, i.e. £1 million in the case of South and £0.25 million in the case of Vale, to still achieve 95 to 96 per cent coverage.
7. In April 2014, each council agreed to provide funding to extend the Better Broadband for Oxfordshire scheme coverage in respective districts. In December 2014, each council entered into a contract with OCC in respect of its additional funding.
8. South Oxfordshire agreed to provide £1 million capital funding along with £90,000 (project management) revenue funding.
9. Vale Council agreed to provide £250,000 capital funding along with £22,500 (project management) revenue funding.
10. In December 2015, a further £2 million was added to the programme. This funding attracted further partner investment, as set out in appendix once, and this phase two additional investment increases superfast broadband coverage across Oxfordshire to at least 95 per cent by end of 2017 and prioritised the Science Vale enterprise zone and business parks across the county.

### LOCATION OF ROLL-OUT

11. In order to determine where this funding should be spent, OCC 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 and the information gathered as part of the OMR was then used to define the Intervention Areas to be targeted for additional coverage.
12. 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 BT were instructed by OCC to model the additional coverage on the basis of achieving maximum coverage for the investment. The

resulting additional coverage was to be delivered in parallel with the current Better Broadband programme.

13. Appendix two is a report from OCC setting out delivery progress under phase one and phase two, including details of cabinet delivered and planned by district. It includes maps showing completed cabinets along with outstanding delivery to the end of December 2017. In addition, the Better Broadband for Oxfordshire website details the areas covered or anticipated to be covered and provides an easy to use interactive search for residents and businesses([https://public.tableau.com/views/OxonCoverage\\_0/Viewcoverageinyourarea?:showVizHome=no&:embed=y](https://public.tableau.com/views/OxonCoverage_0/Viewcoverageinyourarea?:showVizHome=no&:embed=y)) to determine whether they are due to receive superfast broadband and the predicted timescale in which they will receive coverage.

## ALTERNATIVE OPTIONS CONSIDERED

14. Whilst alternative models of delivery were considered by the council, it was recognised that the OCC/BT scheme was the only scheme that offers match funding through BDUK. The added benefit of joining the Better Broadband for Oxfordshire programme reduced any time delays, state aid and financial implications should the councils chosen to procure a separate solution.
15. West Oxfordshire District Council chose an alternative solution, Cotswold Broadband, who has recently withdrawn from the project, leaving West Oxfordshire District Council the responsibility for undertaking a new procurement exercise and OMR.

## NEXT STEPS

16. The OCC contract with BT has an underspend/investment fund which is created by BT during the programme from savings generated as the programme evolves for use by OCC to further extend coverage under the BDUK programme and the contract with BT. The investment fund currently stands at around £5.8 million and BT has agreed that this pot can be accessed during the programme rather than the end.
17. In addition, if Oxfordshire achieves more than 20 per cent take-up of superfast broadband, then there is a clawback clause in the contract with BT that requires BT to pay a bonus to OCC as the attributed true cost is lower. BT has agreed nationally that a proportion of this gainshare money can be made available to OCC for reinvestment (£2.53 million) during the programme and therefore doesn't need to wait until the end of 2018.
18. There is likely to be some further underspend and gainshare under phase two. The amount of underspend is likely to be at a lower level as phase two was priced more accurately than phase one, although gainshare may be beneficial as the take-up rates have been in the region of 40 per cent to date. Any phase two underspend is likely to be reconciled by December 2018 and could be returned to districts shortly thereafter as unspent funds. Take-up clawback is accrued from day one of delivery and continues for a period of seven years after the full project is completed, therefore it is likely that the councils will receive a payment for gainshare seven years after December 2018, i.e. December 2025.
19. Following the completion of phase one, OCC has requested BT to model additional coverage to a value of £4 million (comprised of £2.53 million take-up gainshare, and £1.47 million of underspend). The results of this modelling are due within the coming

weeks, with the proposal that this modelling would be delivered by December 2018, subject to OCC formal agreement.

