FASTERSHIRE BROADBAND STRATEGY 2019 - 2022

Cabinet date	20 December 2020
Economy, Education & Skills	Cllr Patrick Molyneux
Key Decision	Yes
Background Papers	The approved Fastershire Strategy 2014-2019 is available at www.fastershire.com The revised Strategy 2019-22 is attached at Appendix 1.
Location/Contact for inspection of Background Documents	Angela Presdee, angela.presdee@gloucestershire.gov.uk Link - https://www.fastershire.com/about-fastershire/strategy
Main Consultees	Leader of Council Chief Executive Strategic Adviser: Communities and Infrastructure Herefordshire Council Cotswold District Council Funding partners including BDUK
Planned Dates	None identified as yet
Divisional Councillor	All
Officer	Simon Excell, Lead Commissioner - Strategic Infrastructure Email – simon.excell@gloucestershire.gov.uk
Purpose of Report	To consider the latest iteration of the Fastershire Broadband Strategy, which will direct the approaches of the Fastershire project that will drive the future deployment of high speed broadband infrastructure throughout Gloucestershire and Herefordshire through to 2022. In order to enable the most challenging and hardest to reach properties, the project's new approach will allow us to be more agile and innovative. Allowing us to work more closely with the those local communities and the private sector suppliers in order to find a more bespoke solution for those premises in the final 3%.
Recommendations	That Cabinet: 1. Approves the revised Fastershire Broadband Strategy 2019 – 2022; 2. Delegates authority to the Lead Commissioner – Strategic Infrastructure, in consultation with the Cabinet Member for Economy, Education and Skills to: 2.1 approve the approach and criteria under Stage 5 of the revised Strategy, to establish a Fastershire Community Broadband Grant, that will be delivered via a new Dynamic Purchasing System (DPS) and; 2.2 conduct a competitive procurement process for Community Broadband grants based on the criteria set out in 2.1 and award such contract (s) in accordance with the Dynamic Purchasing System established through the joint Partnership Agreement between Gloucestershire County Council and Herefordshire Council.

Reasons for Recommendations	The current Strategy needed to be rolled forward and updated to reflect the emerging future Government Policies and agenda on Digital Connectivity. Approval is recommended on the basis of the Leader, Chief Executive and Cabinet Member guidance on the future approach of the revised Strategy and delivery for further investment in broadband infrastructure. The process of undertaking the next phase of the procurement with the establishment of a Dynamic Purchasing System to be able to award Community Broadband Grants, is deemed to be as relatively low risk. There is likely to be a good level of demand for faster broadband from those areas yet to be enabled and achieve full fibre connectivity, and any efforts by the Authority to improve the potential coverage and connectivity in those areas will be welcomed by the local communities. Digital Connectivity and full fibre roll out remains a Government priority, and the Authority will want to continue to invest and bring faster broadband to more homes and businesses across the county. Even with the completion of the current contracts we have with suppliers Gigaclear, BT and Airband, and our remaining capital funds and any new funds we manage to secure, we want to continue to commission further delivery, through the new Stage 5 process, grants and voucher mechanisms. Therefore the revised Strategy outlines our intended approach to tackle those areas, where the market has failed to deliver faster broadband to date. The overall purpose of the Fastershire project is to ensure households and businesses benefit from the advantages of broadband access. There are many wider community, economic, social and environmental benefits derived from the delivery of faster broadband in areas.
Resource Implications	1. The table below provides a high level view of the estimated budget that is likely to be available to Fastershire for new yet to be contracted activity during the course of this strategy period. There may be a degree of variability, as the exact value of clawback will be determined by the level of take up experienced in each of the contracts. This reinforces the need to continue to escalate efforts to encourage greater adoption of the networks that have received gap funding subsidy to date in order to maximise the funding available for reinvestment. <table><tr><td>Source</td><td>Gloucestershire</td></tr><tr><td>Residual</td><td>£1,957,055</td></tr><tr><td>ERDF</td><td>£ 133,500</td></tr><tr><td>ERDF Match</td><td>£ 133,500</td></tr><tr><td>Cotswold District Council</td><td>£ 500,000</td></tr><tr><td>Clawback (Estimated)</td><td>£2,700,000</td></tr><tr><td>Total</td><td>£5,424,055</td></tr></table> 2. This summary budget does not require any additional commitment from either local authority. The values are drawn from residual funding which is already ring-fenced for the pursuit of broadband and committed as match funding against already spent BDUK funding, anticipated claw back and new EU

