



**CABINET**

**11 MARCH 2014**

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<b>Subject:</b>	Superfast Northamptonshire Progress Report
<b>Recommendations</b>	<ol style="list-style-type: none"><li>1. To welcome the excellent progress being made in partnership with BT on the roll out of superfast broadband towards the project's 2015 coverage target, including the first areas to 'go live' ahead of schedule and good progress towards the next phase.</li><li>2. To agree that the County Council seeks BDUK approval to remove the 2015 minimum 2Mbps universal service commitment from the current contract with BT, with budgeted funds transferred to deliver superfast broadband solutions to more areas more quickly; and any universal service commitment deferred until 2017.</li><li>3. To welcome the £300,000 secured by the County Council from Broadband Delivery UK (BDUK) in support of superfast broadband deployment in the Northampton Waterside Enterprise Zone and the indicative allocation of £3.64m for Northamptonshire from the BDUK Superfast Extension Programme (BDUK SEP) from 2015.</li><li>4. To delegate responsibility to the Director for Environment Development and Transport, in consultation with the S151 Officer, to submit an Expression of Interest and a Funding Request for up to £5.5m of BDUK SEP (a higher bid than the indicative £3.64m allocation), and in doing so, to secure the local 'like-for-like' match-funding commitment.</li><li>5. To note that a bid for £2m will be made through Northamptonshire Enterprise Partnership's Strategic Economic Plan to contribute to the gap fund requirement with a particular focus on business connectivity.</li><li>6. To agree that the £2m prioritised in the Council's Capital Strategy 2014-15 to 2018-19 Development Pool be committed towards local match funding and to progress approvals for entry into the Council's Committed Capital</li></ol>

	<p>Programme.</p> <ol style="list-style-type: none"> <li>7. To encourage significant contributions from the district and borough councils, to support future measures to extend coverage within their areas.</li> <li>8. To agree to take forward procurement in 2014 to extend coverage further, including the preferred route as a mini-competition through the BDUK Framework if dependencies allow.</li> <li>9. To delegate responsibility to the Director for Environment, Development and Transport in consultation with the Cabinet member for Infrastructure and Public Protection to manage procurement requirements in 2014 for the extension of superfast broadband, including securing necessary State aid and BDUK approvals, and to enter the County Council into a contract(s) with the successful supplier(s) on appropriate terms following approval of the County Council's £2m into the Council's Committed Capital Programme.</li> <li>10. Further to Cabinet's approval in principle for the Superfast Northamptonshire Access to Finance (A2F) initiative made in September 2013, along with its delegations; to welcome the response by the telecoms industry as an endorsement of the approach and to support investment through this initiative to extend superfast broadband coverage in Northamptonshire.</li> <li>11. To note that the Section 151 Officer will, within the requirements of the Treasury Management Strategy: <ol style="list-style-type: none"> <li>a. decide on the approval of any Full Applications for A2F, subject to a satisfactory outcome following finance and technical due diligence;</li> <li>b. agree the value and terms and enter into A2F loan agreement(s) with successful supplier(s) as appropriate.</li> </ol> </li> </ol>
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## 1. Purpose of Report

- 1.1 This report provides an update on the Superfast Northamptonshire project and progress being made towards the achievement of the County Council's target to secure full coverage of superfast broadband across Northamptonshire by the end of 2017. This includes the latest news on the joint County Council and Department of Culture, Media and Sport (DCMS) funded project with BT, and proposals for an additional procurement and commercial loans via the innovative Access to Finance initiative to accelerate coverage. Superfast broadband is defined as download speeds of more than 24Mega bits per second (Mbps) whilst ultimately it is the County Council's target to achieve minimum access speeds of 30Mbps. If this target is achieved, Northamptonshire will have delivered on European targets three years early.

## 2. Relevant Priority Outcomes

The content of this report supports the delivery of the following corporate outcomes:

Perspective	Outcome
<b>Customers &amp; Community</b> - to achieve our vision, what will our customers see?	<ul style="list-style-type: none"><li>• A cleaner, greener and more prosperous county</li></ul>
<b>Process</b> - to satisfy our customers, what processes must we excel at?	<ul style="list-style-type: none"><li>• Contract &amp; performance management</li><li>• Developing local markets</li><li>• Commissioning outcomes</li><li>• Shaping our growing county</li><li>• Facilitating inward investment</li><li>• Managing customer expectations</li></ul>
<b>Learning and Growth</b> - to achieve our vision what must we learn, develop and improve?	<ul style="list-style-type: none"><li>• Improve wellbeing</li></ul>
<b>Finance</b> – to finance our vision, what must we do efficiently, effectively and economically?	<ul style="list-style-type: none"><li>• Maximised income and new funding mechanisms</li><li>• Targeted spend and investments</li></ul>

## 3. Background

3.1 The Superfast Northamptonshire project involves securing funding and managing investment in, and the delivery of, fibre-based broadband infrastructure across the county. It also involves demand stimulation and support initiatives which will encourage more people, and businesses in particular, to take up superfast services and learn how this technology can be applied to help businesses to transform and grow.

3.2 Public sector funds can only be invested to bring forward Next Generation Access (NGA) to areas where the commercial telecommunications market has no plans to deliver in the foreseeable future (usually tested looking at least three years ahead) and is commercially unviable. NGA involves fibre optic based networks capable of supporting speeds of more than 30Mbps (and not less than 24 Mbps). The deployment of broadband is not a public service and traditionally, local authorities would not intervene in what is otherwise a competitive commercial market. However, because of the increasing importance of connectivity, and awareness that it is not commercially viable for the market to deliver everywhere, the European Union and UK Government have set policy targets to support and extend coverage. There are robust rules about where and how the public sector can invest funding, known as State aid. When combined with commercial plans, the Government's targets aim to achieve:

- 90% superfast broadband coverage nationally by 2015, with all other areas able to access basic broadband speeds of at least 2Mbps
- 95% superfast broadband coverage nationally by 2017
- 98% superfast broadband coverage nationally by 2018

3.3 The County Council has set its aspirations higher, with an ambition to achieve full superfast broadband coverage by the end of 2017, whilst meeting the Government's 90% target by 2015.

3.4 The Northamptonshire Next Generation Strategy sets out our approach to help the county achieve this. Northamptonshire was one of, if not the first, local authority nationally to produce and consult on such proposals and this was welcomed by the wider telecoms market. It also places Northamptonshire in a strong position of readiness for the next stages of the extension programme.

3.5 The internet is increasingly essential to modern life and access to superfast broadband can enable people and businesses to do so much more on-line and much faster, without frustrating 'buffering' and freezing of screens, or long waits to download films or other data heavy files. It has the capacity to deliver a number of economic, social and environmental benefits, including transforming business productivity, helping people to keep in touch and access services, supporting 'cloud' technology, and reducing the need to travel amongst numerous others. The availability of a good broadband service is increasingly influencing people's decisions on where to buy homes and property and where to invest and locate as a business. The project is critical for business connectivity to ensure that Northamptonshire retains and attracts new business investment and secures its place at the leading edge of the global digital economy. This is vital for future prosperity and growth. Indeed, access to superfast broadband is already a major consideration for businesses when they make decisions on where to locate or move.

#### **4. Progress on Stage 1 of Superfast Northamptonshire: The Co-investment Partnership with BT, supported by DCMS**

4.1 BT were appointed by the County Council in March 2013 to help roll out fibre-based superfast broadband to over 50,000 premises across the county by 2015, including 3,000 businesses. The £11.4m capital investment, involving £4.08m from the County Council and BDUK and a further £3.2m from BT, is on track and delivering early.

4.2 Following contract mobilisation and several months of detailed pre-planning, planning and on site survey work, the first phase of network build is approaching completion and households and businesses in a number of communities can now take advantage of superfast broadband services. These include speeds of up to 80Mbps depending on how far your property is located from its serving green street cabinet.

4.3 Information on what is involved in planning and survey work and why the outcome may mean deployment plans could change is explained on the [Planning and Survey](#) page of the project's website at [www.superfastnorthamptonshire.net](http://www.superfastnorthamptonshire.net).



**Launch Event in Towcester:** from the left, County Council Leader Jim Harker, Communications Minister Ed Vaizey, County Council Cabinet Member for Infrastructure and Public Protection Andre Gonzalez de Savage and Bill Murphy, Managing Director for Next Generation Access, BT.

4.4 Communications Minister, Ed Vaisey visited Northamptonshire on 3 February 2014 to mark the launch of the first fourteen cabinets to 'go live' providing access to superfast services for 4,175 premises. Ten of these fibre cabinets are in Towcester. Parts of other communities to benefit under phase one include Weedon, Braunston, Long Buckby, Silverstone, Pattishall, Paulerspury and Blisworth. Each of the cabinets funded by the project will have a sticker to help illustrate the availability of superfast broadband in the area (illustrated below).



4.5 Not all premises in these communities will gain access in this first wave; some may come forward later in the programme when the network is extended further through additional investment. The first phase will see around 11,300 premises passed in total. Residents and businesses will need to contact their internet service provider to find out about how to upgrade to a superfast service in these areas.

4.6 Planning and on site survey work has now been extended further to cover parts of communities in Northampton, Kingsthorpe, Brixworth, Byfield, Clopton, Oundle,

Thrapston, Broughton, Kissingbury, Yardley Hastings, Bozeat and Cogenhoe. Over 70 new fibre cabinet locations will be surveyed as part of this next wave. If all plans come forward, this next phase could see approaching 18,000 premises gain access to superfast broadband. The planning and survey work for this phase is approaching completion, with network build commencing thereafter. Superfast services should start becoming available in parts of these communities from Spring 2014 and into the Summer, subject to the outcome from surveys.

- 4.7 The roll out of superfast broadband with BT through the Superfast Northamptonshire project will continue until September 2015. It is important to note that the County Council's subsidised plans being delivered in partnership with BT are independent of their commercial plans and coverage decisions.