20. As per previous modelling, this modelling is being based on value for money and there is a capped level where intervention is value for money. However, prior to instructing this modelling officers encouraged district councillors (by way of an article in "In Focus" and email) to identify particular gaps in coverage or particular premise issues that they would like to see addressed as part of this additional coverage. As a result of this exercise to promote locally, a priority list for further modelling of 1,400 premises in 150 postcodes was generated across Oxfordshire, of which there were 688 premises in 58 postcodes in South Oxfordshire and 321 premises in 12 postcodes in Vale of White Horse.
21. Once officers receive the latest modelling they will be able to clearly identify where areas are not going to be covered. It may be possible to package some of these needs in "lots" with specific providers to provide alternative solutions, including wireless (radio) and fixed cabling. Where fixed cabling is not possible there is the opportunity to use a wireless solution using radio waves from point to point. (WIMAX and standard Wi-Fi are not suitable technologies as they would not provide sufficient coverage).
22. The wireless solution would require a transmitter (cost of each transmitter is between £10,000 and £12,000) and there would then be an additional cost of where the transmitter could be located, for example on an existing mast requiring a payable licence fee or on a newly established mast. To deliver the radio broadband the mast would require fibre to be installed to it. The receiver for each property would be around £300.
23. There is an opportunity for the councils to capture community interest in such provision, potentially with the idea of offering a match funding solution to maximise investment to remaining areas in the district, potentially capping cost per premise. This scheme could potentially run concurrently to the remaining delivery to December 2018 and could be managed by the Better Broadband for Oxfordshire team.

## **FINANCIAL IMPLICATIONS**

24. To date, South Oxfordshire District Council has invested £1,090,000 in improving superfast broadband coverage in South Oxfordshire. Vale of White Horse District Council has invested £272,500 in improving coverage in the Vale of White Horse.
25. A growth bid has been made in South Oxfordshire totalling £545,000 (£500,000 capital and £45,000 revenue) for the financial years 2017/2018 and 2018/2019 to support residents and businesses with further coverage beyond the completion of the Better Broadband for Oxfordshire programme in December 2017. A similar bid has not been made in Vale at this point as it was cabinet members' preference to await the outcome of the investment modelling and cost benefit analysis, before committing to further investment.
26. As detailed above there will be some underspend from the phase two of the programme which will be proportioned to the councils' investment and returned accordingly, this amount will be determined by December 2018. Take-up gainshare payment is unlikely to be received until December 2025.

## **LEGAL IMPLICATIONS**

27. Clearly any further intervention by the councils in supporting superfast broadband delivery will require legal advice, particularly in relation to any procurement and state aid issues.

## **CONCLUSION**

28. Draft findings from a recently undertaken business and innovation strategy highlight that broadband provision is one of the most important areas of concern to businesses in the districts. In South Oxfordshire access to high speed broadband was cited by businesses as the most important factor to enabling growth with 76 per cent of respondents to the business survey citing it as an important or very important issue. In Vale, 75 per cent of respondents cited access to high speed broadband as very important or important.

29. Subject to comments by committee members, officers propose to continue to seek opportunities to improve superfast broadband coverage across the districts.

30. The committee is invited to:

- comment upon the roll-out of superfast broadband in the districts
- make recommendations to the relevant cabinet member in terms of any further intervention.

## **APPENDIX ONE**

### **PHASE ONE**

The £25 million programme was made up of £10 million from OCC, £4 million from the government and £11 million from BT.

### **PHASE TWO**

In February 2015, Better Broadband for Oxfordshire announced a total of £5.1 million of additional funding made up as follows: £1 million from South Oxfordshire District Council, £500,000 from Cherwell District Council, £250,000 from the Vale of White Horse District Council, £200,000 from OCC, £1.2 million from BT and a further £1.95 million from the Department for Culture, Media and Sport's Superfast Extension Programme (SEP).

In December 2015, a further £2 million was added to the programme by the Oxfordshire Local Enterprise Partnership (OxLEP), £120,000 from the South East Midlands Local Enterprise Partnership (SEMLEP), £200,000 from Oxford City Council and £1.8 million from the Government (BDUK), alongside additional funding from BT.