	funded grant extensions.
	3. The total amount of capital investment available for broadband delivery across the two counties is £14m of which £5.4m relates to Gloucestershire County Council, which is substantial funding. However, it is worth noting that, given the c. 13,500 premises that will remain unserved at the conclusion of the existing contracts, it equates to a little over £1k per property and therefore is unlikely to be enough to resolve the residual coverage gap in its entirety.
	The revenue cost to operate the team is shared between Gloucestershire County Council and Herefordshire Council covering staffing, legal fees and marketing all of which is included within existing revenue budgets. In addition, Gloucestershire also has a small revenue budget for digital inclusion activity such as training.

MAIN REPORT CONTENTS

Background

1. Gloucestershire County Council and Herefordshire Council are in a formal agreement to jointly contract deployment of a fibre broadband network across the two county areas. This is delivered through the Fastershire project with Herefordshire Council as the delivery partner through an equally funded team. This report will primarily address issues affecting Gloucestershire, though the strategy itself covers the two counties.

2. The programme to date has provided Gap Funding to commercial providers to invest in areas they would otherwise not deploy to because of the limited return on investment. This is particularly relevant to rural areas that are costly to reach because of premises being spread out across the county and the limited existing infrastructure onto which a network could be built. The Gap Funding provides the incentive to invest, in effect a subsidy. The network is owned by the commercial company but has to be open to other retail providers to offer services to residents and businesses

3. Gloucestershire County Council's Fastershire project has been operating in conjunction with Herefordshire for 8 years. In that time, over £30m public subsidy has been raised for the county from a range of funders, to invest in high speed broadband across the county, and in locations in which the market had failed to deliver. The project has been recognised a number of times for being a trailblazer, most recently by INCA for the organisation that had made the greatest public sector impact on the provision of broadband. Through its work with BT and Gigaclear as well as a host of smaller providers, it has extended superfast broadband access to 94.6% of premises in Gloucestershire, moreover it is at the forefront of the new Full Fibre revolution with every rural district in the county within the top 20 rural areas with such access. Its work continues and can broadly be described as moving east to west from the Cotswolds where its work is the most mature and which a recent study showed now has the fastest average download speed of anywhere in the UK. Over the coming two years this level of access will become the norm across the whole county.

4. Gloucestershire Coverage by Strategy Stages (at contract completion)

Stage	Premises	Proportion
Stage 1 (BT,VM, Glide, Voneus, City Fibre & landlord provision	181,105	54.6%
Stage 2 BT	86,974	26.2%
Stage 3 BT	5,438	1.6%
Stage 3 Gigaclear (including commercial and redesign)	49,566	15.0%
Stage 4 Airband (including change)	912	0.3%
Stage 4/5 Grants	391	0.1%
Total	324,386	97.8%

5. The new strategy will focus most heavily on working with commercial providers to support their delivery of full fibre in the major towns, and establishing a new community grant supported by a dynamic purchasing system, targeted at the c. 7k premises that are not in line to be upgraded through one of the many existing contracts.

6. The providers have and will continue to invest in areas they consider "commercially viable". The Authority regularly requests information on commercial intent via an Open Market Review (OMR) and uses this information to assess where to invest public subsidy. Information gathered from OMRs is used for state aid purposes (legally public funds cannot be used where private sector investment is already taking place).

7. The project manages a base-line of all serviceable premises in the county and what degree of access that can (or soon will) be achieved by that property via commercial provision and / or the subsidised contracts. This process has some inherent difficulties however. For instance, information shared by commercial providers can be incomplete or inaccurate, property addresses change or differ between data holders, new premises are built, others demolished, segmented or consolidated. Also, providers have and will change their commercial plans over the course of time, which can lead to premises falling out of existing plans.

