

CABINET

RURAL BROADBAND INDIVIDUAL CABINET MEMBER DECISION COUNCILLOR ABBOTT BRYNING

REPORT OF HEAD OF REGENERATION AND POLICY

| PURPOSE OF REPORT | | | | |
|--|--------------------------|------------------|-------------------------------------|------------------------------|
| To decide which rural broadband project the City Council should support. | | | | |
| Key Decision | <input type="checkbox"/> | Non-Key Decision | <input checked="" type="checkbox"/> | Referral from Cabinet Member |
| Date Included in Forward Plan | N/A | | | |
| This report is public | | | | |

RECOMMENDATIONS

- (1) That the city council supports the rural broadband bid submitted by Lancashire County Council.
- (2) That this support is conditional on the county council confirming that the outcomes anticipated from the city council's RDPE broadband project will be delivered under the first phase of the county project.
- (3) Subject to approval of the above, the city council's bid for RDPE funding be withdrawn and officer resources be directed to assist the county project and enable local community engagement and scrutiny of the proposals.

1.0 Introduction

- 1.1 The provision of high bandwidth broadband infrastructure to many rural areas is not commercially viable. This is recognised in the Digital Britain report which proposes public support to secure broadband for consumers in rural areas – the so called 'Final Third'. In recent months city council officers have been working with rural communities to develop a bid to secure Rural Development Programme England (RDPE) funding for a project targeted at making a step-change in broadband provision and availability to homes and businesses in Abbeystead, Arkholme, Melling, Wennington, Wray and Caton. This "Next Generation Access" (NGA) broadband project is intended to be a pilot project with a view to extending an approach to delivering NGA broadband to rural areas throughout the county.

- 1.2 The project is classed as “NGA” broadband due to the much faster, and future proofed, upload and download speed anticipated from the proposed project investment in fibre optic infrastructure to individual premises, as opposed to the lower, and unsatisfactory, broadband speeds available through existing BT owned copper telephone cable and its associated infrastructure. Indeed in most cases broadband in any form is currently not available in the rural areas targeted under the project.
- 1.3 A bid was submitted to the North West Regional Development Agency (NWDA) for £750,000 of RDPE funding on 3rd September 2010. The NWDA has appraised the project documentation and formally responded in December by raising a number of technical and practical queries on the funding bid and shape of the project that require resolution.
- 1.4 However, in early January Lancashire County Council announced plans to lead a wider rural broadband project with the intention of improving broadband provision across the whole county and concentrating on those areas not currently adequately served in terms of broadband provision by the market. The intention is to secure £20m in NWDA funding and appoint a major telecoms delivery/investment partner to kick-start the project.
- 1.5 Discussions at senior officer level have revealed that the county council is prepared to include and deliver the city council’s anticipated outcomes from the RDPE project under a first phase of their wider scheme. It therefore appropriate to consider whether to continue with the smaller RDPE pilot bid or whether to direct officer and community energies to work with the county council on the wider project.
- 1.6 It should be noted that, in simple terms, the main barrier to effective delivery of high speed broadband to rural areas is the relatively high cost of provision of new infrastructure to sparsely populated areas allied to the poor potential return on investment available to commercial providers from the lower population volumes served. In many instances provision is not commercially viable meaning there is scope for public intervention.

2.0 Proposal Details

City Council led RDPE Bid

- 2.1 The RDPE bid is intended to deliver NGA speed broadband to homes and businesses in Abbeystead (via Quernmore), Arkholme, Melling, Wennington, Wray and Caton through the provision of new broadband infrastructure which enables the linking of isolated communities to the main internet networks. This is proposed to be achieved by laying new fibre optic lines from existing internet exchanges to central points in rural villages and then securing, if practical, fibre to individual premises. The economies which enable the infrastructure costs to be lowered below standard telecom provider costs (which would render the project too expensive), are anticipated to arise from increased community input in the laying and delivery of the fibre network.
- 2.2 These communities have been identified as actively working towards NGA and have an immediate need for appropriate backhaul. However, they are some way off the existing core network and need to be reached by new network build.
- 2.3 The city council bid has been in development for some time and has incorporated successful partnership working with input and support from representatives of the rural communities involved. As such, expectations have been raised and it is important that whichever project is eventually

implemented, that local communities remain informed and feel ownership of the initiative.