## APPENDIX TWO

### OCC REPORT ON SUPERFAST BROADBAND DELIVERY PROGRESS – JANUARY 2017

#### SOUTH OXFORDSHIRE DISTRICT

- Phase one: superfast broadband THP (total homes passed) = **20,860 premises**  
(There are 2 further phase one cabinets due in the next 3-6 months – Wallingford 20 and 29 (providing additional coverage to the areas of Brightwell cum Sotwell))
- Phase two: superfast broadband THP planned = **4,498 premises**
- Phase two: superfast broadband THP delivered (up to 16/01/17) = **1,521 premises**
- Phase two: superfast broadband THP remaining to be delivered by December 2017 = **2,977 premises.**

#### VALE OF WHITE HORSE DISTRICT

- Phase one: superfast broadband THP (total homes passed) = **12,964 premises**
- Phase two: superfast broadband THP planned = **2,750 premises**
- Phase two: superfast broadband THP delivered (up to 16/01/17) = **1,003 premises**
- Phase two: superfast broadband THP remaining to be delivered by December 2017 = **1,747 premises.**

**PHASE TWO CABINETS DELIVERED TO DATE (SOUTH OXFORDSHIRE):**

<b>District</b>	<b>Exchange</b>	<b>Cabinet number</b>	<b>Cabinet location (village or parish)</b>	<b>Go Live date</b>	<b>No. IA Superfast (&gt;24Mbps) premises delivered</b>
South	COWLEY	41	Cowley	03/06/2016	3 *
South	CLIFTON HAMPDEN	3	Long Wittenham	07/09/2016	261
South	CLIFTON HAMPDEN	5	Culham	14/11/2016	30
South	DIDCOT	26	Hawksworth	07/06/2016	72
South	GREAT MILTON	1	Milton Common	01/08/2016	119
South	KINGSTON BLOUNT	14	Chinnor	09/06/2016	32
South	THAME	18	Thame	19/05/2016	24
South	TETSWORTH	1	Postcombe	28/06/2016	87
South	TETSWORTH	4	Tetsworth	22/06/2016	42
South	WHEATLEY	10	Wheatley	11/10/2016	15
South	WHEATLEY	7	Holton	08/12/2016	113
South	WHEATLEY	9	Wheatley	10/10/2016	36
South	WARBOROUGH	5	Shillingford	08/02/2016	1
South	CHECKENDON	8	Woodcote	01/08/2016	39
South	HENLEY ON THAMES	24	Henley on Thames	14/07/2016	76
South	KIDMORE END	5	Kidmore End	26/12/2016	128
South	NETTLEBED	1	Park Corner	25/10/2016	44
South	NETTLEBED	4	Nuffield	25/10/2016	24
South	PANGBOURNE	11	Whitchurch Hill	29/02/2016	39
South	ROTHERFIELD GREYS	1	Peppard Common	26/06/2016	142
South	ROTHERFIELD GREYS	4	Greys Green	21/11/2016	18



South	WATLINGTON	2	Christmas Common	27/08/2016	38
South	WATLINGTON	6	Britwell Salome	11/05/2016	82
South	WATLINGTON	8	Cuxham	08/06/2016	56

\*additional premises delivered in another district on this cabinet

#### PHASE TWO UPCOMING CABINETS (SOUTH OXFORDSHIRE):

Exchange	Cabinet number	Covering premises in the parish of
CLIFTON HAMPDEN	1	Long Wittenham
CLIFTON HAMPDEN	6	Little Wittenham
ICKFORD	5	Waterperry with Thomley
NUNEHAM	2	Nuneham Courtenay
NUNEHAM	3	Nuneham Courtenay
WHEATLEY	12	Cuddesdon and Denton
WHEATLEY	15	Great Milton
WARBOROUGH	4	Warborough
KIDMORE END	12	Kidmore End
NETTLEBED	2	Highmoor
NETTLEBED	7	Nuffield
NETTLEBED	8	Swyncombe
TURVILLE HEATH	3	Pishill with Stonor
TURVILLE HEATH	5	Watlington
WATLINGTON	10	Brightwell Baldwin
WATLINGTON	11	Pyrton
WATLINGTON	12	Watlington

WATLINGTON	9	Watlington
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**PHASE TWO ADDITIONAL STRUCTURES (SOUTH OXFORDSHIRE):**

There are also some additional structures which are currently subject to survey. The surveys are scheduled for early 2017, after which time officers anticipate getting more confirmed details of the coverage, but at this stage this is OCC's view of the parish areas they anticipate coverage in:

Aston Tirrold
Beckley and Stowood
Berrick Salome
Binfield Heath with Eye and Dunsden
Brightwell-cum-Sotwell
Chinnor
Drayton St. Leonard
Elsfield
Ewelme
Eye and Dunsden
Garsington
Goring Heath
Great Haseley
Harpsden
Ipsden
Kidmore End
Long Wittenham
Mapledurham
Marsh Baldon
Nettlebed
Newington
North Moreton