8. For Gloucestershire, the main commercial deployment by BT and others took place in parts of the county of primarily Gloucester, Cheltenham, Tewkesbury, Stroud and Cirencester.

9. Building Digital (Broadband Delivery) UK (BDUK) is an arm of the Department of Culture, Media and Sport, and as part of national government share the ambition with the councils in creating a high speed broadband network. BDUK therefore match fund deployment in local authority areas.

10. Under Stage 2 of the Strategy, the first Fastershire contract was awarded to BT as the only final bidder. In 2012, Gloucestershire had 43% of premises with superfast broadband of 30Mbs and above. By the end of this contract in 2017, 88% of premises had access to superfast broadband. 77,000 premises were able to access superfast broadband in Gloucestershire, and 35,000 in Herefordshire.

11. BT uses two technologies. FTTC (fibre to the cabinet) which is partly reliant on copper telephone lines connecting properties to a green BT cabinet where they meet the fibre. This technology can provide up to 80Mbps but the speed capability decreases with distance. The other technology is FTTP (fibre to the premise) – this had to be used to a higher degree in the county due to its rural geography and lack of infrastructure. This allows a direct fibre link to the home which provides up to 330Mbps, but is expensive and time consuming to deliver compared to FTTC.

12. The contract was divided into milestone areas to ensure that rural areas were not left to the end and potentially dropped from the programme. Overall BT over delivered the number of premises in the contract, but marginally under delivered in certain milestone areas leading to a compensation value which can be reinvested in the network.

13. Gigaclear was first contracted by Fastershire in 2015 to deliver in the Cotswold area and then and then again in 2017 were awarded a further contract to deliver a far wider area across the two councils.
    http://glostext.gloucestershire.gov.uk/ieDecisionDetails.aspx?ID=601
    http://glostext.gloucestershire.gov.uk/ieDecisionDetails.aspx?ID=925

14. These contracts were a result of delivering the approved Fastershire Broadband Strategy

2014 – 2018. This iteration of the strategy introduced different stages of the project, to extend access to superfast broadband to well over 90%. However, it was always understood and accepted that this would not achieve 100% coverage.

15. As well as the major contracts with Gigaclear, smaller contracts have been issued to BT to infill parts of Gloucester and Cheltenham, which were not covered by any commercial deployment. Also, a contract was awarded to Airband for a "cluster" programme using EAFRD funding to reach rural areas that were not yet covered by any existing contract.

Revised Strategy 2019 – 2022

16. Considerable in-roads have been made in the deployment of superfast and full fibre broadband. Simply managing out the current contracts will make both counties one of the most fibre rich rural areas in the country with over 50% of rural premises being able to access a Gigabit connection.

17. The revised 2019-22 Strategy (Appendix 1) outlines the next stages of broadband deployment. The timing is important as the industry is undergoing a step-change nationally with an increased appetite to reinvest in areas to bring full fibre broadband to communities across the UK. The National Broadband Scheme 2016 has come to the end of its life and there can be no further supply side procurements until BDUK negotiate a new state aid regime, which is unlikely to be in place until well into 2021. For both counties, the strategy period 2019-22 will be a unique time when the counties will be one if not the most digitally connected areas in the UK. There will be considerable potential to also promote the county for attraction of new investment and growth on the back of this. Other counties will, however, catch up over time as they run new procurements to create full fibre solutions.

18. To reflect the development and evolution of the Fastershire programme the revised vision is: **Fastershire will enable all residents and businesses in Gloucestershire and Herefordshire to access the connectivity they need and encourage people to use faster broadband to do more online, boost business growth and achieve their potential.**

19. This strategy also includes the following objectives:

> **Coverage** – to continue to increase superfast broadband coverage across two counties through a mixture of contracts and grants, opting for Gbps capable or full-fibre broadband where value for money allows.
> **Inclusion** – to support residents and businesses to make the most of the broadband network through skills training, awareness raising and enabling community led schemes.
> **Innovation** – to continuously drive innovation in addressing the ambitions of broadband coverage in working with partners, funders, suppliers and the community.
> **Monitoring** – to ensure the maximum results from the work of suppliers by monitoring the contracts and driving value for money in deployments.
> **Partnerships** – to productively work with suppliers, parish and town councils on effective communications, with local authority departments to co-ordinate the approach to deployment, and local planning authorities to ensure new premises have broadband connectivity.