#### 2015 Universal Service Commitment

- 4.8 DCMS is also a funder of this part of the project, with interests managed by Broadband Delivery UK (BDUK). It is a requirement of this funding that the project also provides access to basic broadband services of 2Mbps or more to all other areas which will not benefit from superfast services by end 2015. Under the County Council's contract with BT, the provision of Basic Broadband will not be deployed until the superfast roll out is complete i.e. from September 2015. This is because until then the areas and premises which may fall into this category could change (because deployment plans can change). It is estimated that this could affect less than 1,500 premises across the county by 2015. However, it is relatively costly for the speed uplift delivered, with provision of around £800,000 currently committed in the project's budget to support the universal Basic Broadband requirement.
- 4.9 Moreover, because the County Council is not waiting until 2015 to bring forward other initiatives (beyond the existing contract with BT) to extend superfast coverage in the county, the likely outcome is that the number of premises which will fall into the sub-2Mbps category could be less and instead, a number should benefit much earlier from a significantly faster offer.
- 4.10 There is a value for money consideration in respect of the Basic Broadband target for 2015. The County Council could invest significant public funds to deliver this, only to have to invest again in the same area very quickly to upgrade the network to support superfast services. Instead, the funds earmarked for Basic Broadband solutions could be utilised to extend superfast broadband coverage in the first instance, providing a more robust and future proof solution for those benefiting. This is the recommendation of the project's Partnership Board.
- 4.11 There is also a risk that in some areas, public funding may not be allowed to be invested in the same area twice under EU State aid regulations because to do so, the investment would have to meet significant and robust speed and technology uplift requirements. There is a further question as to whether a minimum 2Mbps service (which may drop below this at peak times) is really the right level to be setting as a minimum standard for today's modern society and internet usage requirements.
- 4.12 Should Cabinet support the recommendation to transfer the Basic Broadband budget to extend NGA coverage at the outset, and should an agreement be reached with BDUK to enable this to proceed, then any premises which do still fall into the sub-

2Mbps category by the end of 2015 should instead secure a significantly better superfast broadband solution in the period from 2015-2017.

4.13 Whilst this proposal may mean that some premises have to wait longer to secure any service improvements, it is anticipated that this would affect less than 0.5% of premises in the county; it would enable others to secure enhanced benefits much sooner; and it would provide better value for money for public investment overall. Moreover, for any residents or businesses affected which have particularly strong needs for a faster broadband service, there remains the option to take up an interim satellite service should they choose to do so of their own volition. Satellite is available universally across the UK from a number of providers and can support speeds of up to 20Mbps.

## **5. Progress on Stage 2 of Superfast Northamptonshire: The Next Generation Strategy (NGS) – Extending Superfast Coverage**

- 5.1 The County Council set out its approach for extending NGA towards full coverage in its Next Generation Strategy (NGS) in June 2013. Our targets are for 90% coverage by 2015 and full coverage by the end of 2017; but the County Council does not want to wait until 2015 before taking its next steps. Securing solutions, and extending coverage, as early as possible is the key driver for the project and the County Council has been pro-active in its pursuit of additional funding and innovative solutions to enable this to happen.
- 5.2 This approach is ensuring that Northamptonshire remains one of the front runners in the race for connectivity.
- 5.3 The Government's UK Broadband Impact Study, published by SQW in November 2013, reported on the benefits of superfast broadband to the UK. Study projections suggest that for every £1 of public intervention there would be a net economic impact return of £20. This is acknowledged as a high level of return for public investment. The Study also suggests that the total net employment impacts from faster broadband rise to about 56,000 jobs at the UK level by 2024, of which about 20,000 jobs are attributable to the publicly funded intervention.
- 5.4 The County Council has been lobbying BDUK for an early announcement on the £250m Superfast Extension Programme (BDUK SEP) which will come into play from 2015. This included discussions with Ed Vaisey when he visited Towcester for the project's launch event on 3<sup>rd</sup> February 2014. It is important that we can procure solutions now to deliver early once this funding is released. An announcement was made on 25<sup>th</sup> February 2014. This provides an indicative allocation for Northamptonshire of £3.64m. This is a very good allocation in the context of the Government's targets to deliver 95% coverage nationally by 2017. However, it will not be sufficient, even if matched on a like-for-like basis, to meet the ambition to secure full coverage in this timescale.
- 5.5 The guidance published by BDUK states that a bid can be made for more than the indicative allocation if a strong business case can be demonstrated and importantly, if the totality of the bid can be matched locally. It is the intention that the County Council will seek to secure a higher BDUK commitment through the bidding process to help it deliver on its ambition. Match-funding on a like for like basis is a key requirement in

order to be able to secure BDUK SEP funds. The County Council is seeking significant contributions from local partners including the district and borough councils to secure further roll out in their areas, and Northamptonshire Enterprise Partnership through its Strategic Economic Plan, to add value to a proposed additional commitment by the County Council.

5.6 An expression of interest has to be submitted by 25<sup>th</sup> March 2014, followed by a formal Funding Request by the end of June 2014 (or sooner).

5.7 All of the above funding sources and contributions are essential to securing the necessary 'Next Generation Investment Fund' as envisaged in the NGS in June 2013 to support the extension of superfast broadband countywide.