Nuffield
Pishill with Stonor
Pyrton
Sonning Common
South Moreton
Stoke Row
Stoke Talmage
Swyncombe
Sydenham
Thame
Waterperry with Thomley
Watlington
West Hagbourne
Wheatley

**PHASE TWO CABINETS DELIVERED TO DATE (VALE OF WHITE HORSE):**

<b>District</b>	<b>Exchange</b>	<b>Cabinet number</b>	<b>Cabinet location (village or parish)</b>	<b>Go Live date</b>	<b>No. IA Superfast (&gt;24Mbps) premises delivered</b>
Vale	ABINGDON	27	Abingdon	01/04/2016	34
Vale	ABINGDON	33	Abingdon	14/03/2016	12
Vale	ABINGDON	37	Abingdon	06/05/2016	25
Vale	ABINGDON	48	Abingdon	25/03/2016	32
Vale	ABINGDON	51	Abingdon	15/02/2016	7
Vale	ABINGDON	56	Abingdon	02/09/2016	108
Vale	EYNSHAM	14	Swinford	25/10/2016	23
Vale	FRILFORD HEATH	1	Abingdon	28/02/2016	83
Vale	FRILFORD HEATH	3	Tubney	02/03/2016	70
Vale	ROWSTOCK	14	Milton (Abingdon)	06/12/2016	82
Vale	WANTAGE	1	Letcombe Regis	05/07/2016	261
Vale	WANTAGE	4	Wantage	01/08/2016	102

Vale	ASHBURY	1	Ashbury	04/05/2016	90
Vale	STANFORD IN THE VALE	2	Goosey	28/09/2016	46
Vale	SHRIVENHAM	2	Shrivenham	25/11/2016	28

**PHASE TWO UPCOMING CABINETS (VALE OF WHITE HORSE):**

<b>Exchange</b>	<b>Cabinet number</b>	<b>Covering premises in the parish of</b>
ABINGDON	45	Abingdon
ABINGDON	46	Abingdon
ABINGDON	52	Abingdon
BOARS HILL	11	Sunningwell, Kennington & Radley
BOARS HILL	15	Sunningwell
CUMNOR	12	Cumnor
LONGWORTH	6	Kingston Bagpuize with Southmoor
ROWSTOCK	16	Sutton Courtenay
ROWSTOCK	19	Milton (Abingdon)
ROWSTOCK	2	Chilton
ROWSTOCK	21	Chilton
ROWSTOCK	22	Milton (Abingdon)
ROWSTOCK	23	Lockinge
ROWSTOCK	24	Steventon
ROWSTOCK	25	Ardington
ROWSTOCK	26	West Hendred
ROWSTOCK	27	Milton (Abingdon)
WANTAGE	27	Milton (Abingdon)

WANTAGE	28	Letcombe Regis
WANTAGE	29	East Challow
WANTAGE	30	Letcombe Bassett
HIGHWORTH	14	Coleshill
UFFINGTON	4	Woolstone
UFFINGTON	5	Baulking