Dynamic Purchasing System

20. Whilst the previous phases of deployment will continue and overlap, a **new Phase 5** is outlined in the strategy. This stage will focus on the remaining premises not in contracts, by offering a Fastershire Community Broadband Grant to aggregated groups of those premises. This will be available for use with a pre-procured set of suppliers managed on a Dynamic Purchasing System.

21. Value for Money will be determined largely by the market competition with grant beneficiaries required to accept the most economically advantageous offer.

22. Each community will be very different with some sparsely disbursed and others concentrated; many being some distance from existing network and others close by. This makes it very hard to arrive at an arbitrary value at which an investment can be determined to be value for money. Nevertheless, the following calculation will be used by the Fastershire Team to provide a degree of comfort (in particular in case there is a single bidder scenario) that public funding is being utilised responsibly.

   Total cost to the community / the participating 'still to do' premises = Individual Grant Value

23. If the Individual Grant Value is less than £5k, the Grants will be approved. If it exceeds this value, the total number of non participating 'still to do' premises covered incidentally by the project will be accounted for in the calculation as follows;

   Total cost to the community / (the participating 'still to do' premises + non participating STD premises covered as a consequence of the project) = £Secondary test Individual Grant Value.

24. If the secondary test individual grant value is less than £5k, the Grants will be approved. If it continues to exceed this value the solution footprint will be accounted for in the calculation as follows;

   (£Secondary test Individual Grant Value / Km2 of the solution footprint) x 0.1 = Third test score.

25. If the third test score is lower than 100, the Grants will be approved otherwise they will be rejected.

26. The below table give an outline of proposed deployment activity between 2019-22:

Stage	Title	Activities to 2022
1	Commercial Delivery	Work with commercial providers to use their own investment to populate the counties with full fibre broadband connectivity. Encourage commercial expansion in the market towns specifically by exploiting the fibre backhaul in situ as a result of the Fastershire contracts. Encourage the local planning authorities to adopt innovations in planning policy as they relate to full fibre provisioning of new development sites and support communications providers in their interactions with the local authorities.
2	Fastershire-wide Contract	Promotion of the existing broadband delivery enabled through Fastershire contract (via BT). Extract funds from those contracts through "clawback" for reinvestment.

3	Regional Contracts	Manage the Gigaclear full-fibre rural contracts to their successful conclusion having maximised the opportunities to generate the greatest possible coverage. Conclude the BT urban contracts and explore opportunities to use the contracts as vehicles to stimulate additional full-fibre investment.
4	Small Cluster Contracts	Manage the Airband FTTP contracts to their successful conclusion having maximised the opportunities to generate the greatest possible coverage.
5	Community and Business Grants	Launch Fastershire Community Broadband Grant managed through a "Dynamic Purchasing System" in which localities are funded to pay for Gbps capable infrastructure to be provided to their locality. Launch Phase 2 of the Marches and Gloucestershire Business Grant (MGBG) helping individual and groups of businesses to procure the digital connection services they need and use the grant to stimulate incidental Full Fibre build.

Alternate Options

24. That the broadband strategy is not agreed. This is not recommended as there would be a policy vacuum in a high profile area which remains of critical importance to many residents and businesses.

25. There is focus on Gigabit Capable deployment only from this point onwards. The strategy could seek to apply this to all premises. It is not recommended that this applies to premises that already have a 30Mbps capability. This approach would have severe state aid implications and would see areas with good capability upgraded before those that are in desperate need. Instead, every opportunity will be taken to deploy full-fibre or other Gbps capable technology to those premises which currently cannot achieve superfast.