#### Fast-Tracking Further Coverage

5.8 A window of opportunity exists to fast-track a procurement, whilst ensuring value for money is secured. The BDUK Framework, involving BT and Fujitsu, expires at the end of June and Northamptonshire is one of an expected select few local authorities nationally which are in an advanced state of readiness to take advantage of this option. This will enable a mini-competition to be run in less than 6 months (an alternative procurement process could take up to 12 months); it will ensure roll out plans are expedited at the earliest opportunity; it will minimise the costs and resources required to manage a procurement process, including legal costs; and will ensure Northamptonshire remains ahead of the game before many other local authorities also start vying for suppliers interest to engage in procurement processes in their areas.

5.9 The expected timescale for this mini-competition route involves:

- |   |                |
|---|----------------|
| • Cabinet approval for the procurement route                          | March 2014     |
| • Public consultation on the eligible intervention area               | March 2014     |
| • State aid Part 1 approval from the National Competency Centre       | March 2014     |
| • County Council and local authority match fund commitments confirmed | March 2014     |
| • BDUK approval and launch of the Invitation to Tender                | April 2014     |
| • Evaluation of ITT responses   | May/ June 2014 |
| • State aid Part 2 and BDUK assurance approvals                       | June 2014      |
| • Contract preparation and signing                                    | End June 2014  |

5.10 However, whilst this is the optimum route, it must be noted that there are a number of dependencies to achieve this which are beyond the control of the County Council, and there is limited opportunity for slippage in the programme. This means that more complex requirements of funding partners or funding arrangements will not be pursued through this immediate route. Four dependencies are outlined below:

- full and timely engagement from commercial suppliers such as BT Openreach, Virgin and IFNL<sup>1</sup> amongst others, responding to the Open

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<sup>1</sup> Independent Fibre Networks Limited

Market Review (OMR) request to determine their commercial plans within the deadlines;

- cooperation of the Framework suppliers, or a single Framework supplier, to respond to an Invitation to Tender within a curtailed timescale;
- the timely cooperation of BDUK to work with the County Council to avoid new hurdles and to manage the assurance gateway process in good time including governance approvals at key stages;
- the timely cooperation of the National Competency Centre to review and approve State aid applications in a timely manner.

5.11 At this stage all the key parties have indicated a willingness to work together to support a fast-track approach. However, the potential of this as an achievable procurement route within the timescales will be determined over the coming weeks as the first stages progress, including the OMR process. Due process will need to be followed and a robust approach taken to ensure that the outcome procured is the right one and represents value for money for public sector funding.

5.12 This is the preferred route recommended to secure the next substantial wave of deployment more quickly, with local funds matched to BDUK funding to double the investment in the county. It will be managed alongside any other smaller scale but nonetheless important initiatives, working with the telecoms market, under the Next Generation Strategy. The successful supplier would be required to commit significant capital investment towards the roll out extension. The scale of leverage would be determined through the procurement process.

#### Northampton Waterside Enterprise Zone

5.13 The Northampton Waterside Enterprise Zone is another area which suffers from patchy and poor broadband provision. In recent months, the County Council, working with the Borough Council, has led discussions with government on this issue. As a direct result of these efforts, BDUK has recently agreed to make a further allocation of £300,000 to extend superfast broadband coverage to the Enterprise Zone. This is yet more positive news and contributes to the Investment Fund. The County Council is also in discussions with Northampton Borough Council regarding potential additional funds to help extend coverage into the town centre as part of the next steps of the Superfast Northamptonshire project.

#### Superfast Northamptonshire Access to Finance

5.14 The Access to Finance initiative (A2F) was approved in principle by Cabinet in September 2013 and developed following feedback from the wider telecoms market on a portfolio of potential investment models which were suggested by the County Council in its NGS in June 2013. Access to finance was highlighted as one of the barriers faced by smaller telecoms companies. At the time of its launch in November, the County Council was the only local authority in the country promoting such an initiative.

5.15 The initiative offers fully secured loans on a commercial basis over a maximum period of five years to enable suppliers to invest commercially in areas where superfast solutions have yet to be secured. It has the potential to take us a step further towards our full coverage target. An Invitation to Apply was offered to nine

suppliers who expressed initial interest. Of these four submitted formal Expressions of Interest (EOI) and two were shortlisted at evaluation to progress to Full Application. These are [Warwicknet](#) and [Gigaclear](#). It is excellent news that this initiative has generated interest from these two suppliers, both of which are looking to expand their networks, and hope to invest in the county.