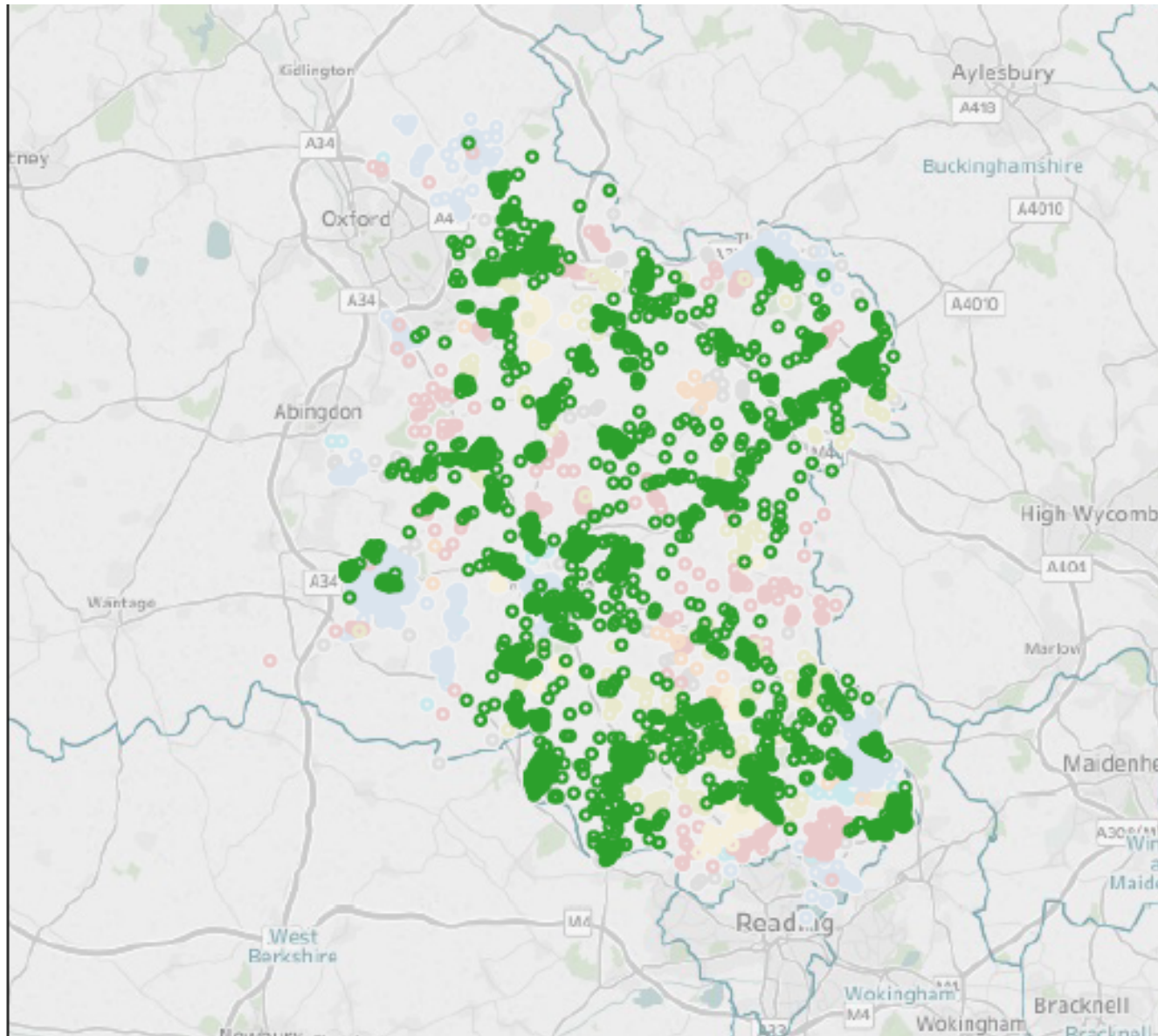
**PHASE TWO ADDITIONAL STRUCTURES (VALE OF WHITE HORSE):**

There are also some additional structures which are currently subject to survey. The surveys are scheduled for early 2017, after which time officers anticipate getting more confirmed details of the coverage, but at this stage this is OCC's view of the parish areas they anticipate coverage in:

Abingdon
Buscot
Chilton
Cumnor
Denchworth
East Challow
Eaton Hastings
Fernham
Great Coxwell
Great Faringdon
Letcombe Regis
Little Coxwell
Littleworth
Milton (Abingdon)
Radley
Shellingford
South Hinksey