26. The authority could elect to stop working on improving broadband access beyond the end of the current contracts. This is not recommended as despite predicted coverage of 98% at the end of the current contracts in Gloucestershire, premises will remain that have limited access to reasonable broadband speeds. While the 10Mbps Universal Service Obligation will go some way to meet the gap. There is no indication of time scales and 10Mbps will soon be seen to be inadequate. Therefore, this approach is not recommended as there is no guarantee that remaining premises will be reached.

Risk Assessment

27. The risks of the recommendations are outlined below:

Risk	Mitigation
Remaining gaps in coverage – that despite intervention from the councils there still remain premises that cannot access a broadband service.	This is a recognisable risk as some premises may be so remote they cost a disproportionate amount of money to reach (see below).
Value for money (VFM) – that to reach some premises will cost such a disproportionate amount that raises the	A structured VFM test has been built into the Fastershire Community Broadband Grant approval process.

	question of value for money.	
	Take up – with all the investment there is limited take up of the service meaning a lost opportunity from being a digitally connected county.	Whilst the council provides the broadband network, the business or resident still needs to proactively take up and pay for a service. The mitigation is to promote the availability of the network and demonstrate the value.
	Change of national policy – that the new policy becomes irrelevant in light of national government policy.	Until there is a formal change in national policy the council will work towards the agreed local approach which is currently supported by national government.

Officer Advice

28. **Officer advice is that the Cabinet Member approves the recommendations as set out in this report.**

   The key elements of the revision of the Fastershire Strategy are based on discussions with, and guidance from the Leader/LCM and Chief Executive. The timing of this future approach for delivery is important as the industry is undergoing a step-change nationally with an increased appetite to reinvest in areas to bring full fibre broadband to communities across the UK. Therefore it is important that the Authority endorses this revised Strategy and Stage 5 delivery plans, to enable officers to influence further commercial investment by suppliers, and proceed with further procurement and delivery to those areas still to be enabled.

Equalities considerations

29. Cabinet Members should read and consider the Due Regard Statement in order to satisfy themselves as decision makers that due regard has been given.

   There is considered to be no detrimental effect on protected characteristics, with the deployment of broadband aiming to create equality between people to have the same benefits as others. Digital exclusion is an issue where some people do not have access to digital service and opportunities.

   Below are some of the common barriers to digital inclusion and the council's mitigation:

Barriers	Mitigation
Access – the availability of broadband	The network coverage with public sector investment and commercial organisations making the purchase of a faster broadband connection possible.
Cost – being able to afford hardware and cost of connection	Free wi fi access in libraries and some council sites and in some town centres across county. PC's also at libraries available for free use.
Skills and knowledge	Fastershire training events and community grants, and promotion of Fastershire to raise awareness of the opportunity to take up a broadband service.

Consultation feedback

30.   Senior Managers in GCC, Lead Cabinet Members, partner organisations and funders are all fully supportive of the Strategy revision, and future approach for deployment.

Performance Management/Follow-up

31.   Performance Management for the delivery of the Strategy which continue to be monitored by the Fastershire Programme Board, and project reporting indicators fed into the GCC FRP Performance process.

Report Title	**Fastershire Broadband Strategy 2019 - 2022**
Statutory Authority	Section 1 Localism Act 2011 and Section 151 Local Government Act 1972 Economic Growth and support for the Local Economy falls within the remit of Communities and Infrastructure Directorate and is a discretionary function

Relevant County Council policy	Gloucestershire County Council Corporate Plan – Looking to the Future 2019 – 2022. Ambition - A Connected County
	
	One of the Council's priorities and action over the next three years is Transport, Economy and Infrastructure –
	
	   - Secure the benefits of high quality growth for local people and communities; and
	
	   - Help business in Gloucestershire to thrive, grow and connect with the wider world.