- 5.16 Each have a different customer base, one being business parks and industrial estates and the other being rural communities (including mixed residential and business, but primarily the former). It will be up to the supplier to determine and set out in the Full Application which business parks and communities would be targeted. This is because this is a commercial investment and it is important that the supplier is able to focus on whether it believes a strong business case exists. It also helps to ensure that the risks relating to repayment of investment to the County Council are reduced.
- 5.17 Details of the target areas and the number of business and homes expected to benefit will be released upon approval of the Full Application and loan agreement.
- 5.18 It is estimated that there are over 4,000 businesses located on the county's business parks and industrial estates alone which still suffer poor broadband and need a superfast solution, with more than this collectively also located in the town centres and rural areas and for which solutions are being sought through this second stage of the Superfast Northamptonshire project.
- 5.19 Whilst Northamptonshire is not unique in the UK when it comes to the poor coverage of superfast broadband in business parks, this issue is a major concern to the County Council. This was a key driver for the funding bid through NEP's Strategic Economic Plan. The County Council has also used the Access to Finance initiative to actively promote poorly served business parks and industrial estates to the wider telecoms market as an investment opportunity.
- 5.20 Full Applications are being finalised. Secured loan agreements could be in place in the next couple of months, subject to a successful evaluation and due diligence outcome, including more detailed assessment of company finances and business plan, the technology being deployed and the expertise and capacity to deliver it. Deployment to areas which the suppliers target could roll out within three to six months from approval. This will deliver coverage to a number of communities and businesses much faster than would otherwise be the case through either the mini-competition via the BDUK Framework or a more traditional procurement. It would also support the creation of new jobs and/or apprenticeships as well as benefits to local suppliers through potential sub-contracting opportunities. Such local economic benefits, and the scope for further added-value, will be explored further as the Full Applications are finalised.
- 5.21 The Access to Finance initiative is yet another measure being progressed in Northamptonshire which illustrates how the County Council wants to work with the telecoms industry to maximise benefits for the county and help to ensure that it is an attractive place to set-up and run a business. Moreover, the Access to Finance initiative will ensure that the County Council secures a return on its investment, ensuring smart investment and reducing the scale of the overall public sector funding gap to reach our full coverage target. This is a pilot initiative and is attracting interest

from the Communications Minister, BDUK and a number of other local authorities in the UK.

5.22 The A2F initiative is closely aligned with the Council Plan 2014-19 and the 'Cube', demonstrating:

- **An Innovative Public Sector:** an innovative approach to exploiting technology, it is intelligence led through significant engagement with the telecommunications market, and supporting Next Generation working by enabling people to work remotely, to do more business on line and enabling video conferencing (reducing costs and carbon footprint through reduced travel);
- **Increasing Wellbeing of Your Community:** supporting community prosperity by enabling people to more easily work from home and set up and run businesses from home; to learn and secure training and qualifications on line; and to more easily access health and other public services on line;
- **Helping You to Take Charge of Your Life:** it enables people and businesses to help themselves to the wealth of on-line information and being able to do more themselves on-line, whether business, learning, home life or leisure related; with faster upload and download internet speeds reducing the length of time it takes to transfer large data files which frees up more time for other activities
- **Enterprising Public Sector:** the initiative aims to maximise commercial investment from the telecoms market in Northamptonshire; it is helping to stimulate market competition, development and growth through a commissioning approach; it is enabling the County Council's funds to work smarter by securing a good return on its investment, financial as well as economic, social and environmental benefits.

5.23 The Access to Finance initiative and the proposed mini-competition procurement will be managed alongside the existing contract with BT to ensure that public sector funds and commercial initiatives are aligned to best effect. This includes avoiding the wasteful impact of over-build. This is where subsidised plans to extend the network could duplicate coverage being delivered commercially. This can happen when commercial coverage comes forward or becomes known after subsidised plans are set out. The County Council will seek to manage the programme of deployment plans effectively to ensure necessary adjustments are made as appropriate.

## 6. Partnership initiative with Avonline Broadband and the National Farmers Union

6.1 In 2013, the County Council carried out a number of demand registration surveys, one of which was targeted at the local farming community in order to better understand their broadband service experiences and requirements. The County Council secured a one year free satellite service from Avonline Broadband with speeds of up to 20Mbps, which was offered in a prize draw for participants of the survey.

6.2 The farming community tend to be located in the more rural areas of the county, with farm houses often situated on their own or in small clusters of properties. Many may fall into the most difficult to reach areas in terms of delivering a fibre based solution for broadband. However, farmers will increasingly need access to faster broadband to

run their business, interact with their customers and suppliers and to complete necessary reporting to government bodies.

- 6.3 The survey results showed that 82% of farmers responding experienced current broadband speeds of less than 5Mbps, with 3.8Mbps being the average. 85% stated that they would definitely or be very likely to take up a superfast service if it was available. 53% thought a faster service would improve communications with their suppliers.
- 6.4 A farmer in Glapthorn near Oundle in the east of the county won the prize draw. A video of the satellite installation and interviews with the farmer, Avonline and the Cabinet Member for Transport and Infrastructure has been produced. This captures the farmer's experience of his broadband internet service before the satellite installation and afterwards. This included an increase in speed from less than 2Mbps to 17Mbps on the day of installation. The County Council will be following the farmer's experience over the coming months to see how much the availability of a faster service is helping him with business and from a whole family perspective to be able to do more on line more easily.
- 6.5 The video can be viewed from the project website at [www.superfastnorthamptonshire.net](http://www.superfastnorthamptonshire.net)

## **7. Mapping of Deployment Plans**

- 7.1 Expected deployment plans are presented on the project's website in the form of an interactive 'When and Where' map (and 'static' deployment map in pdf form). This is intended to help people to help themselves to information and the latest news on project progress. Our mapping is one of the most detailed in the country with the aim of providing as much information as possible to local residents and businesses, whilst recognising that plans are not definitive and that information is not held or shown at premise level. Nonetheless, it enables you to search your postcode to see when superfast broadband services may start to roll out in your area. The associated caveats are necessary because expected plans could change at any point until the network build is delivered and cabinets have gone 'live'. The reasons for this, along with an explanation of why not all premises in a postcode area may benefit at the same time, is provided on the project website ([Planning and Survey](#) page and [FAQ's](#)).
- 7.2 A further update to the deployment and 'When and Where' maps will be made in March to show the latest areas to go live, following those announced in February 2013. The maps will be updated to show any changes in plans and the latest progress updates at least every two months.

## **8. Complementary activities**

- 8.1 Alongside the physical deployment of network infrastructure a programme of demand stimulation is being developed. This will be ramped up as the network is rolled out and more and more areas 'go live' across the county. The programme is aimed at raising awareness about the availability of superfast services as they are deployed, promoting messages about the benefits which access can bring, and raising understanding, particularly for business, about how technology can be applied to

transform business performance and growth. A Superfast Business initiative will be launched later in the year in cooperation with Northamptonshire Enterprise Partnership (NEP) to support this including workshops, mentoring and small grants to support training, investment in new technology, and connectivity. This will be reported in more detail to a future meeting of Cabinet.

8.2 The County Council will also be working with its business partners including NEP, the Federation of Small Business and the Institute of Directors, to build up local showcases so businesses in different sectors can learn from each other about how applications supported by superfast broadband can be applied to secure business efficiencies, support new ways to reach customers and suppliers, and increase business productivity.

## **9. Alternative Options**

9.1 The alternative to taking forward further measures now to extend superfast broadband coverage as soon as possible, would be to wait until the end of 2015 when the co-investment partnership with BT is complete and then consider a further procurement; or alternatively, not to take forward any additional measures. The latter would mean that Northamptonshire's ambition to secure access to superfast broadband for all parts of the county by 2017 would not be achieved and significant economic growth potential would be stifled. The first option would result in many homes and businesses not being able to access superfast broadband for some considerable time which could result in businesses re-locating out of the county or to other areas and inhibiting business start ups, growth and inward investment. Less people would be able to take advantage of superfast broadband connectivity to work effectively from home, or to start up and run businesses from home, and less people would be able to engage more easily with local authority and public sector 'channel shift' programmes to get more services accessible on-line.

9.2 The alternative to the fast track mini-competition procurement route through the BDUK Framework would be to undertake a different procurement in accordance with European and UK public procurement regulations, advertised through the Official Journal of the European Union (OJEU). This option would be expected to take at least six months longer, if not more, and would require a more significant staff resource, including legal and procurement services. Should the Framework mini-competition route ultimately not be possible due to any of the parties involved being unable to respond within the tight timescales required, then this is likely to be one of the alternative options to be progressed. Consideration may also be given to other initiatives supporting smaller scale coverage solutions, including through the Superfast Business initiative, alongside the preferred procurement route where this may add value, enhance competition and provide value for money.

## 10. Financial Implications

10.1 The County Council has already secured £4.08m from BDUK and has itself committed the same sum in the period up to December 2015 through the contract with BT. This will support the achievement of our 90% superfast coverage target by 2015, when combined with expected commercial plans. The BDUK funds are being drawn down first, with County Council investment expected to come into play from Q3 in 2014-15.

### Building the NGS Next Generation Investment Fund

10.2 The County Council set out its proposals in the Next Generation Strategy (June 2013) to actively pursue funding to create a 'Next Generation Investment Fund' to extend coverage towards our 2017 target. This is a public sector funding pot to be invested to bridge the funding gap in commercial solution viability. The Government's recent indicative allocation of a further £3.64m through the BDUK SEP is a firm basis for building this Fund. The ability for the County Council to bid for a higher level of funding from BDUK, subject to a local like-for-like match funding commitment, is a significant opportunity to substantially address the funding gap towards the achievement of our full coverage targets. The alternative would be a more piecemeal approach. This has less attraction as it provides for less certainty and could be more resource intensive which ultimately could impact on the timescales for meeting the project targets.

10.3 To make a major leap towards the full coverage target, it is proposed that the County Council will submit a Funding Request to BDUK for an increased allocation of £5.5m. This would need to be matched locally with support and contributions from local partners.

10.4 In anticipation, £2m is already prioritised in the County Council's Capital Strategy 2014-19 as part of the Development Pool from 2015-16. A report will be presented to the County Council's Capital Investment Board shortly to approve entry into the Council's committed capital programme.

10.5 The County Council has also been making the case to the seven district and borough councils for significant local funding commitments. These contributions would be based on the principle that their funding would be matched through funds secured by the County Council, enabling the district and borough councils to double the investment potential of their commitments and ensure that NGA is extended early in their areas. The more that can be secured the further coverage can be extended. In addition, the County Council is progressing a £2m bid through Northamptonshire Enterprise Partnership's Strategic Economic Plan which is due to be submitted to Government later this month. The target for this investment would be the significant number of business parks and industrial estates which remain with very poor broadband speed coverage and are a priority for deployment plans through the Superfast Northamptonshire project.