St. Helen without
Sunningwell
Wantage
Wootton (Abingdon)
Wytham

## SOUTH OXFORDSHIRE – COMPLETED TO DATE:



### Select Area Type

District

### Select Area Name

South Oxfordshire

### Look up postcode

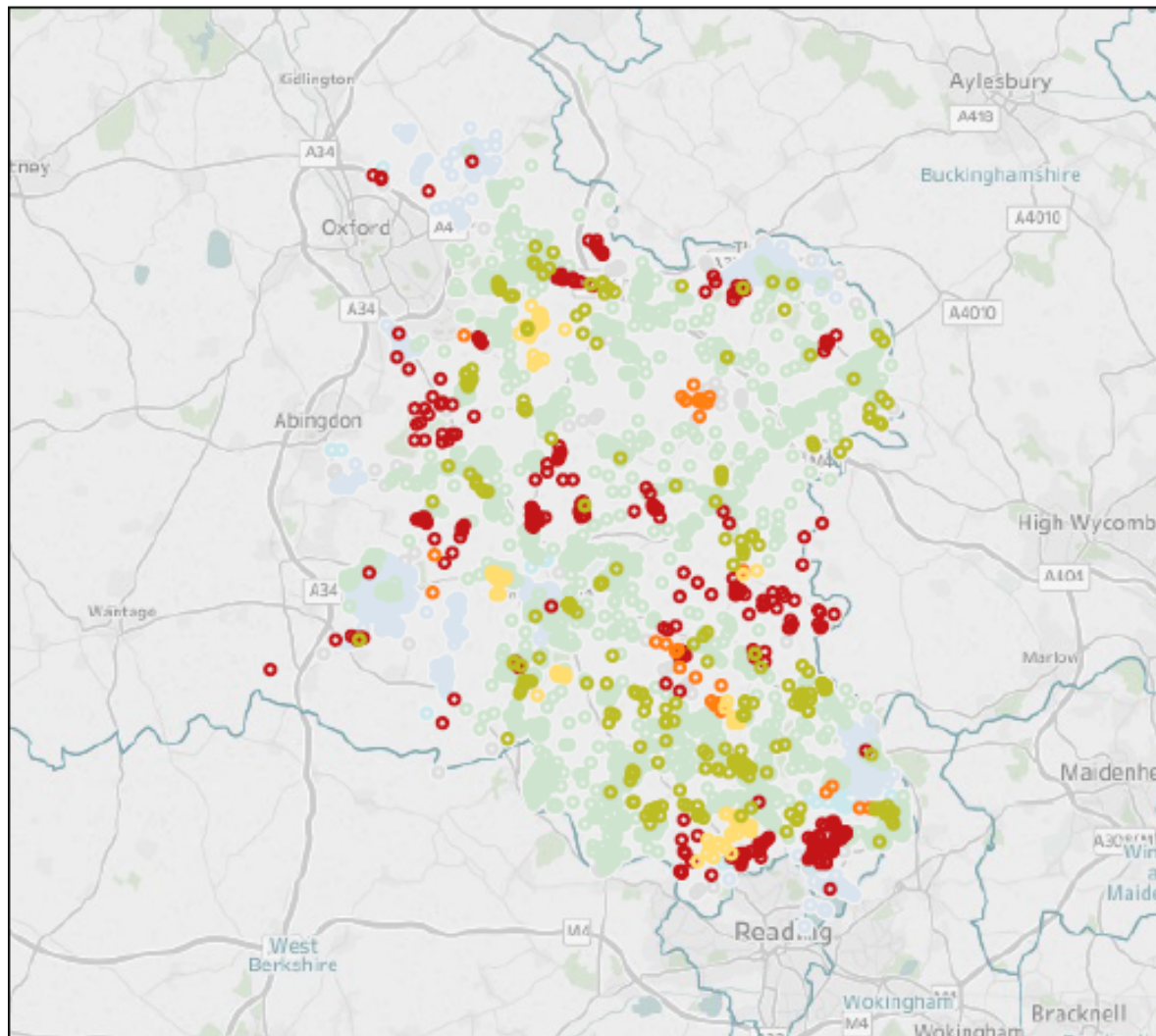
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last digit of postcode,  
e.g. OX1 1N\_

All

### Delivery Status

- Works complete
- Cabinet live - with add
- Anticipated complete t
- Anticipated complete t
- Anticipated complete t
- Commercially covered
- Commercial coverage
- Additional funding req

