

<b>Key Decision Required:</b>	<b>YES</b>	<b>In the Forward Plan:</b>	<b>YES</b>
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**CABINET**

**18 MARCH 2016**

**JOINT REPORT OF THE PORTFOLIO HOLDER FOR REGENERATION AND  
THE PORTFOLIO HOLDER FOR FINANCE AND TRANSFORMATION**

**A.4 SUPERFAST BROADBAND**

(Report prepared by Michelle Gordon)

**PART 1 – KEY INFORMATION**

<b>PURPOSE OF THE REPORT</b>
To update Cabinet on the progress of the Superfast Essex project and to confirm the indicative allocation of additional funding to Superfast Essex towards the fibre extension project in Tendring.

<b>EXECUTIVE SUMMARY</b>
<ul style="list-style-type: none"> <li>• Through the commercial programme and the first phase of Broadband Delivery UK (BDUK) funding 80% of Tendring premises (57,313) will have been upgraded to superfast broadband.</li> <li>• Phase 2 of the BDUK programme is expected to reach an additional 8,444 premises in Tendring, of which 1,673 are proposed to be funded by the Council's contribution, agreed in principle by Councillor Page in June 2014, of £164,000. This will bring the total coverage across Tendring to approximately 92.7%.</li> <li>• The Government's target is to reach 95% of premises (residential and commercial properties).</li> <li>• The Council is working very closely with the Superfast Essex Team to fully understand the options available to upgrade the remaining properties.</li> </ul> <p>There is sufficient funding available within the budget for Regeneration projects to support the funding commitment of £164,000.</p>

<b>RECOMMENDATION</b>
<p><b>It is RECOMMENDED that:</b></p> <p>(a) <b>Cabinet agrees to contribute £164,000 to Essex County Council's Superfast Essex programme as the Council's contribution towards the cost of the Superfast Broadband Extension Project in Tendring, to be funded from the Business Investment and Growth budget;</b></p> <p>(b) <b>Authority be granted to the Chief Executive in consultation with the Regeneration and Finance and Transformation Portfolio Holders to finalise the Statement of Key Principles setting out parameters for the use of this money.</b></p>

- (c) Cabinet aspires to achieve superfast broadband coverage for the whole of the Tendring District;
- (d) Officers identify and engage with potential alternative broadband providers who may be able to assist in the delivery of the aspiration at (c) above and that expressions of interest be sought from them;
- (e) The Leader writes to both local Members of Parliament seeking their commitment to press for 100% superfast broadband coverage for Tendring; and
- (f) A progress report be submitted to Cabinet on Friday 8 July 2016.

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

Delivering superfast broadband is a key aspiration of the Regeneration, Tourism and Health Inequalities strategies.

This project will help to deliver on all three key priorities of the Council's Corporate Plan through using technology to improve access to services, reducing social and digital isolation, improving the tourism industry, and help to regenerate the District by addressing some aspects of social exclusion and economic deprivation.

### FINANCE, OTHER RESOURCES AND RISK

#### Finance and other resources

There is sufficient budget allocated to Regeneration projects from the New Homes Bonus and central budgets to fund this scheme without compromising other planned regeneration projects.

#### Risk

That the modelling done by the Superfast Essex Team on the number of properties that will be upgraded as a consequence of the Council's contribution is inaccurate and that the funding actually required to facilitate the proposed upgrades is significantly more than anticipated.

The Council will seek to mitigate this risk through its close association with the Superfast Essex Team, and its working relationship with BT and Openreach. Every effort will be made to ensure that the financial modelling is accurate and that the Council's contribution will support the number of properties identified.

Superfast Essex have commissioned additional modelling to be carried out by an independent company in order to validate the data and provide more certainty over the outcomes of the project.

### LEGAL

As this money is being given to Essex County Council's Superfast Essex programme specifically to upgrade additional properties across Tendring, and in order to ensure that this money is used appropriately, a Statement of Key Principles has been drafted which stipulates our priorities for the use of this money.

This includes prioritising those areas in most need, and specifically excluding properties which can already achieve speeds of 15mb or higher from being upgraded using this investment as well as agreeing monitoring and reporting procedures.

The Regeneration Manager in consultation with the Regeneration and Finance and Transformation Portfolio Holders will finalise the Statement of Key Principles following the Cabinet decision.

A draft of the Statement is attached as an Appendix to this report.

#### **OTHER IMPLICATIONS**

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

**Crime and Disorder** - No direct implications

**Equality and Diversity** – This funding allocation will allow the Council to prioritise wards which experience the poorest broadband connections in Tendring for future improvements to services.

**Consultation/Public Engagement** - No public consultation has been carried out by the Council, but the Superfast Essex programme has engaged with Parish Councils, businesses and residents through their Make the Connection survey to identify areas with the highest levels of demand.

**Area or Ward Affected** - All

**Health Inequalities** – No direct implications

### **PART 3 – SUPPORTING INFORMATION**

#### **BACKGROUND**

The Superfast Essex Broadband Programme is investing in broadband infrastructure in areas of market failure. The commercial suppliers have deemed it not commercially viable to make the investment in these areas, and so are not planning to invest in upgrades at any time within the next five years, if at all.

Through this programme and BT's commercial rollout, approximately 92.7% of all residential and business premises in Tendring will be upgraded to superfast broadband by 2020 and 100% of properties in the District will be able to access a minimum of 2mbps by summer 2016.

The table below shows the total investment so far and the number of properties connected by each phase of the programme:

	<b>Premises Upgraded</b>	<b>% Coverage</b>	<b>Value of Investment</b>	<b>Programme Period</b>
<b>Commercial rollout</b>	45,538	64	£2.5bn nationwide	2011-2013

<b>BDUK Phase 1</b>	11,775	80	£24.6m across Essex	2012-2017
<b>BDUK Phase 2a</b>	8,444 (1,673 to be funded by the Council)	92.7	£18.9m across Essex, including £164,000 from the Council	2016-2020

By committing Council funding to this project, there are a number of benefits to the Council, including the ability to have a much stronger influence on where the money is invested in order to make sure that it supports the communities with the greatest need.

The Council will be able to prioritise the investment to support the Council's drive to encourage home and remote working for Council staff who live within the District, as without the appropriate infrastructure throughout the District, this would not be fully achievable.

By working through Essex County Council's Superfast Essex programme to make this investment, the Council's funding is matched by BDUK using funding from DCMS as well as match funding from BT as the supplier for this contract. This means that the total investment in Tendring resulting from the Council's contribution of £164,000 could be just over £600,000.

Essex County Council have confirmed that Local Authorities who have co-invested in the programme will also be prioritised for further investment using the gainshare or success dividend from Phase 1 of the programme. This could mean that Tendring will reach 95% coverage without any additional investment from the Council over and above the £164,000 already included in the modelling.

The figures above for the number of properties and therefore, the percentage coverage across the District are based on modelling work undertaken by the Superfast Essex programme team and are subject to change depending on a number of factors including unforeseen infrastructure costs for improving the service for the hardest to reach communities or technical challenges for communities with "long-line" problems.

A programme of partnership meetings and a requirement for quarterly progress updates will ensure that we are kept fully informed on the delivery of this programme.

### **Final 7% Options**

As detailed above, the current Superfast Essex programme may not reach the Government target of 95% coverage in Tendring, so the Council is also being asked to consider contributing additional funding in order to ensure that as many properties as possible in Tendring are connected to superfast broadband infrastructure.

Based on available information, the table below shows the incremental increases needed in the number of premises covered in order to reach significant connectivity milestones:

<b>Premises to be upgraded from 92.7%</b>	<b>% target</b>
<b>216</b>	93%
<b>1635</b>	95%
<b>3053</b>	97%
<b>4472</b>	99%
<b>5182</b>	100%

The Council is working closely with Superfast Essex to better understand the level of additional investment that would be necessary to meet these connectivity milestones with the goal of achieving District wide coverage of superfast broadband.

Whilst all of the current Superfast Essex project budget has already been committed, they will also receive additional funding via a “gainshare agreement” with BT and we are currently exploring how this money could be used to further improve coverage in Tendring as this could reduce the gap funding being sought from TDC.

A further report detailing the cost of this work and the Council's contribution (should it decide to intervene) will be brought to Cabinet for consideration as soon as the modelling has been satisfactorily completed.

#### **BACKGROUND PAPERS FOR THE DECISION**

Concurrence signed by Councillor Page (then Leader of the Council and Portfolio Holder for Regeneration, Inward Investment and Growth) in June 2014, providing ‘in principle’ support to fund the extension of broadband services in Tendring.

#### **APPENDICES**

Draft Statement of Key Principles

## Briefing Note

### Request by Superfast Essex Extension Project for additional funding

- The current position is that 78% of Tendring premises (54,685) have access to superfast broadband.
- The Government's target is to reach 95% of premises (residential and commercial properties).
- Funding currently committed includes £4.5m from ECC, £4.5m from BDUK and £4m from the telecoms supplier, which equates to a total budget of £13m to extend the superfast fibre rollout to 93%. In order to match the Government's target, they are now looking for Districts/Borough/City Councils to add to this sum.
- The total budget required to reach 95% is £18.5m, which is made up of:
  - £4.5m from ECC
  - £6.3m from BDUK
  - £5.9m from the supplier
  - £1.8m from Local Authorities
- According to the calculations made by ECC an additional £1,155,421 is required to bridge the gap from 93% to 95% in Tendring (this equates to 3,301 premises). This would be made up of **£385,140** from Tendring, to be matched with £770,280 from BDUK and the commercial supplier.
- However, these calculations are very rough and there appears to be some discrepancies. Our own basic calculations suggest that the gap in Tendring from 93-95% is actually only 1400 premises, which would cost £490,000 requiring a **£164,000** contribution from Tendring.
- If we were able to offer this amount, this would mean that of the 70,027 premises in Tendring, 42,672 will have been upgraded through commercial programmes and 23,853 premises will have been upgraded through the use of public subsidy (but only 1,400 or 2% of these properties require subsidy from TDC).
- There could be an opportunity to request contributions from relevant Parishes in order to reduce the financial burden on TDC.
- The deadline for responses is 6<sup>th</sup> June, after which ECC will collate responses from all the District/Borough and City Councils, and submit a combined bid for funding to BDUK at the end of June.
- ECC require confirmed allocations by the end of July.

There are a number of options that could be considered:

- Do nothing – leave to market forces
- Contribute total amount requested of £385,140 which would deliver improvements to 3,301 premises
- Contribute the lower figure of £164,000 based on our own calculations, which would deliver improvements to 1,400 premises and consider any additional funding request on its merit when backed up with detailed figures

There are a number of options for where this allocation could come from:

- New Homes Bonus – there is currently sufficient budget allocated to Regeneration projects
- Rural Infrastructure Fund – there is currently £99,550 in this budget which is presently unallocated
- The funding is recommended to come from the current years budget

6th June 2014

Dear Cllr Page,

**Ref: Superfast Essex extension project concurrence**

As per the detailed briefing note attached, I am seeking your concurrence to submit an expression of interest to Essex County Council for the allocation of £164,000 towards the extension of the superfast broadband rollout in Tendring.

If you concur, can I ask that you sign the attached pro-forma and return it to me at your earliest convenience. If you have any questions please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink that reads "Michelle Gordon". The signature is written in a cursive style with a large initial 'M'.

Michelle Gordon

Enterprise and Innovation Officer

I refer to your concurrence letter dated 6th June with regard to committing funding for the Superfast Essex extension project as outlined in the letter.

\* I concur/~~do not concur~~ with the actions you propose.

A handwritten signature in black ink, appearing to read 'M Page', is written over a horizontal dotted line.

Councillor M Page

Leader of the Council and Inward Investment and Regeneration Portfolio Holder

\*Please delete as appropriate

Additional comments (if any):

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## **Draft Statement of Key Principles**

### **Parties**

1. Tendring District Council of Town Hall, Station Road, Clacton-on-Sea, Essex, CO15 1SE (Funder): and
2. Essex County Council (Superfast Essex) of County Hall, Chelmsford, Essex, CM1 1LX (Recipient)

### **Background**

- A. The Funder has agreed to pay the Grant to the Recipient to assist it in carrying out the Project.
- B. This Statement sets out the terms and conditions on which the Grant is made by the Funder to the Recipient.
- C. These terms and conditions are intended to ensure that the Grant is used for the purpose for which it is awarded.

### **Project**

This Project is for improvements to coverage of superfast broadband throughout Tendring District, but specifically in rural areas, as part of the Superfast Essex project.

### **Purpose of Grant**

The Recipient shall use the Grant only for the delivery of the Project and in accordance with the terms and conditions set out in this Statement. The Grant shall not be used for any other purpose without prior written agreement of the Funder.

The understanding is that this grant could enable up to 1,673 additional properties to be connected to superfast fibre broadband dependent on any prioritisation agreed by the Funder.

The Grant shall be used to prioritise improvements to specific villages or communities with the poorest service in order to specifically address areas of market failure and generate a more significant local impact for the investment for these harder to reach communities.

The Funder also requires that the project specifically exclude properties who can already achieve speeds of 15mbps or higher from being upgraded using this investment.

### **Payment of Grant**

Subject to the provisions of this Agreement, the Funder shall pay the Grant to the Recipient on a date to be agreed between the Parties, providing not less than 30 days notice in advance of the invoice being raised.

In the event of any underspend, the recipient shall return a pro-rated sum consistent with the Funder's level of contribution.

## **Monitoring and Reporting**

Quarterly reports will be submitted by the Recipient showing progress of the Project and highlighting achievements and numbers of properties covered.

A minimum of two representatives from the Funder (one Elected Member and one Officer) will attend the Superfast Essex Board meetings.

## **Acknowledgement and Publicity**

The Recipient shall acknowledge the contribution made by the Funder in any and all materials that refer to the Project and in any written or spoken presentations about the Project. Such acknowledgements shall include the Funders name and logo using the templates provided.

A representative from the Funder will be invited to quote in all relevant press releases.

The Recipient shall liaise with the Funders representative to ensure that an appropriate person from the Funders organisation is invited to attend public events.

The recipient agrees to participate in and co-operate with promotional activities relating to the Project that may be instigated by and/or organised by the Funder.