- 10.6 It is the intention that collectively these contributions will provide the basis for an enhanced bid to BDUK.
- 10.7 Securing this critical mass in funding is also essential to secure supplier interest and to maximise the benefits through the proposed procurement in 2014 to extend the superfast broadband roll out.
- 10.8 In addition, the County Council recently secured up to £300,000 from BDUK, on top of the indicative £3.64m allocation above. This is ring-fenced to support fibre broadband deployment in the Northampton Waterside Enterprise Zone. This would complement any investment that Northampton Borough Council may consider committing to the project to enable the town centre to benefit alongside the Enterprise Zone and will contribute to the Next Generation Investment Fund.
- 10.9 Funds for the Access to Finance initiative will be arranged via commercial loans to providers which meet the necessary application criteria and be subject to specific terms and conditions to be agreed. This will also include support from the Prosperity Fund to secure superfast coverage to poorly served business parks. Actual spend levels, profiles and terms will be agreed through the Full Application and due diligence processes. The bulk of investment is likely to be in 2014-15. In addition to supporting additional coverage via the Access to Finance initiative, the Prosperity Fund will also enable other superfast business initiatives aligned with other partner activity. This includes showcases, training and grants.
- 10.10 The revenue costs for the Superfast Northamptonshire project in 2013-14 are forecast to be £100,000. This has supported legal costs, technical, mapping and commercial advice through Atkins, events, demand stimulation and related print and design work. This excludes the core project team. The revenue budget for 2014-15 is £100,000 to support similar activities and the proposed procurement, and £100,000 is earmarked for the Superfast Business initiative through the Prosperity Fund.

	Current year	Forecast		
	2013-14	2014-15	2015-16	2016-17
	£000	£000	£000	£000
<b>Capital Investment</b>				
Costs (existing BT contract)	760	4,600	2,800	
Costs (extension programme – some costs/contributions yet to be determined)		300 <sup>2</sup>	4,000 <sup>3</sup>	5,280 <sup>4</sup>
Funded by	NCC committed and discretionary capital funding, BDUK committed and indicative grant, potential NEP SEP funding, and contributions from the district and borough councils			
<b>On-going costs (revenue)</b>				
Costs – Additional Staffing	17			
Other	83	200	100	
Total on-going costs (revenue)	100	200	100	100
Funded by	NCC revenue budget for project			
What benefits will the proposal deliver?	Supports NCC's Channel Shift initiative Economic, social and environmental benefits Return on investment secured through clawback on the BT partnership project if excess profit generated Commercial return secured if loans agreed through the Access to Finance initiative Economic impacts outlined in Report para. 8.3			

## 11. Consultation

11.1 County Council consulted on the Next Generation Strategy between June and August 2013.

11.2 Consultation on the intervention area for the contract with BT was undertaken in the summer of 2012 and was approved as sound by the Government's National Competency Centre for the UK Broadband State Aid Scheme.

11.3 A further Open Market Review and public consultation with the market will be undertaken in 2014 to define the eligible area of intervention for the next proposed procurement. This is where suppliers are asked to confirm their existing commercial coverage for superfast and basic broadband and their commercial plans looking ahead for a period of at least three years. This consultation will take place in March 2014. Whilst this consultation is necessary to inform the potential scope of intervention for the forthcoming procurement, if commercial plans have changed since last consulted on in 2012, the County Council may need to consider using the Change

<sup>2</sup> Confirmed BDUK Allocation for the Northampton Waterside Enterprise Zone

<sup>3</sup> Includes £2m County Council capital programme allocation and £2m of the £3.64m BDUK funding

<sup>4</sup> Includes the balance of £1.64m from the BDUK allocation and assumes additional match from other local partners is confirmed to secure this balance through the BDUK bidding process in 2014. It also includes the potential £2m bid through NEPs Strategic Economic Plan (yet to be confirmed).

Control mechanism in its contract with BT to manage any necessary changes to the scope of the contracted coverage area for investment through that contract. This could mean bringing areas within scope or removing areas from scope. Arrangements are already in place to facilitate this mechanism should it be required. BDUK also provides guidance on consultation with the market and the use of change control.

- 11.4 Based on the 2012 consultation, the County Council anticipates that about three quarters of the county should be served commercially to secure access to superfast broadband by 2015. There is a risk that if commercial plans do not come forward as envisaged that the scale and scope of localities in the county which may still require coverage could change. This could increase or decrease the scale of the challenge we face to secure full coverage by 2017.
- 11.5 The project is overseen by a Partnership Board which involves representation from the district and borough councils (the Chief Executives of South and East Northamptonshire), the Federation of Small Businesses, the Northamptonshire Branch of the Institute of Directors, the Northamptonshire Association of Local Councils, Moulton College and Northampton University. The County Council also reports regularly to meetings of the Northamptonshire Leadership Group and County Chief Executives.
- 11.6 The project team has attended meetings of the South Northamptonshire Scrutiny Committee (September 2013), have met twice with the Corby Business Group (September 2013 and February 2014) and have presented at a number of meetings and events including to Wilbarston and Grange Park Parish Councils, at Abthorpe Broadband Special AGM, and two INCA<sup>5</sup> broadband events in London. It has also met with several telecoms suppliers to promote the county as an investment opportunity.
- 11.7 The Cabinet portfolio holder for the project, Councillor Andre Gonzalez de Savage, manages a blog on the project website, enabling members of the public to raise queries directly with him about the project and progress and to 'post' comments. The project website at [www.superfastnorthamptonshire.net](http://www.superfastnorthamptonshire.net) is the main source for the latest information about the project and it has attracted over 70,000 hits since summer 2012, of which over half have been recorded in the last six months demonstrating the increasing interest in the project.. The project team also respond to numerous enquiries on a daily basis by email via [bigidea@northamptonshire.gov.uk](mailto:bigidea@northamptonshire.gov.uk) with over 200 enquiries managed in the last five months to mid February. Ten Newsletters to report on the project have also been published. These go to the county's MP's and MEP's, all County Councillors, the district and borough councils, all town and parish councils, to suppliers in the telecoms industry, to local subscribers and it is available for download from the website.

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<sup>5</sup> Independent Networks Cooperative Association with members from the telecommunications industry, primarily smaller suppliers

## 12. Risk and Business Continuity Management

### a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
2017 full NGA coverage target not reached due to funding gap and deployment timescales	Key sources of potential additional funding identified at the outset with a view to maximising commitments within the first year. Partnership Board ownership of risk. High level funding strategy in place and business case for gap funding developing	Amber
2017 full NGA coverage target not reached due to significant changes to commercial deployment plans in the county delivering less coverage than suggested	Market warming and dialogue with broadband infrastructure providers on a regular basis. Open Market Review in 2014 to re-consult on market plans. Access to Finance initiative to encourage further commercial investment in county.	Amber
Economic, social and environmental benefits are not fully realised locally	The County Council will work with BT, NEP and others on a programme of demand stimulation to raise awareness of the benefits and opportunities, including business transformation. The Project supports the County Council's channel shift programme.	Green

### b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Northamptonshire's economy and GVA potential is fundamentally undermined, businesses move out of the county to areas with access to superfast broadband and inward investment is lost	Red
Channel shift initiatives by the County Council and other public sector bodies fail as large parts of the county cannot access on line services affecting those living in rural areas in particular	Red
Educational attainment standards fall as children and others in education cannot access virtual learning and educational / research material on line	Red
Enhancements in telecare and telehealth are frustrated by lack of superfast broadband in particular affecting those living in rural areas where such services may provide most benefit	Red

## 13. List of Appendices - None

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Contact details:	Tel: 01604 366013 Email: <a href="mailto:snaylor@northamptonshire.gov.uk">snaylor@northamptonshire.gov.uk</a>
Background Papers:	Superfast Northamptonshire Newsletters up to No. 10 Project Website: <a href="http://www.superfastnorthamptonshire.net">www.superfastnorthamptonshire.net</a>
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	YES
Will further decisions be required? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	YES
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	YES Name of SFM: Rosemary Pallot  Recent external funding announcements and the business case for the Development Pool £2m will be reported to CIB shortly
Has the report been cleared by the relevant Director?	YES Name of Director: Tony Ciaburro
Has the relevant Cabinet Member been consulted?	YES Cabinet Members: Andre Gonzalez de Savage and Bill Parker
Has the relevant scrutiny committee been consulted?	NO Scrutiny Committee:
Has the report been cleared by Legal Services?	YES Name of solicitor: Julie Thomlinson
	Solicitor's comments: None
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Liam Beasley
Have any property issues been cleared by Property and Asset Management?	YES Name of officer: Susan Carmichael
Has an Equalities Impact Assessment been carried out in relation to this report?	<a href="http://www.northamptonshire.gov.uk/en/council/services/Council/equalities/Pages/egceia.aspx">http://www.northamptonshire.gov.uk/en/council/services/Council/equalities/Pages/egceia.aspx</a>
Are there any community safety implications?	None – end user application of services enabled by access to superfast broadband infrastructure delivered by the Project is a matter for service users. Advice to parents on internet security is available from Retail Service Providers

<p>Are there any environmental implications:</p>	<p>An environmental impact assessment of the Project has not been undertaken. However, evidence available more generally on broadband suggests that access to superfast broadband does have environmental benefits in supporting reduced need to travel through home and tele working opportunities and video conferencing with resulting carbon emission savings; that application in 'smart' homes enables more efficient use of energy; and enabling more public services to be delivered on line saves journeys by the public to service centres including local authorities, doctors surgeries, and places of education for example.</p>
<p>Are there any Health &amp; Safety Implications:</p>	<p>NO</p>
<p>Are there any Human Resources Implications:</p>	<p>NO</p>
<p>Are there any human rights implications:</p>	<p>NO</p>
<p>Constituency Interest:</p>	<p>Countywide</p>