Sustainability checklist: Partnerships Decision Making and Involvement Economy & Employment	 There are a number of formal and informal relationships that GCC Officers have concerning the provision of infrastructure. These include Herefordshire Council, commissioned telecommunications providers, Government agencies and Departments (including DCMS/BDUK), local District, Borough and Parish Councils, utility providers, local residents and the LEP, who works closely with a broad and diverse number of public and private sector partners and businesses. Engagements with DSU, Legal Services and Strategic Finance. The Inter-Authority Partnership Agreement governs the interaction between Herefordshire Council and Gloucestershire County Council during the course of the Fastershire project. The agreement covers project delivery, commissioning of private sector suppliers, legal and financial relationships between the two authorities and the suppliers and reporting arrangements. The governance is overseen by a Project Board. One of the principal reasons for national and local investment in broadband infrastructure is to enable businesses to compete globally on a level playing field in areas that already have access to fast broadband speeds. Maximising digital connectivity can enable businesses to carry out their businesses more effectively, communicate to customers and diversify into new markets. Additional profits can be reinvested in the growth of the businesses creating higher incomes and more local job creation. The provision of faster broadband also provides an advantage to Gloucestershire as an attractive location for business and will add value to the county's inward investment offer.

Caring for people Education and Information	The Fastershire project also aims to improve the opportunities for residents across the two counties to make use of digital connectivity where supporting education and learning, accessing services, enhancing employment opportunities, supporting preventative health or addressing well-being by tackling isolation. The enhanced broadband infrastructure provision should positively support those services involving caring for people, and contribute towards improving good accessibility and seek to avoid community exclusion and rural isolation.

Connectivity also has a key role in the sustainability of communities by helping rurally based businesses to be viable and competitive as well as ensuring people living in rural communities have access to the same broadband services as those in more populated areas.

Geographically, commercial providers have tended to use their own investment to provide a superfast broadband network to more populated areas of cities and market towns. However, with the project supporting competition in the market and creating a fibre backhaul there is more opportunity for a range of private sector providers to invest in market towns and cities creating full-fibre connectivity for business, residents, schools and other premises.

The introduction of the Fastershire Community Broadband Grant will put more control in the hands of communities. It will not financially cost the community though proactive efforts will be needed to access the funds. Stage 5 of the strategy will target resource to areas that are likely to be hard to reach (because of geography or lack of infrastructure).

In addition to increasing the number of premises with the potential to access superfast broadband services, improved connectivity will assist with delivery of other activity including accessing services effectively, reducing the need to travel and therefore lowering the carbon footprint, and supporting wellbeing. |
| Built Environment | The overall impact on built, natural, heritage and landscape environment for any physical growth investment will have to be assessed and be taken into account as part of the Local Planning Authority process. Generally, the project is associated with enhancements to the built environment. It should also positively support the 3 strands of sustainability – environmental, social and economic. |
| Natural Environment' including Ecology (Biodiversity) | Through the provision of early and consistent advice on local matters relating to the delivery of infrastructure, this should positively influence the protection and enhancement of the natural environment. Facilitating the right level of infrastructure that meets the environmental standards and necessary protections will increase the likelihood of new developments and opportunities being successfully accommodated without adversely impacting the natural environment.

Therefore, the overall impact on the natural environment, heritage and landscape of each location that has been identified for improved broadband infrastructure and focus for growth will be assessed as part of the relevant formal planning process. A greater propensity for people to work from home would also lead to a greater degree of local spend and opportunities for retailers and service providers, and less car trips reducing carbon emissions. |
| **Tackling Climate Change** | Carbon Emissions Implications?   Positive

Vulnerable to climate change?   No |

Due Regard Statement	Has a Due Regard Statement been completed? Yes
	Yes - The Assessment demonstrates a range of positive effects in tackling the inequality of broadband coverage. Primarily, by improving the broadband network, residents will have better access to services and great equality of opportunity.
	A copy of the full Due Regard Statement can be accessed via: http://glostext.gloucestershire.gov.uk/mgDelegatedDecisions.aspx?bcr=1&DM=117C
	Alternatively a hard copy is available for inspection from Jo Moore, Democratic Services Unit, e-mail: jo.moore@gloucestershire.gov.uk.
Human rights Implications	It is not envisaged that any of the proposals for improved infrastructure would have any significant human rights implications.
Consultation Arrangements	See 'main consultees' section above.