## SOUTH OXFORDSHIRE – REMAINING COVERAGE TO BE DELIVERED UNDER PHASE TWO:



### Select Area Type

District

### Select Area Name

South Oxfordshire

### Look up postcode

For best results do not include last digit of postcode, e.g. OX1 1N\_

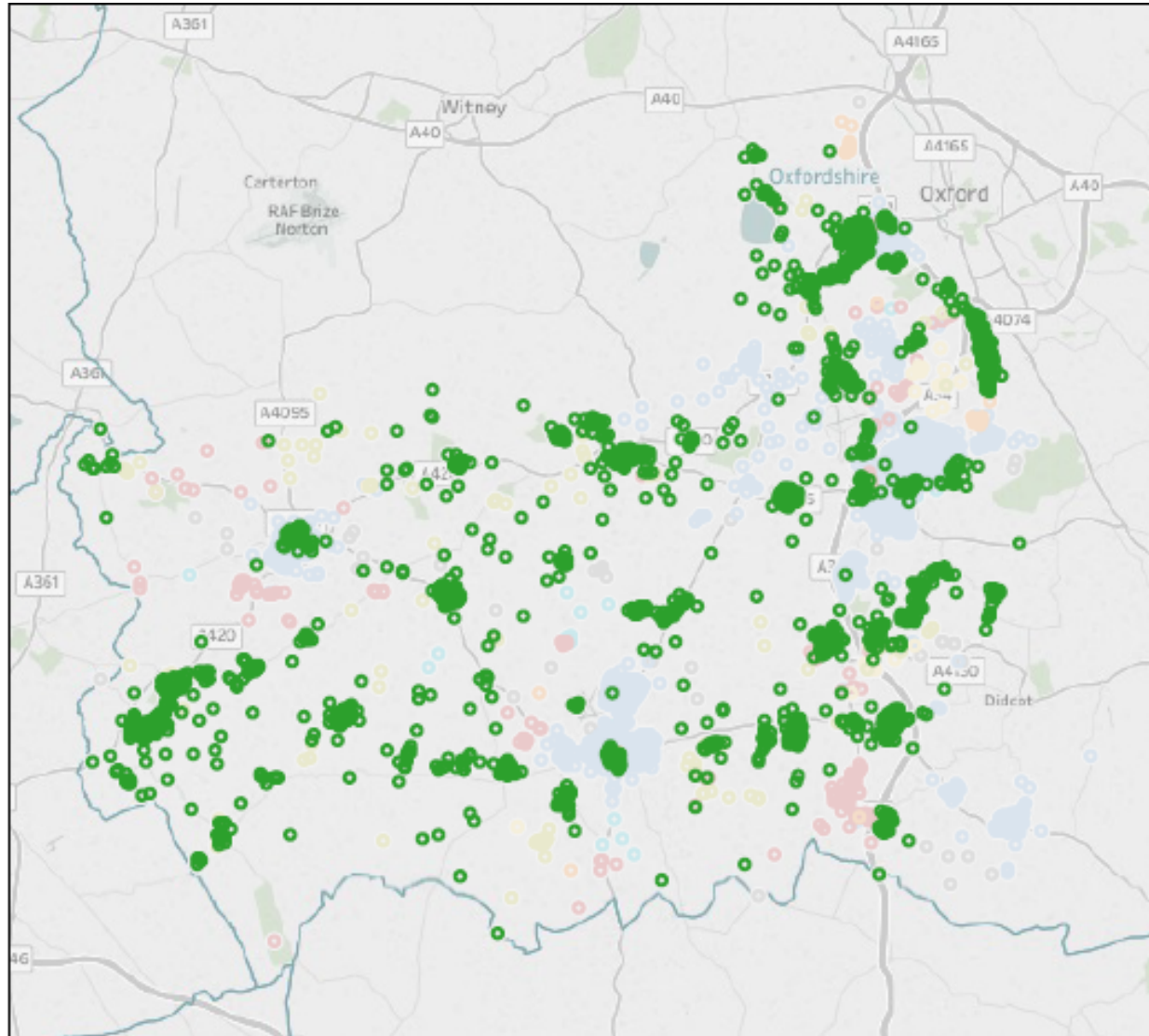
All

### Delivery Status

- Works complete
- Cabinet live - with additional works due to complete by end of December 2017
- Anticipated complete by end of March 2017
- Anticipated complete by end of June 2017
- Anticipated complete by end of December 2017
- Commercially covered
- Commercial coverage planned
- Additional funding required



## VALE OF WHITE HORSE – COMPLETED TO DATE:



### Select Area Type

District

### Select Area Name

Vale of White Horse

### Look up postcode

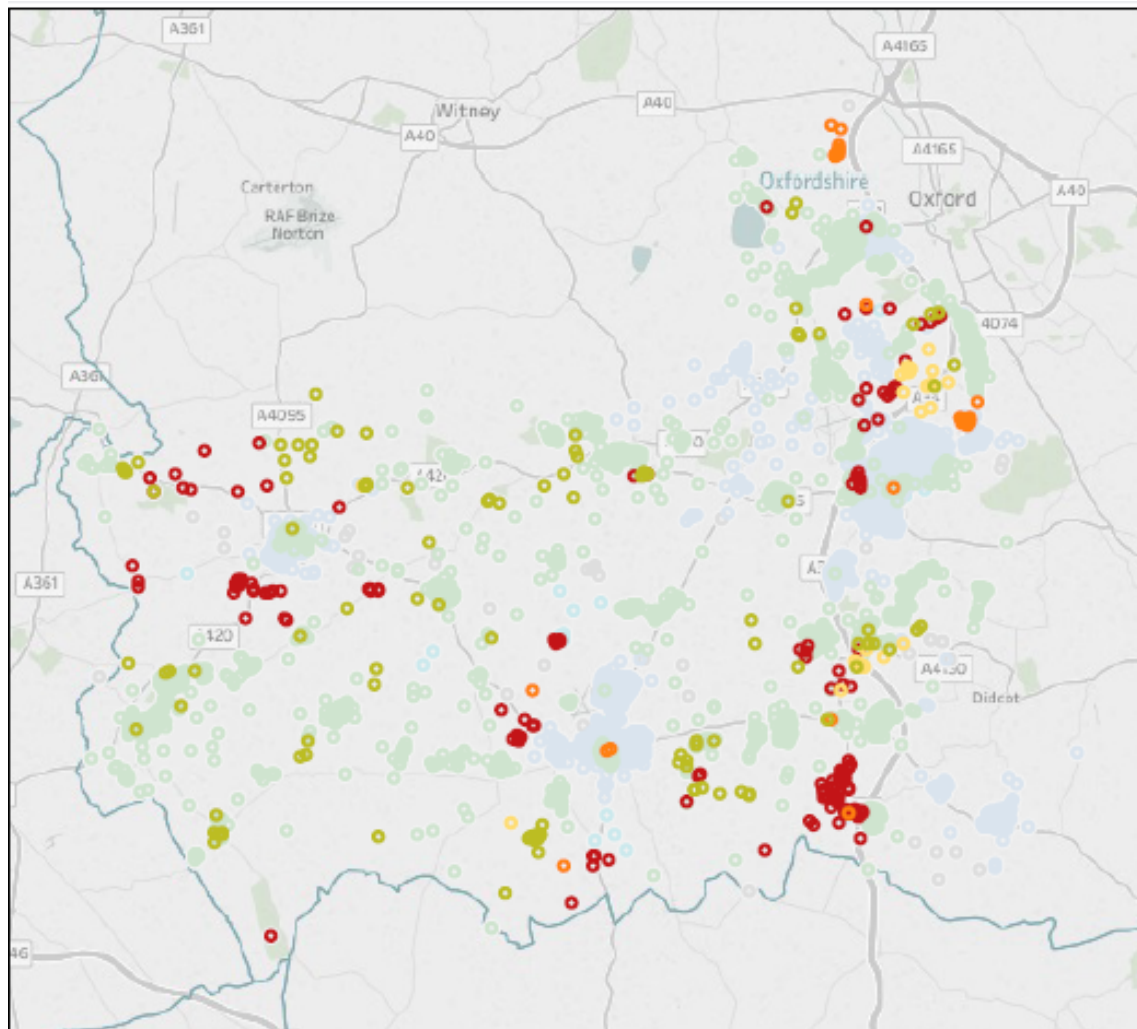
For best results do not include the last digit of postcode, e.g. OX1 1N\_

All

### Delivery Status

- Works complete
- Cabinet live - with add
- Anticipated complete t
- Anticipated complete t
- Anticipated complete t
- Commercially covered
- Commercial coverage
- Additional funding req

## VALE OF WHITE HORSE – REMAINING COVERAGE TO BE DELIVERED UNDER PHASE TWO:



### Select Area Type

District

### Select Area Name

Vale of White Horse

### Look up postcode

For best results do not include  
last digit of postcode,  
e.g. OX1 1N\_  
All

### Delivery Status

- Works complete
- Cabinet live - with additional works due to complete by end of December 2017
- Anticipated complete by end of March 2017
- Anticipated complete by end of June 2017
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- Commercial coverage planned
- Additional funding required