County Council Proposal

- 2.4 The county council has applied to the NWDA for “concept approval” for £20m funding towards. An estimated £35m will be needed to roll-out broadband provision throughout the rural parts of Lancashire meaning that match funding will be required. A response from the NWDA is expected soon and, assuming this is favourable, work will commence soon on the main grant application form.
- 2.5 The proposal will require the county council to appoint a commercial partner to facilitate delivery and bring additional investment to the table. The county propose to publish an OJEU notice early in February to begin the process of tendering for a delivery partner in line with EU competition rules. Procurement, likely to be considered under a more lengthy Competitive Dialogue route, will take around 6-9 months to complete. It is hoped that the procurement and grant funding stages can be completed by October 2011 with an actual start being made to the project in early 2012.
- 2.6 County council officers have expressed a wish to take advantage of, and build on the work, undertaken to date on the Lancaster RDPE project, particularly on the community engagement side. County officers have also proposed that the delivery of the RDPE project’s anticipated outcomes, in terms of connectivity, speed and coverage, would be included as a first phase in delivery of the wider county proposal. To this end, the Lancaster bid could be used to establish the “baseline” for the wider project. For example, companies tendering against the county project would be asked to submit solutions and prices based on the RDPE bid’s projected targets and outputs. The Competitive Dialogue tender route should also enable the exchange of ideas and solutions to the practical delivery specification. In broad terms, and taking the county proposal at face, this means a high-speed broadband solution could still be brought to the rural communities identified in the RDPE bid.

3.0 Details of Consultation

- 3.1 Extensive consultation has taken place with the relevant local communities and businesses as part of the city council RDPE bid. The county council launched their proposal at a major event held in Preston in early January but there is no information on what further consultation has been undertaken. Information on the county proposal is also necessarily limited as the Competitive Dialogue tender route dictates that much of the specification and delivery route developed to provide a ‘solution’ to the rural broadband ‘problem’ is formulated during the progression of the tender process itself by discussion with the competing bidders.

4.0 Options and Options Analysis (including risk assessment)

| | Option 1: Continue with the City Council bid | Option 2: Support County bid and withdraw City Council bid | Option 3: “Twin-track both applications |
|---------------|---|--|---|
| Advantages | Local control and ownership. Greater certainty that local schemes will be prioritised. Meets community expectations raised during bid development. | Less risk for City Council and lower level of staff input. Possible efficiency savings as part of wider project. Better chance of funding. County take risk of finding match funding. | Keeps options open until NWDA makes decision on funding. |
| Disadvantages | Possibility that NWDA bid will fail and project will not be deliverable. Revised bid potentially required to remove any non-RDPE eligible expenditure (if NWDA funding not available). | Less local control. Danger that County priorities lie elsewhere in Lancashire. No confirmation yet of coverage, speed of service, timescales or extent of engagement. Failure to pursue possibility of £750k RDPE funding. | Uncertainty whether both bids would be successful. Confusion over roles with funders and the public. Twin-track approach would need further investigation to determine if any issues arise e.g. related to integration of NGA infrastructure. |
| Risks | Raising local expectations and possible long term liabilities in owning and running network if suitable operator not found. City Council takes funding risk and could be exposed if communities do not implement/maintain final stage of infrastructure and if number of business connections fails to meet target. | No direct risks to City Council other than those arising out of possible disadvantages set out above e.g. reputational. Risk that local rural communities are less empowered in actively supporting NGA roll out. | Losing credibility with funders and County Council. Possibility of losing funding entirely. |

5.0 Conclusion

- 5.1 Providing high-speed broadband to rural communities is an economic and social priority of both the city and county councils. Both authorities have been working toward similar aims for delivery along broadly similar timescales. Given the NWDA response to the city council’s application for funding and the

progress made by the county council, it is appropriate to consider the best way of achieving these common goals.

5.2 The county council has indicated that the city council's RDPE project outcomes in terms of geographic coverage, line-speed and timescale will be prioritised under the first phase of its proposal. Therefore working with the county would be the best approach removing potential long-term risk from the city council and reducing the amount of city council officer time devoted to the project. However, a city officer would be part of the county project team to ensure Lancaster District's overall profile, the original RDPE targets and feeling of community ownership is enabled.

5.3 Option 2 is, therefore, the preferred officer option.

RELATIONSHIP TO POLICY FRAMEWORK

Providing rural broadband is a key element in furthering the social and economic regeneration of rural communities as set out in the Council's corporate priorities, the Local Development Framework and the Sustainable Community Strategy.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The application for NWDA funding included a full impact assessment against all the above headings. In terms of rural proofing, both projects are specifically aimed at improving the life and economic prospects of rural communities.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

It is not anticipated that there will be any additional financial implications arising for the City Council as a result of the report recommendations as we are neither financially nor contractually committed to delivering the RDPE scheme ourselves at this stage.

OTHER RESOURCE IMPLICATIONS

Human Resources:

There are no HR implications.

Information Services:

There are no IS implications

Property:

There are no Property implications

Open Spaces:

There are no Open Space implications

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no comments to make.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments to make.

BACKGROUND PAPERS

Bid to NWDA for Rural Next Generation
Access Broadband Pilot

Contact Officer: David Lawson

Telephone: 01524 582331

E-mail: dlawson@lancaster.gov.uk

Ref: