

# AGENDA

## Cabinet

Date: **Thursday 13 September 2012**

---

Time: **2.00 pm**

---

Place: **The Council Chamber, Brockington, 35 Hafod Road,  
Hereford**

---

Notes: Please note the **time, date** and **venue** of the meeting.

For any further information please contact:

**Sally Cole, Governance Services**

Tel: (01432) 260249

Email: [scole@herefordshire.gov.uk](mailto:scole@herefordshire.gov.uk)

---

If you would like help to understand this document, or would like it in another format or language, please call Sally Cole, Governance Services on (01432) 260249 or e-mail [scole@herefordshire.gov.uk](mailto:scole@herefordshire.gov.uk) in advance of the meeting.

# **Agenda for the Meeting of the Cabinet**

## **Membership**

**Chairman**

**Councillor JG Jarvis**

**Councillor H Bramer  
Councillor PM Morgan  
Councillor RJ Phillips  
Councillor PD Price  
Councillor RB Hamilton  
Councillor GJ Powell**

**AGENDA**

Pages

**HEREFORDSHIRE COUNCIL  
NOTICE UNDER THE LOCAL AUTHORITIES (EXECUTIVE ARRANGEMENTS)  
(MEETINGS AND ACCESS TO INFORMATION) (ENGLAND) REGULATIONS  
2012**

Notice is hereby given that the following report contains an exempt key decision. When the decision has been made, Members of the relevant Scrutiny Committee will be sent a copy of the decision notice and given the opportunity to call-in the decision.

<b>Item No</b>	<b>Title</b>	<b>Portfolio Responsibility</b>	<b>Scrutiny Committee</b>	<b>Reason(s) for meeting to be held in private</b>
4	Borders Broadband Contract	Enterprise and Culture	Overview and Scrutiny	*Paragraph 3 Part 1 of Schedule 12A to the Act.
<b>Any representations received about why the meeting should be held in public</b>				
<b>Representation</b>		<b>Executive Response</b>		
At the time of printing the agenda, no representations had been received.				

**\*That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12(A) of the Act, as indicated below and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**3 Information relating to the financial or business affairs of any particular person**

- 1. APOLOGIES FOR ABSENCE**  
To receive any apologies for absence.
- 2. DECLARATIONS OF INTEREST**  
To receive any declarations of interest by Members in respect of items on the Agenda.
- 3. MINUTES**  
To approve and sign the minutes of the meeting held on 12 July 2012. 1 - 8
- 4. BORDERS BROADBAND CONTRACT AWARD AND PARTNERSHIP AGREEMENT** 9 - 52

To seek agreement to conduct final negotiations for the delivery of improved Broadband infrastructure; and in so doing authorise Herefordshire Council's financial contribution to the project and to progress the terms of a Partnership Agreement between Herefordshire Council and Gloucestershire County Council to oversee the delivery of the Borders Broadband project.

In the opinion of the Proper Officer, the following item will not be, or is likely not to be, open to the public and press at the time it is considered.

**RECOMMENDATION:** that under section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12(A) of the Act, as indicated below and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

- 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

5. **BORDERS BROADBAND CONTRACT AWARD AND PARTNERSHIP AGREEMENT**

53 - 70

This report accompanies the open report of the same name.



# **The Public's Rights to Information and Attendance at Meetings**

## **YOU HAVE A RIGHT TO: -**

- Attend all Council, Cabinet, Committee and Sub-Committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public Register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the Council, Cabinet, Committees and Sub-Committees.
- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).
- Access to this summary of your rights as members of the public to attend meetings of the Council, Cabinet, Committees and Sub-Committees and to inspect and copy documents.

## **Public Transport Links**

- Public transport access can be gained to Brockington via the service runs approximately every 20 minutes from the City bus station at the Tesco store in Bewell Street (next to the roundabout junction of Blueschool Street / Victoria Street / Edgar Street).
- The nearest bus stop to Brockington is located in Vineyard Road near to its junction with Old Eign Hill. The return journey can be made from the same bus stop.

## **HEREFORDSHIRE COUNCIL**

**BROCKINGTON, 35 HAFOD ROAD, HEREFORD.**

### **FIRE AND EMERGENCY EVACUATION PROCEDURE**

In the event of a fire or emergency the alarm bell will ring continuously.

You should vacate the building in an orderly manner through the nearest available fire exit.

You should then proceed to Assembly Point A which is located at the southern entrance to the car park. A check will be undertaken to ensure that those recorded as present have vacated the building following which further instructions will be given.

Please do not allow any items of clothing, etc. to obstruct any of the exits.

Do not delay your vacation of the building by stopping or returning to collect coats or other personal belongings.



Where possible this agenda is printed on paper made from 100% Post-Consumer waste. De-inked without bleaching and free from optical brightening agents (OBA). Awarded the Nordic Swan for low emissions during production and the Blue Angel environmental label

HEREFORDSHIRE COUNCIL

**MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 12 July 2012 at 2.00 pm**

**Present:** Councillor JG Jarvis (Chairman)

**Councillors:** H Bramer, PM Morgan, PD Price, RB Hamilton and GJ Powell

**In attendance:** Councillors AJM Blackshaw, P Rone, MAF Hubbard, A Seldon and J Hardwick

**12. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors JA Hyde, RI Matthews, NP Nenadich, RJ Phillips Cabinet Member (Enterprise and Culture) and P Sinclair-Knipe.

**13. DECLARATIONS OF INTEREST**

**Agenda Item 10: Review of Hackney Carriage and Private Hire (Taxi) Policy.**

Councillor P Rone, Personal and Prejudicial, as a holder of a taxi licence.

**14. MINUTES**

**RESOLVED:** That the Minutes of the meeting held on 14 June 2012 be approved as a correct record and signed by the Chairman.

**15. BUDGET PLANNING/PARTICIPATORY PROCESS 2013/14**

The Cabinet Member (Corporate Services) presented the report of the Chief Financial Officer – Finance and Commercial Services. During the discussion, the following points were made:

- That engagement with the Localities should be undertaken in such a manner as to allow sufficient time for them to understand the scope of the process, and the breadth of the services that the Parishes would be in a position to take on.
- That lessons had been learnt from the operation of the Locality events that had taken place in 2011, and Parishes would already be considering issues such as the setting of their precepts for 2013.
- That consultation with health partners on budget participation should also be made through the Health and Wellbeing Board.

Cabinet unanimously agreed the recommendations.

**RESOLVED**

**That:**

- (a) **The overall timetable for budget setting be noted;**
- (b) **The proposed approach for budget planning be endorsed;**
- (c) **The Leader be authorised to determine the detailed programme of budget participation, following appropriate consultation with health partners; and**

- (d) **The Deputy Chief Executive be instructed, following completion of recommendation (c) above, to arrange publication of the consultation arrangements**

## **16. CORPORATE PERFORMANCE REPORT**

The Cabinet Member (Corporate Services) presented the report of the Assistant Director People Policy & Partnership. He reported that the existing Integrated Corporate Performance Report (ICPR) provided Cabinet with a quarterly overview of performance against the annual corporate delivery plan. A number of areas had been identified for improving both the comprehensiveness of performance reporting, and the usefulness and accessibility of the information reported. The Cabinet Member would work with Officers on the detail for their areas of responsibility.

In the ensuing discussion, the following points were raised:

- That greater transparency of performance reporting was to be welcomed.
- That whilst the outcomes would be measured on an annual basis, Cabinet would be provided with in year proxy measures on a quarterly basis.
- It was noted that consistency of explanation of the performance reporting was required, as certain areas would have appeared to have been measured using inconsistent data. The Assistant Director People Policy & Partnership said that there were areas where a combination of measures lacked clarity, and proposals were in hand to ensure that a greater degree of precision would be provided in these matters.

A Member in attendance welcomed the reference to the amendments that had been made as a result of Councillor EPJ Harvey's comments. He went on to say that the layout of the Workforce Report on page 42 of the report should be improved. He suggested that additional measures should also be added to the Resilient Herefordshire measure on page 23 such as water quality, food miles, food poverty and the number of residents working outside the County.

### **RESOLVED:**

**That:**

- (a) **the proposed format for performance reporting be agreed; and;**
- (b) **the proposed outcomes and measures be agreed.**

## **17. LOCAL DEVELOPMENT FRAMEWORK AND LOCAL TRANSPORT PLAN UPDATE**

Cabinet received a report on the progress and proposed changes to the timetable for finalising the Local Development Framework (LDF) Core Strategy and the implications and options for the Local Transport Plan. In his introduction to the report, the Cabinet Member (Environment, Housing and Planning) raised the following issues:

- That a key issue was the proposal to undertake a further round of consultation on the Core Strategy prior to its submission to the Secretary of State. This was essential, as the Strategy was not yet compliant with EU requirements as to Strategic Environmental Assessment and Habitat Regulations.

- The report paid regard to emergent case law, and drew attention to the National Planning Policy Framework (NPPF). The Strategy would need to be compliant with the NPPF whilst also supporting the local communities. Other issues would have to be taken into consideration such as the possible impact on the River Wye Special Area of Conservation and policies related to rural areas as a result of changes to the planning system.

The Cabinet Member (Education & Infrastructure) said that the intention was to adopt a short term Local Transport Plan for 2014-15, in order to ensure that the linkage with the Local Development Framework was maintained.

The Head of Strategic Planning and Regeneration outlined the recommendations regarding the LDF in the report. The Head of Transportation and Access reported on the LTP recommendations. He said that whilst there were no statutory or other legal requirements to adopt these two strategies at the same time, the original aim to coordinate the two remained valid, and there were key linkages that needed to be maintained to allow for the an LTP which reflected the Core Strategy, when both were adopted.

By the leave of the Leader, Councillor D Taylor was invited to address Cabinet. Councillor Taylor asked that Cabinet disregard a proposed route for the Western relief road that cut across the Belmont Abbey Playing Fields, which had been in constant use since the 1950s. He suggested that a short field owned by Belmont Abbey could provide a link to the B4349 and be extended onto the proposed road. The Leader thanked him for his contribution, and said that there had been correspondence with Belmont Abbey on this matter, but due process was required to ensure that all options had been taken into consideration before the Core Strategy was submitted to the Secretary of State for approval.

In the ensuing discussion, the following points were raised:

- A Member commented on the recommendations and said that whilst there was an acknowledgement in the report of objections to the road, there was no mention of objections to the absence of alternatives to the Relief Road under recommendation (a) in the report. He expressed concern that the LTP would be found to be unsound if it had not examined this issue. The Head of Transportation and Access pointed out that three different options had been looked at; a no relief road option, and an east or west option. These had been modelled with three variations of modal car usage and the results from this study, conducted in 2010, were on the Council's website.
- A Member asked what the fall back position was should the outstanding issues mentioned in recommendation (c) in the report not be resolved. He went on to ask how far the interim protocol mentioned in recommendation (e) would be guided by the consultation results, and that public concern over affordable housing should be addressed as part of the protocol together with the requirement for a housing land buffer, which was part of the National Planning Policy Framework.
- In reply to a Member's question as to why the southern route corridor of the Hereford relief road had been progressed independently of the rest of the western relief road, the Head of Transportation and Access said that it was being progressed to the planning stage as it was a long standing commitment within the current Local Transport Plan, which had been approved by Council in 2006.

- A Member asked why the Core Strategy was not compliant with EU requirements as to Strategic Environmental Assessment and Habitats Regulation Assessment, as the legal requirement for compliance had been made clear in 2010.
- In reply to a question from a Member, the Leader said that the partners on the Water Quality Steering Group would have to be consulted before any recommendation could be made that the Minutes from the Group should be made public. The Head of Strategic Planning and Regeneration added that water quality issues were fundamental to taking the plans forward, and were at the forefront of the Council's efforts.
- The Cabinet Member (Environment, Housing and Planning) thanked the Member for his offer to work closely with the Executive on these issues, and said that he was confident that a way forward could be found on the matters that had been raised.

## **RESOLVED:**

### **That Cabinet:**

**With regard to the Local Development Framework (LDF) and planning matters:**

- (a) notes the summary of the results of the Revised Preferred Option consultation undertaken between September and November 2011;
- (b) agrees that a further round of consultation be undertaken on the Core Strategy, on the basis of a full draft document, evidence base and Strategic Environmental Assessment and Habitats Regulations Assessment which demonstrates that the plan will not adversely affect the integrity of relevant European sites;
- (c) endorse that, subject to outstanding issues being resolved, the proposed scale and distribution of development and strategic housing, employment and infrastructure proposals, as set out in paragraph 49, form the basis of the draft Core Strategy;
- (d) endorses the approach to prepare the Community Infrastructure Levy (CIL) charging schedule in parallel with the preparation of the Core Strategy with a joint Examination in Public;
- (e) agrees an interim protocol to be taken into account in determining planning applications for new housing proposals in the absence of a demonstrable five-year housing supply; and
- (f) agrees the amended timetable for the preparation of the Core Strategy.

**With regard to the Local Transport Plan (LTP):**

- (g) agree that a Local Transport Plan (LTP) covering the period to 2014/15 is developed and adopted in advance of the final consideration of the LDF Core Strategy;
- (h) notes the proposed timetable for adopting the LTP and the summary of what that Plan will include; and

- (i) notes the key on-going linkages between the LTP and LDF and proposals to prepare and adopt an LTP to cover the period from 2015 to 2031 in association with the revised timetable for the Core Strategy.

## 18. HEALTHWATCH HEREFORDSHIRE

The Cabinet Member (Corporate Services) presented the report of the Assistant Director Customer Services and Communications. During the discussion, the following points were made:

- That the creation of Healthwatch amalgamated the statutory roles and responsibilities undertaken by Local Involvement Networks (LINKs) and Independent Complaint Advocacy Services (ICAS). Local Healthwatch services would be a way for local people to get information about local healthcare services and would give them the opportunity to comment on and get involved in the development of services.
- Key stakeholders had been consulted and, of the three options in the report, Option 2 was the preferred option.
- The Cabinet Member (Health & Wellbeing) stated that the matter had been discussed at the Health and Wellbeing Board. The Board had endorsed Option 2, and had suggested that it be put in place for a two year period.
- That an independent Chairman of some stature would be sought for Healthwatch, in order to ensure that the work of the body was relevant to the requirements of the County. This would require a remuneration package.

### RESOLVED:

That:

- (a) The content of this paper and the views expressed from consultation so far be noted;
- (b) The proposals in the paper for the establishment of Healthwatch Herefordshire be agreed, including the local vision and that Healthwatch Herefordshire be provided through an arrangement with the local voluntary sector for an initial period of 2 years (option 2); and
- (c) The Deputy Chief Executive be authorised to implement these proposals, including the recruitment of an independent Chair of Healthwatch Herefordshire.

## 19. STRATEGIC DELIVERY PLAN FOR TRANSFORMING ADULT SERVICES 2012/15

The Cabinet Member (Health & Wellbeing) presented the final draft of the Strategic Delivery Plan for Transforming Adult Services 2012-2015. The Plan had been developed to take account of national policy direction, the demographic profile of Herefordshire and to build on the vision of encouraging people to take responsibility for their own lives and only when necessary access formal health and social care services. It provided a single document setting out the overall approach for adults over the next

three years and contributes to the Joint Delivery Plan, the strategic aims of the Council and its partners, and was a key part of achieving a balanced budget position. In the ensuing discussion, the following points were raised:

- The Strategic Delivery Plan had been examined by the Overview & Scrutiny Committee, and there had been a constructive debate during the meeting. The Cabinet Member supported the recommendations that had arisen from that meeting.
- In reply to a question, the Director of People's Services said that the Delivery Plan was designed to set a direction to ensure that resources were available for vulnerable adults and frail elderly people in particular. It was important that more use was made in the future of a range of organisations, and local people in local communities, in order to ensure that care could be provided effectively.
- The Cabinet Member added that the Health and Wellbeing Board had looked at all budgetary issues that each partner had, and the plan had been considered to be one that could be effectively utilised.

**RESOLVED That: the Strategic Delivery Plan, as a working document to be used by the Council, other agencies and partners to deliver the necessary transformation for adult services, be approved.**

## **20. UPDATE ON THE IMPLEMENTATION OF THE PUBLIC HEALTH TRANSITION PLAN**

The Cabinet Member (Health & Wellbeing) presented the update on implementation of the Public Health Transition Plan. She said that the Public Health Transition Project was on course to achieve the safe transfer of legal responsibility for Public Health from Herefordshire Primary Care Trust to Herefordshire Council in April 2013.

### **RESOLVED**

**That the following be noted:**

- (a) the Public Health Transition Project is on course to achieve the safe transfer of legal responsibility for Public Health from Herefordshire Primary Care Trust to Herefordshire Council in April 2013;**
- (b) the scope of the public health responsibilities that are transferring to Local Authorities in April 2013 creating new opportunities for improving the health and wellbeing of people in Herefordshire; and;**
- (c) the intention to present a further report will be presented to Cabinet seeking agreement of Herefordshire Council's Vision for Public Health and to provide an update on progress of the Public Health Transition Project.**

## **21. REVIEW OF HACKNEY CARRIAGE AND PRIVATE HIRE (TAXI) POLICY**

(Councillor P Rone declared an interest and left the meeting)

Cabinet received a report of the Acting Head of Environmental Protection & Licensing report on the Review of Hackney Carriage and Private Hire (Taxi) Policy. During the discussion the following points were raised:



- In reply to a question on item 4.3 regarding safety under Breaches of Dual Driver Licence Conditions on page 153 of the report, the Acting Head of Environmental Protection & Licensing said that incidents in these categories were dealt with by the penalty point system. Should a driver be prosecuted under these categories they could have received up to eight points of a possible twelve on their licence.
- The Cabinet Member (Environment, Housing and Planning) said that clarity was required on the issue of emissions. The Acting Head said that historically a maximum age of eight years was permitted for vehicles used as taxis. Consultation with the trade had resulted in a decision whereby improved and regular MOT's were undertaken on vehicles over this age. There were various licence categories, and the panel chose the year 2000 as a starting point for licences, as this was when the M1 and M2 categories were first brought in.
- That any driver who was found guilty of using another drivers badge was awarded 12 points and had their licence revoked and vehicle taken off the road.
- That safeguarding issues for both adults and children were considered to be paramount when licences were awarded.
- In reply to a question, the Acting Head said that some foreign nationals who applied for a licence were unable to provide criminal record checks, as some countries did not undertake these. In many cases, the Council would ask for a certificate of code of conduct from the applicants embassy.

**RESOLVED: That: The proposed policy and its supporting documents be approved, subject to the review of condition 4.3c of the Breaches of Dual Driver Licence Conditions at Appendix 1 to the report (Appendix 1) and paragraph 1.8 of Appendix 1 to the report (Appendix 8) Section 1: Licensing of Vehicles – General, with any changes to be made as a result to be approved by the Director of People's Services in consultation with the Cabinet Member for Health and Wellbeing.**

## **22. FUTURE OF AMEY STRATEGIC PARTNERSHIP**

**RESOLVED: that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting on the grounds that it involved the likely disclosure of exempt information as defined in Schedule 12(A) of the Act, as indicated below and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

- 1 Information relating to any individual.**
- 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 5 information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.**

### **Summary of proceedings for Agenda Item 11 – Future of the Amey Strategic Partnership.**

The Cabinet considered the exempt report entitled 'Future of the Amey Strategic Partnership'. Cabinet agreed to begin the process to re-procure the services currently provided through the Amey partnership.

**RESOLVED That: the recommendations set out in the report were adopted.**

The meeting ended at 5.05 pm

**CHAIRMAN**

<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>13<sup>TH</sup> SEPTEMBER 2012</b>
<b>TITLE OF REPORT:</b>	<b>BORDERS BROADBAND CONTRACT AWARD AND PARTNERSHIP AGREEMENT</b>
<b>PORTFOLIO AREA:</b>	<b>EDUCATION AND INFRASTRUCTURE</b>

**CLASSIFICATION:** Open

### **Wards Affected**

All except Aylestone, Belmont, Central, Hinton, Holmer, St Martins, St Nicholas and Tupsley with other wards only partially affected.

### **Purpose**

The purpose of this report is to seek agreement to conduct final negotiations for the delivery of improved Broadband infrastructure; and in so doing authorise Herefordshire Council's financial contribution to the project and to progress the terms of a Partnership Agreement between Herefordshire Council and Gloucestershire County Council to oversee the delivery of the Borders Broadband project.

### **Key Decision**

This is a Key Decision because it is likely to have a significant effect on communities living and working in an area comprising one or more wards in the County.

### **Recommendations**

**THAT:**

- (a) **Herefordshire Council's capital contribution to the project be increased to £10,100,000 (from current allocation of £6m) to match fund BDUK's contribution to the deployment of broadband to Herefordshire premises through the proposed contract with the Bidder and via a bursary scheme to the value of £350,000 as part of the match funding required by BDUK;**
- (b) **Cabinet note the terms of contract negotiated to date, the risks identified in this and the exempt report and the outstanding contractual issues;**
- (c) **The Director for Places and Communities in consultation with the Cabinet Member for Education and Infrastructure and the statutory officers be authorised to conclude a contract with the remaining Bidder SUBJECT TO**
  - (i) **the agreement of Gloucestershire County Council certified in writing by its Chief Executive;**
  - (ii) **this being satisfied that the mitigation of the outstanding risks as identified in this report are the best that can reasonably be achieved;**
  - (iii) **the deal represents value for money, having particular regard to the payment mechanism controls and premises cap referred to in these reports;**

- (iv) **the conclusion of a suitable partnership agreement with Gloucestershire County Council;**
- (d) **The Director for Places and Communities be authorised to negotiate and conclude a partnership agreement with Gloucestershire County Council for the governance of the project, the terms of which are to be subject to the approval of the Statutory Officers;**
- (e) **Cabinet note the content of the accompanying exempt report.**

## **Key Points Summary**

- The successful Bidder will be obliged to improve the broadband network in areas of Herefordshire which would not otherwise receive investment commercially covering Universal Service Commitment (USC) of 2Mbps (megabits per second) or Next Generation Access (NGA) of 30Mbps and above.
- The procurement is in a single Bidder scenario and as such, members must be vigilant to ensure that the contract represents value for money and, in particular, that the NGA coverage eventually achieved will justify the outlay of public funds.
- It is therefore recommended that negotiations proceed with the remaining Bidder to ensure value for money is achieved and risks of coverage are mitigated.
- The legal powers that would enable the authority to enter into a contract with the remaining Bidder for the delivery of the project and also a Partnership Agreement with Gloucestershire are contained in section 2 of the Local Government Act 2000 and Section 1 of the Localism Act 2011.

## **Alternative Options**

- 1 **Options for contract award** - to reject the offer made by the Bidder.

If this option were taken there are three alternative courses of action.

- The Authority could look to procure a solution under the recently agreed national framework. However, it is highly unlikely that this would result in a better deal for Herefordshire. The only alternative Bidder on the framework has already withdrawn from the Borders Broadband procurement for commercial reasons.
- The Authority could decide not to pursue a contract at this time with the Bidder, waiting for commercial NGA deployment to occur in the market towns (timescale unknown) and piecemeal development by wireless / satellite providers delivering USC to rural areas. If this course of action is pursued the county would not receive the BDUK financial support.
- The Authority could re-run the procurement based on a different type of project e.g. subsidised wireless to deliver USC to areas where USC speeds cannot be accessed. This would not be considered an NGA deployment by the EU and as such would not be State Aid compliant as an investment into NGA due to issues of scale and open access. As a result, the BDUK funding would be withdrawn.

## **Reasons for Recommendations**

- 2 A detailed open procurement process using the Competitive Dialogue Procedure has been pursued which has resulted in only one viable Bidder. The offer from the remaining Bidder contains what they have assessed as their most cost effective coverage model considering

Herefordshire's demographics, settlement pattern, existing infrastructure footprint and geography.

- 3 It is recommended that negotiations continue to a conclusion to ensure that value for money is achieved and that the risk of reduced NGA coverage in deeply rural areas is mitigated.
- 4 A more detailed summary, financial, legal and risk analysis is contained in the accompanying exempt report containing commercially confidential information supplied by the Bidder.

## Introduction & Background

- 5 The Borders Broadband project covers Herefordshire and Gloucestershire and is one of four national pilot projects to address the challenge of poor broadband coverage in rural areas. The other pilots are Cumbria, Highland and Islands, and North Yorkshire.
- 6 The purpose of the project is to ensure households and businesses benefit from the advantages of broadband access. The difficulty for many rural areas is that low population density and the low level of existing infrastructure make the commercial deployment of superfast or Next Generation Access (NGA) broadband unviable for the private sector, with limited return on investment, even in the long term.
- 7 Within Herefordshire, the existing telecommunication infrastructure is currently failing to deliver the national universal service commitment (USC) of 2Mbps (megabits per second) to 23.8% of premises (Ofcom 2011).
- 8 There is currently no access to superfast (NGA<sup>1</sup>) broadband in Herefordshire (NGA will become available in Hereford as part of the commercial deployment financed by BT).
- 9 Herefordshire Public Services' Corporate Plan contains the specific objectives to "improve access to superfast broadband and wider use of technologies". In addition, the improved broadband network will have a positive impact in meeting other Corporate Plan objectives of:
  - Growing businesses, jobs and wage levels
  - Accessible services
  - Sustainable educational provision
  - More people retaining their independence through greater choice and control
  - Reduced child poverty
  - Families and communities that are able to support all children and young people effectively
  - Increased equality of opportunity.
- 10 The ambition of the Council is to provide access to the USC of 2Mbps to every premise in the county by 2015 and NGA of 30Mbps to as close to 100% of premises as possible by 2018.
- 11 There are three elements to meeting this ambition:
  - Commercial Deployment - the delivery of broadband services through commercial investments by the private sector in areas which are, as a result, ineligible for public subsidy.
  - The Borders Broadband Contract - Mix of public and private sector funding to reach areas

---

<sup>1</sup> Next generation access (NGA) networks' means wired access networks which consist wholly or in part of optical elements and which are capable of delivering broadband access services with enhanced characteristics (such as higher throughput) as compared to those provided over already existing copper networks.

where the commercial deployment would not include without a public sector contribution due to limited or no return on investment. These areas are eligible for public subsidy due to the acute market failure to provide broadband. They are primarily in the rural areas of the county due to the sparse population and difficult topography.

- Future Technologies - Emerging technologies and improvements to the mobile infrastructure.

- 12 This cabinet report is concerned with the Borders Broadband contract element of the solution. The contract will cover the design, build and operation of a wholesale broadband network across the county, that will be used by any number of independent internet service providers (ISPs) who would then offer a range of retail broadband packages to the consumer.
- 13 For Herefordshire, the Bidder has offered to provide USC of 2Mbps to every premise and NGA of 30Mbps or above to a minimum of 78% premises in the eligible area by December 2016. A further 1% will receive speeds of over 12Mbps. Combined with commercial improvements to the network, 88% of premises in the whole county will have access to speeds of 30Mbps or above.
- 14 The technologies that will be used to deliver the NGA element of the contract are Fibre to the Cabinet (FTTC) and Fibre to the Premise (FTTP). It is proposed that 48% of the deployment of NGA in the eligible area will be through FTTP, which if approved, would make Herefordshire one of the most fibre enabled counties in the country. FTTP delivers potential speeds of up to 330Mbps.
- 15 For harder to reach areas, USC will be delivered by satellite and BET (Broadband Enabling Technology). The contract allows for the use of new technologies such as TV White Space and Broadband Regeneration as they become commercially available to improve the technical solution.
- 16 For those premises which do not receive NGA of 30Mbps or above as a result of the initial contract, but which can demonstrate a need for faster speeds, a bursary scheme will be available. The bursary will be available to businesses which can add value to the County's economic output or to residents/premises for whom connectivity to superfast broadband will lead to a significant improvement in access to services. Groups of premises in villages or wards not covered by NGA will be part of a funding application to DEFRA for the Rural Community Broadband Fund which is specifically designed to ensure the hardest to reach premises receive NGA broadband coverage.
- 17 In the long term, and recognising the fast pace of technical advancement, the aim of 100% NGA by 2018 would be achieved through emerging technologies and improved mobile coverage.

## Community Impact

- 18 **Economic Benefit** – Improvement to Broadband was identified as a key element of the Economic Development Strategy for Herefordshire (published 2011). A core source of evidence for the priorities in the strategy came from the Herefordshire Employers Survey 2010. Around 10% of Herefordshire's businesses responded to this survey and it represents the most comprehensive picture yet of the county's economic factors. 81.5% of the respondents said they needed broadband internet access in order to effectively operate.
- 19 An Economic Impact Assessment has been developed (background paper) to estimate the significant impact on the local economy which may result from the project. It estimates a Gross Value Added (GVA) uplift for Herefordshire of £13,202,875 per annum and a

cumulative GVA uplift of £120,493,247 over 10 years. The economic benefit of investment in broadband assumes 90% coverage of NGA and a 10% increase in take-up and optimisation above the 20% base case.

- 20 **Benefits to residents** - The financial advantage for businesses will in-turn have the potential to create additional employment and better paid work. This will aid the vitality of the local economy and create benefit to residents through the cyclical flow of income.
- 21 A range of national data has shown how connectivity can have a positive effect on households. Generally, 96% of internet users say being connected has improved their life (UK online centres) but the wider benefits to individuals are listed in the accompanying Equalities Impact and Needs Assessment (Appendix A).
- 22 **Benefits to public services** - More residents taking advantage of on-line services will have a positive effect on the delivery of local authority functions, especially as the greatest impact could be on people most dependent of public sector services. Therefore, there is the potential to reduce the level of physical intervention some people need creating greater independence and reductions in public spending.
- 23 **Environmental Benefits** - There is potential for traffic congestion in the main urban centres of the area, and overall CO2 consumption, to reduce if fewer people needed to travel to work on a regular basis. A greater propensity for people to work from home would also lead to a greater degree of local spending, providing valuable extra income to local retailers and service providers.
- 24 Background Paper on 'Digital County' gives more detail of community benefit.

## Equality and Human Rights

- 25 An Equalities and Needs Assessment is contained within Appendix A. The assessment demonstrates a range of positive effects in tackling the inequality of broadband coverage. Primarily, by improving the broadband network, people will have better access to services and greater equality of opportunity.

## Financial Implications

- 26 The total public sector investment covering both counties is £35.4m. The Government has made a commitment to invest £10.1m in Herefordshire's broadband infrastructure (subject to 50/50 match from the local authority). The national aspiration is for every premise to have access to a 2Mbps service along with Next Generation Access of 24Mbps speeds available to c.90% of households and businesses by the end of this parliament. The European expectations for service standards are for all citizens to have access to 30Mbps by 2020.

## Legal Implications

- 27 Section 2 of the Local Government Act 2000 gives local authorities the power to do anything which they consider is likely to improve the economic or social well-being of their areas. This power may be exercised in relation to the whole or any part of an authority's area or for the benefit of all or any of its residents, and it includes the ability to incur expenditure, enter into arrangements and agreements with anyone and to provide staff, goods and services. Section 2 also enables an authority to provide a benefit outside their area if it is likely to improve the economic or social well-being of its own area. Section 2 would therefore enable the Council to enter into a project delivery contract with the preferred bidder and a partnership agreement with Gloucestershire. The Council can further rely on the general power of competence

contained in section 1 of the Localism act 2011 which enables local authorities to do anything that individuals may do, such as enter into contractual relationships.

- 28 The contract between the Authorities and the Bidder will impose joint and several liabilities on the Authorities such that each would be liable for the defaults of the other. This liability will be mitigated by the inclusion of suitable indemnities within the Partnership Agreement and/or the Project Agreement itself.
- 29 **Key elements of the Bidder contract** – The contract attempts to mitigate risk to the Authorities in the delivery of the project. The Bidder will be required to meet a number of obligations not least the deployment of NGA services to 78% of the premises within the eligible area. It is recognised that there may be a number reasons which could lead to a reduction in NGA coverage and that is accounted for in the change control mechanism, force majeure, and relief events.
- 30 **Summary of Partnership Agreement** – The Inter-Authority Partnership Agreement (the terms of which have yet to be finalised and which will be to some extent be dependant on the terms concluded with the Bidder in the delivery contract) will be the document which will govern the interaction between Herefordshire Council and Gloucestershire County Council during the course of the project. The document will cover the project delivery, legal and financial relationships between the two authorities and the supplier and reporting arrangements. The areas covered will include:
- Project Management arrangements – a Herefordshire officer will operate as Project Director who will be both Authorities' key point of contact with the Bidder
  - Governance arrangements – a Project Board will comprise representatives from Herefordshire (the Director for Places and Communities), Gloucestershire (Commissioning Director for Communities and Infrastructure), the Director of Countywide IT Services for Gloucestershire NHS, BDUK (as a key funder) and a senior representative from the Bidder. Reporting to the Project Board will be a Project Team comprising officers from both Authorities
  - Payments, records and reporting arrangements - Herefordshire's Chief Finance Officer's team will be responsible for signing-off contract payments to the Bidder and notifying Gloucestershire of its required contributions
  - Disagreements – these will be resolved by way escalation within the Authorities, failing which by reference for independent determination
  - Delegated authority – each Authority will delegate an appropriate level of decision making to their respective officers on the Project Board and Project Team and in the event of disagreement between them the matter will be referred back to their Authorities for a corporate position
  - Grant Funding – Herefordshire is the “accountable body” for ensuring that Government funding is used towards the Project in accordance with the conditions attached to it, and Gloucestershire will indemnify Herefordshire against any liability to repay funding caused by Gloucestershire's default. The terms of both the Partnership Agreement and the delivery contract will need to reflect the funding conditions imposed by BDUK. In addition the Partnership Agreement will need to deal with the management of any claims by or against the Bidder
  - Compensation – The apportionment of any compensation for non-delivery payable by The Bidder and the distribution of any financial surplus at the end of the project
  - Publicity protocols – how joint promotion of the project will be managed between the authorities.



- 31 **State Aid and Eligible Area** - The provision of broadband infrastructure and services is, in normal circumstances, a wholly commercial activity and it is only in areas of acute market failure that the public sector is legally allowed to intervene.
- 32 A significant amount of public funding is likely to be invested into the Borders Broadband project on the basis of demonstrable market failure but as there are strict provisions for such investment, State Aid compliance is a critical aspect of the effective delivery of the project.
- 33 The Borders Broadband Project submitted a stand-alone State Aid notification document to the European Commission in January 2012. This has been considered simultaneously alongside BDUK's application for the national framework. This followed a month long consultation period during which local wireless ISPs and organisations which had registered an interest in the project at PQQ stage were invited to respond and challenge the project's assumptions concerning market failure.
- 34 Based on this feedback, the area in Herefordshire that is eligible for public sector subsidy has been restricted to ensure that the project avoids distorting private sector competition, and will deliver better value for the public investment. As a consequence the area which is eligible for investment in NGA services contains c.45,000 premises in Herefordshire.
- 35 Subject to the resolution of outstanding issues regarding an element of open access which is being dealt with at a national level, the European Commission have inferred that the aid for the Borders Broadband project is compliant on the following basis:
- That the subsidised infrastructure is offered to competing retail ISPs on an Open Access basis and that access is available on both the Active (Network Operating System) and Passive layers (Physical Infrastructure)
  - That services are available on a wholesale basis with pricing which is in line with industry standards
  - That subsidy is not provided to USC or NGA services in non eligible areas where the market is operating effectively to provide NGA or USC services, and
  - That the public subsidy is limited to only the investment required to make the activities commercially viable.
- 36 The State Aid approval for the Borders Broadband project cannot be finalised until the outstanding issues identified in paragraph 34 are resolved. This is being dealt with by BDUK, relevant suppliers and the EU Commission.
- 37 If State Aid approval is not gained before the contract is signed, the contract will make approval a condition precedent.
- 38 **The Procurement Process** - Due to the scale of the contract, the procurement process has needed to follow OJEU requirements. Only one Bidder has chosen to remain to the conclusion of the process which reflects the difficulty of achieving NGA coverage in the county and the likely commercial viability of the enterprise.
- 39 The procurement process was used to select a single private sector provider to design, build, operate and maintain a wholesale broadband network across the eligible areas of Herefordshire and Gloucestershire. The purpose of the public sector investment is to allow a prime contractor to deliver infrastructure to the area and lease "wholesale" capacity to internet service providers (ISPs) who in turn provide broadband services to consumers.
- 40 This investment is being delivered only in areas where the market would not deliver NGA commercially (areas of market failure) and is the minimum contribution required to make private sector investment viable. This is referred to as a Gap Funding Model.

- 41 The process began in June 2011 and has progressed as follows:
- Contract Notice and Pre-Qualification Questionnaire (PQQ) issued on 7<sup>th</sup> June 2011
  - PQQ received from 8 candidates on 7<sup>th</sup> July 2011
  - Invitation to Participate in Dialogue (ITPD) issued to seven qualifying candidates on 10<sup>th</sup> August 2011
  - Invitation to submit Outline Solutions (ISOS) issued on 7<sup>th</sup> September 2011
  - Initial Outline Solutions (ISOS) received on 17<sup>th</sup> October 2011
  - Competitive Dialogue during November and December 2011
  - Final Outline Solutions (ISOS) received 30<sup>th</sup> December 2011
  - ISOS Evaluation during January 2012
  - Invitation to Submit a Detailed Solution (ISDS) issued on 2<sup>nd</sup> February 2012
  - Competitive Dialogue during February 2012
  - Detailed Solution (ISDS) received 7<sup>th</sup> March 2012
  - ISDS Evaluation during March 2012
  - Invitation to Submit Refined Solutions (ISRS) issued 11<sup>th</sup> May 2012
  - ISRS received 8<sup>th</sup> June 2012
  - Dialogue during May and June 2012
  - Call for Final Tenders (CFT) issued 13<sup>th</sup> July 2012
  - CFT received 3<sup>rd</sup> August 2012
  - CFT evaluation during August 2012
  - Revised CFT received 31<sup>st</sup> August 2012
  - The procurement process remains live and accordingly the contractual and financial issues are summarised in a separate exempt report
- 42 Six of the seven candidates who passed through PQQ withdrew from the process at various stages for the following reasons:
- The contract did not pose a high enough long term commercial return to warrant the private investment regardless of level of up front public sector funding
  - The project did not fit with their company's strategic plans.
- 43 The procurement process was designed to be technology agnostic, meaning the project was not designed with a particular technology solution or provider in mind. Instead the focus was on the outcomes of coverage, costs and deployment time.
- 44 The procurement also allowed for partnerships between different companies in order to encourage proposals from smaller companies.

## Risk Management

45 Key risks are concerned with the following.

Risk Register ref	Risk	Detail	RAG Rating	Mitigation
2	Completion date	The Government believe the programme should be completed by 2015 but the Bidder presents a more cautious potential completion date for the project of December 2016. Currently the Bidder anticipates the final 10% of Herefordshire's solution to be delivered in 2016. The end dates for both counties could potentially extend further as the deployment becomes protracted, the Bidder's capacity is stretched and other areas are prioritised.		Milestone subsidy caps and associated drop dead dates in the Payment Mechanism have been designed to allow the Authority to control the deployment timescale. The Bidder has failed to complete these within their final tender which significantly increase the risk at the point of any contract award.  The Bidder has stated their intention to complete the payment mechanism following Milestone 0. Authority approval will be required to allow slippage and ultimately the contractor default termination sum offers the major deterrent.
3	Certainty of when and where NGA will be deployed	Due to the Bidder's requirement to conduct a planning phase post contract award, the information presented in the bid is at too high a level to show which premises are anticipated to receive a service and at what point in time. This will continue to be an issue until 3 months prior to the deployment within each phase area at which point the Bidder will be in a position to confirm to residents and businesses whether they are likely to receive NGA. This could be as late as 2015 in some areas and the lack of information will therefore put considerable pressure on the Authority and its Members when receiving requests for information from the community.		The Bidder was unwilling to release the baseline detailed deployment plan during the procurement due to potential changes between the deployment model and actual delivery. A 'show and tell' event was arranged to prove that the model was based on factual information but this will not be made public until the completion of the planning milestone for each phase area. Payment milestones have been aligned to the completion of the planning stages which ensures some control over the release of information.
4	Difficult areas are left until the end of the deployment	The Bidder will want to deploy their preferred technologies 1st and leave the hardest to reach areas until the end of the deployment. One justification for this is that new technologies may emerge which reduce the cost or extend the reach and allow the delivery of better solutions to those areas. This is a big risk, as (though it is reasonable to wait a short time for emerging technologies to become available) there will always be potential for more advanced technologies on the horizon and the delays will only serve to further marginalise the hard to reach. The reduced pot of funding at the end of the programme will also risk the completion of these areas.		A payment mechanism was designed to trigger infrastructure payments only when a proportion of difficult to reach premises had been delivered. The Bidder rejected this solution and as it had done previous versions of the mechanism. The current mechanism which restricts the draw down of funding on the basis of sequential milestone achievement, with later milestones reserved until the completion of the difficult areas has also now been partially rejected by the Bidder.  Ultimately, failure to deliver 100% of the area within the agreed timescales could lead to contractor default and therefore, the contractor default termination sum is the final backstop.
7	Financial Transparency	A number of the controls rely on a high level of transparency of the financials. The Bidder is unwilling to provide the requested degree of transparency over the Financial Model. The Model cannot therefore be used as a reference against claims.		Much of the information driving the contractual mechanisms will be self certified by the Bidder. In doing so, they do assume a degree of risk over the accuracy. Claims will only be paid on the basis of evidenced eligible costs and will be subject to audit.

Risk Register ref	Risk	Detail	RAG Rating	Mitigation
12 - 16	NGA coverage in the Eligible Area & the whole county reduces post contract	The deployment encounters challenges which could not have been foreseen or planned for which make it impossible to achieve the coverage.		Relief events have been provided which provide a degree of scrutiny over coverage drops. However, this mechanism is undermined by other clauses.
		The Bidder has introduced a cost cap for premises. If the deployment has not been costed properly and premises have been modelled that are likely to cost in excess of the proposed cap. The Bidder wants the right to remove these premises and potentially reduce the NGA coverage as a result.		The cost cap renders the relief events explained above obsolete and presents a significant risk to the NGA coverage as contracted. This is a particular risk in difficult areas where FTTP is the main solution. The Bidder will have discretion of where to deliver NGA and therefore it is not clear how this cap will be used. However, the Bidder has offered a buffer in which they will accept the risk of more expensive delivery and have verbally agreed to define the cost of delivery as only the capital costs excluding project management which would itself lower the risk if formalised correctly.
		NGA coverage reduces over time due to issues in border areas. Procurement delays, the choice of a different supplier or adverse prioritisation in other areas could lead to premises dependent on other areas in Herefordshire and Gloucestershire not achieving NGA as modelled.		This issue affects c5% of premises in the county. Failure to deliver or delays could affect NGA coverage in those areas and as a whole. There is very little control that can be gained. Wales have contracted which reduces the risk to a degree and the project is in dialogue with neighbouring authorities.
		NGA coverage reduces over time due to the Bidder's data inaccuracies, the lag between updates to the data set and new premises.		The project has accepted contracting against the Bidder's data set which contains fewer premises than the Authority's data. Dialogue has attempted to resolve the issue and while the Bidder is unwilling to accommodate new premises, they will deliver to premises which are not in their data set but which can be proven to have existed at the point of contract award.
		88% NGA Coverage for the whole county is not achieved due to BT not investing in the areas it has identified in the open market review. In this scenario, over time, areas may not receive a service as a result of either the commercial deployment or the project.		There is little mitigation other than in terms of on going relationship management and the stimulus of the potential for reputational damage for the incumbent. There is no real way of averting or mitigating this risk as the Authorities can no longer legally invest in the areas which have been determined as ineligible.

## Consultees

- 46 Consultation can be divided into two key areas – industry consultation specifically on the market failure and interest in the procurement opportunity; and residents and business consultation to understand need and demand for broadband.
- 47 For the industry consultation the following activities took place:
- Industry Day (June 2011)
  - The Project's PQQ response (July 2011)
  - State Aid Consultation (August - September 2011)

- BT Open Market Review (December 2011)
- Secondary consultation with 6 existing Wireless ISPs (January 2012)

- 48 As regards the residents and businesses consultation the Borders Broadband Project distributed two questionnaires between September 2011 and February 2012 to understand the local market and gauge demand for improved services; one targeted at businesses (with the help of Herefordshire Business Board) and one targeted at residents (with the help of Fast Broadband for Herefordshire). The household survey was distributed to every household via the postal service. Whilst an on-line survey was available it was felt important that people without access to the internet could make a response to ensure they were not excluded. 5,057 responses were received from the county (with 11,017 responses from the combined counties).
- 49 In addition, 11 meetings within collections of parish areas have taken place to communicate the project and hear local views / concerns.

## **Appendices**

Appendix A – Equalities Impact and Needs Assessment

## **Background Papers**

- Calculating the Impact of NGA Broadband in Herefordshire and Gloucestershire 2012.
- Digital County

## Glossary of Terms

### Procurement

PQQ:	Pre Qualifying Questionnaire, the first full stage of the procurement
ISOS:	Invitation to Submit Outline Solutions, stage 2 of the procurement process
ISDS:	Invitation to Submit Detailed Solutions, stage 3 of the procurement process
ISRS:	Invitation to Submit a Refine Solution
CFT:	Call for Final Tenders, final stage of the procurement process

### Funders

BDUK:	Broadband Delivery UK the funding arm of Dept for Culture Media and Sport
RDPE:	Rural Development Programme for England (EU Funding)
DEFRA:	Dept for Environment Farming and Rural Affairs – Sponsor Body for the RDPE programme

### Technology

LTE:	Long Term Evolution, Wireless technology with the ability to deliver high speed broadband. Subject to Ofcom radio spectrum auction, technical trials and licensing.
ADSL2:	Type of broadband – speeds up to 12Mb
ADSL2+:	Type of broadband – speeds up to 24Mb (usually sold as 20Mb)
ADSL:	Asymmetric Digital Subscriber Line – basic broadband offering speeds up to 8Mb
BET:	Broadband Enabling Technology – product using 2 <sup>nd</sup> pair of copper wires to offer up to 2Mb/s connections over long telephone lines
FTTC:	Fibre to the Cabinet – deploying fibre optics up to the street cabinet and using copper from the cabinet to the home, higher speed but dependent on the length of copper from home to cabinet. Up to 80Mb/s speed
FOTP:	Fibre to the premise – full fibre connection all the way to the home, offers speeds up to 330Mb/s
TWVS:	TV White Space – uses the ‘free / unused’ radio spectrum between digital broadcasts for internet access. Currently in technical trials.
‘Up To’:	Indication of the variability of broadband services delivered over copper lines – due to physics the longer the line the lower the achievable speeds to the consumer

### Speeds

NGA:	Next Generation Access, effectively the term for superfast broadband – project has elected to use 30Mb/s and above
USC:	Universal Service Commitment, effectively the term for basic broadband (the USC is the Government’s Commitment) – 2Mb/s basic broadband
PIR:	Peak Information Rate, the maximum Mbps that can be achieved by a connection to the internet
Mbps:	Mega Bits Per Second the measure of Broadband speed

# Borders Broadband Contract Award and Partnership Agreement

## APPENDIX A Equalities Impact & Needs Assessment for Herefordshire

*Vision of Borders Broadband “To ensure that Herefordshire and Gloucestershire have a fast and affordable broadband service that contributes to better outcomes for all; encourages a greater range and quality of service delivery, creates a competitive advantage for business and increases the social inclusion of those living in the most isolated areas.”*

### 1. Introduction

- 1.1 In accordance with the vision outlined above the purpose of the Borders Broadband project is to enable residents and businesses in Herefordshire and Gloucestershire to have access to better broadband. This means universal service commitment of 2Mbps speeds for everyone along with access to next generation access broadband for as close to 100% of the population as possible.
- 1.2 The first step to achieve this purpose is to contract with a telecommunications company to design, build and maintain a wholesale broadband network.
- 1.3 The focus of the project is on the rural parts of the county (eligible areas) which would not see significant investment by the private sector without a financial incentive or “gap” funding by the public sector.
- 1.4 The public sector capital contribution to the project in Herefordshire is £20.2m split between local and national government sources. The investment is high, but so are the rewards through economic benefits to the county, the improved well being of residents, and the opportunity for public services to become more efficient and accessible through electronic delivery.
- 1.5 This Equalities and Needs Assessment supports the Herefordshire Council cabinet report “Broadband Contract Award and Partnership Agreement” (September 13<sup>th</sup>, 2012). A mirror assessment has been produced for Gloucestershire. The assessment examines the negative and positive effects of the Borders Broadband project on equalities, especially in paying “due regard” to “promote equalities with regard to the protective characteristics” in reference to the Public Sector Equalities Act.

### 2. Drivers for change

- 2.1 The existing broadband provision in the county is currently failing to deliver the national universal service commitment of 2Mbps to 23.8% of premises in Herefordshire (Ofcom<sup>1</sup> 2011) with the same data revealing that there is no access to Superfast Broadband in Herefordshire (though BT have announced superfast deployment for Hereford as part of a commercial roll-out).
- 2.2 Herefordshire faces particular challenges because of the limited amount of existing telecommunications infrastructure and its relatively low population spread over a large area making premises costly to reach compared to more urban areas. Without public sector funding, telecommunications companies would not invest in the wholesale Broadband

<sup>1</sup> Communications Infrastructure Report 2011

network across the rural areas because of the limited return on investment, even in the long term. Consequently without public sector intervention, rural areas will increasingly become digitally excluded with businesses losing competitive advantage and residents unable to take advantage of the financial, educational, social and health benefits of being on-line.

### **3. Policy Drivers**

3.1 Via Broadband Delivery UK (BDUK), the Government has made a commitment to invest £10.1m into Herefordshire's broadband infrastructure. The national aspiration is for every premise to have access to a 2Mbps service and with next generation access of 24Mbps speeds available to 90% of households and businesses by the end of this parliament. The European expectations for service standards are for all citizens have access to 30Mbps by 2020.

3.2 Herefordshire Public Services' Corporate Plan contains the specific objectives to "improved access to superfast broadband and wider use of technologies". In addition the improved broadband network will have a positive impact in meeting other Corporate Plan objectives of:

- Growing businesses, jobs and wage levels
- Accessible services
- Sustainable education provision
- More people retaining their independence through greater choice and control
- Reduced child poverty
- Families and communities that are able to support all children and young people effectively
- Increased equality of opportunity

3.3 The Borders Broadband project is a key element of the Economic Development Strategy for Herefordshire (published 2011). A core source of evidence for the priorities in the strategy was the Herefordshire Employers Survey 2010. Around 10% of Herefordshire's businesses responded to this survey and it represents the most comprehensive picture yet of the county's economic factors. 81.5% of the respondents said they needed broadband internet access in order to effectively operate.

### **4. Economic Drivers**

4.1 A core reason for national and local investment in Broadband is to enable businesses to compete on a level playing field with companies in more urban areas who have access to fast broadband speeds. Maximising digital connectivity can enable firms to do their business more effectively, communicate with customers and diversify into new markets. Additional profits can be re-invested in the growth of the business creating better wages and more employment.

4.2 These factors are important to the county in creating better circumstances for individuals and families, whilst also supporting the cyclical flow of income and creating a wealthier county.

4.3 It is expected that the Borders Broadband project will have a positive impact on the economic productivity of indigenous business and it is estimated that the county's GVA will increase by £120,493,247 over 10 years (assuming 90% coverage of NGA and a 10% increase in take-



up and optimisation)<sup>2</sup>. Having wider access to NGA will also add credence to Herefordshire's inward investment efforts in adding to the attractiveness of the county as a place to locate.

## 5. Social Drivers

5.1 96% of Internet users say it has improved their life (UK online centres). There is a range of national research to support this including:

- 2 higher grades can be achieved by children with use of the internet in their homes (e-Learning Foundation) and students who utilise the Internet for study on a regular basis can benefit from improved attainment when assessed compared to those who do not utilise the Internet and ICT (Centre for Economic Performance, CEP Discussion Paper No 625)
- Consumers who shop regularly online can make 'typical savings' of £560 per annum (The Economic Case for Digital Inclusion, Price Waterhouse Cooper). In addition those electing to switch to online accounts (i.e. e-billing) can make additional savings. According to the BBC using online accounts can save £239 per annum to the average family ([www.bbc.co.uk/news/business-11787658](http://www.bbc.co.uk/news/business-11787658)).
- Remote diagnostics and monitoring services can assist the vulnerable and sick allowing them to remain in their own homes avoiding the need to visit hospital or for care workers to visit them as often. Patient experience with remote monitoring has indicated that they can feel empowered and more secure knowing they are being observed (Evaluation Report for COPD Telehealth Project, 2008)
- Access to social media such as Skype, email and social networking sites can help address issues of isolation, specifically older people who want to and are encouraged to live in their own homes - over 1 million people aged 65+ say they always or often feel lonely (Agenda for Later Life, Age UK)
- Access to benefits can also be improved via digital media. The wealth of information, assistance and advice that can be obtained from online sources ensures people better understand the benefits they are entitled to and can act as a driver to other information providers ([www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/Employedorlookingforwork/DG\\_10018757](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/Employedorlookingforwork/DG_10018757)).

## 6. Local Drivers

6.1 As part of the Borders Broadband Project, and with the help of Fast Broadband 4 Herefordshire, a survey into demand and use was distributed to every household in the county via the postal service. Whilst an on-line survey was available it was felt important that people without access to the Internet could make a response to ensure they were not excluded. The survey ran from September 2011 to February 2012 and generated 5,057 responses from the county (with 11,017 responses from both counties).

6.2 Key results show that:

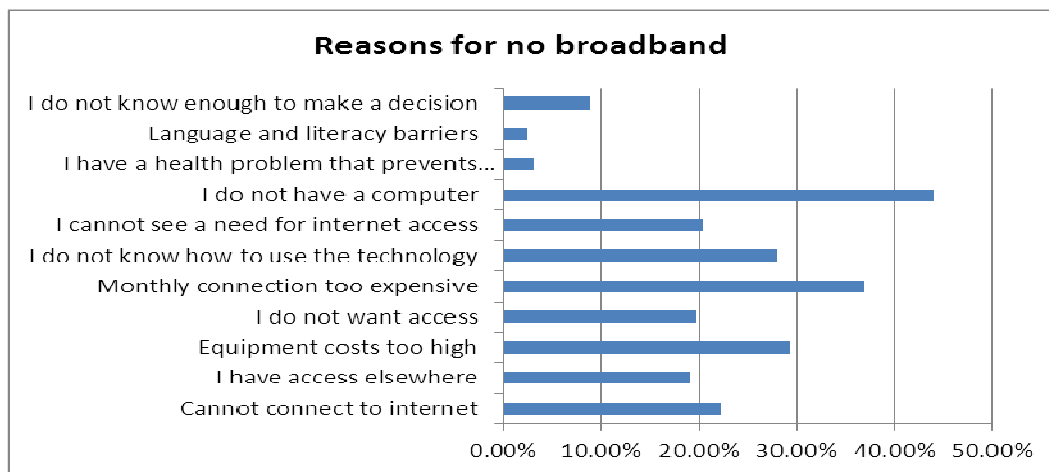
- Over three quarters of survey respondents in Herefordshire see broadband as essential to their home life
- Over a third of households in Herefordshire have download speeds well below 2 Mbps and around one in ten households have speeds less than 0.5 Mbps

---

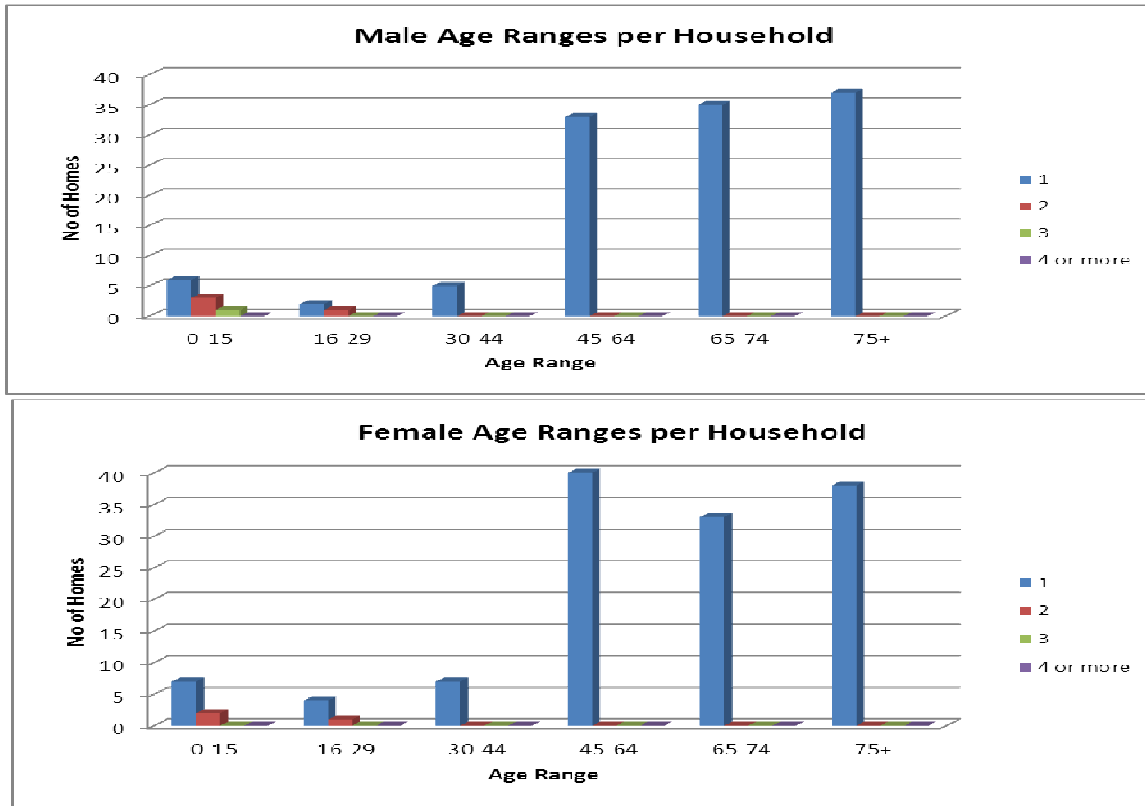
<sup>2</sup> Calculating the Impact of NGA Broadband in Herefordshire and Gloucestershire, 2012.

- One in six people use their household internet for school, college or university studies, while over a third use the internet at home for work, either for their employer or to run their own business
- More than half of households spend over 20 hours a week on the internet at home (collectively as a household)
- Around one in ten households have four or more Internet connected devices
- The top three current uses for broadband at home are:
  - Searching for goods and services
  - Buying goods and services
  - Paying bills and online banking
- The top three desired uses for broadband at home (if they had faster broadband) are:
  - Watching TV or video
  - Using internet functions on TV
  - Using Skype

6.3 There were 157 responses from residents without the Internet. The main features of the responses are highlighted below. Respondents were able to tick all reasons for not having broadband that applied, so the percentages do not accumulate to 100%, but costs and lack of knowledge are raised more often than being unable to connect. For non-users, the age of respondents were generally higher.



Age and gender profile of non-users:



**7. Digital Divide**

- 7.1 In 2009, 10.2 million adults (21% of the UK population) had never accessed the internet and 7.8m households (30% of those in the UK) had no internet connection at home. For Herefordshire the immediate issue is access to any broadband or broadband of sufficient speeds to make connection worthwhile. By contracting with a telecommunications company to design, build and maintain the broadband network this will result in improved access. However, though significant, this is only one and the first step to ensure people have equal access to digital opportunities.
- 7.2 The take-up of any broadband service is important to ensure the public sector investment is maximised with residents and businesses making the most of the opportunities being e-connected can bring.
- 7.3 From national data<sup>3</sup> it can be determined that digital exclusion is one factor next to a range of other exclusions that are often linked including rural isolation, poverty, unemployment, poor housing, poor health. However, digital inclusion can help to address some of the wider issues of exclusion.

<sup>3</sup> The Economic Case for Digital Inclusion 2009, Price Waterhouse Coopers

## 8. Local Divide

- 8.1 The core aspect of the Borders Broadband project is to create equal opportunity for people to access broadband. However there are three “characteristics” where due regard needs to be given.
- 8.2 Age – national research<sup>4</sup> and the local survey results shows that older people are less likely to embrace the new technologies largely because of awareness and skills. However, it is this group who could significantly benefit into their older age through social contact, access to services and supporting care and health requirements.
- 8.3 Poverty – though the public sector are gap funding the installation of the broadband network, there will still be costs of connections and monthly internet charges payable by residents.
- 8.4 Geographic – In the contract with the telecommunication company all households will have access to universal services at 2Mbps and 88% of the premises in Herefordshire will have access to speeds of 30Mbps with a range of speeds in-between (which includes the commercial deployment). The contract is the first step in meeting the ambition for 100% of people to have access to next generation speeds. However, as the most costly areas to reach are those which are most rural some people may not have access to the speeds they want / need, and as the deployment is delivered in phases some communities will receive the improved service much quicker than others.

## 9. Age

- 9.1 Just over a fifth of Herefordshire’s population is aged 65 and over (22%), compared to 17% regionally and 16% nationally<sup>5</sup>. The numbers of older people has grown more rapidly locally than nationally, a trend which is expected to continue. The number of people aged 65+ forecast to be living in Herefordshire by 2026 will be 61,000. In particular, the number of people aged 85+ is expected to almost double, from 5,400 in 2009 to 10,200 in 2026.
- 9.2 Enabling older people to stay in their homes rather than residential care can enable people to have more control over their lives and is more cost effective than residential care (for the public sector or individual). However, isolation can be a key factor - 3.1m people in the UK over 65 years don’t see a family, friend or neighbour even once a week<sup>6</sup> and 51% of people over 75 years live alone, with just over 1 million aged 65+ saying they always or often feel lonely<sup>7</sup>. Being connected digitally can help to address issues of isolation and keep people in contact with key services that will allow people to stay in their homes.

### 9.3 Intervention

- Be part of the National Go-On campaign to raise the profile of going-on line as a form of communication specifically using programmes such as Skype and email; also link to the national “give an hour campaign”<sup>8</sup> for people to volunteer for an hour to help kick-start people’s use of the internet.

---

<sup>4</sup> Aging and the Use of the Internet, Nominet Trust, 2011

<sup>5</sup> State of Herefordshire Report, 2011

<sup>6</sup> Participle.net

<sup>7</sup> Agenda for Later Life, Age UK

<sup>8</sup> [www.go-on.co.uk/champions](http://www.go-on.co.uk/champions)

- Specific elements of the **Go-On Herefordshire** programme to cater for older people including awareness sessions, training, internet clubs, etc.
- As part of the contract award, the supplier will be running a high level marketing campaign to create general awareness of broadband use, and retail ISPs will run their own product campaigns.
- Work with HPS services and key organisations that have contact with older people to raise awareness of going on-line and offer support programmes - including Age Concern, WIs, GPs, Residential Social Landlords, and via Broadband Champions.
- Implement Herefordshire's plans for tele-care with potential to develop tele-health.

## 10. Poverty

10.1 Poverty is a lack of income (or material possessions) to such a level that it is not considered acceptable by society. Officially a household is considered to be in poverty if its income (after taxes and housing costs) is less than 60% of the average (median) income nationally. In 2007-08 (the latest date for which local authority estimates are available) this was equal to £199 per week for a couple with no children. In the same year an estimated 19% of households (14,500 households) in Herefordshire had income below this level<sup>9</sup>.

10.2 Of those people classed as living in poverty:

- 22% are married families
- 22% are working age adults (16-59 years)
- 46% are lone parents households
- 29% are under 16 years old
- 16% are older people

10.3 The Borders Broadband survey shows that cost is a barrier to going on line – this includes monthly subscription charges, purchase of equipment and connection charges.

10.4 Poverty can be a symptom of several circumstances – low wages (Herefordshire's weekly wage is £383.30 compared to £456.4 nationally); unemployment which has increased during the recession; under employment with the proportion of people working part-time is greater in Herefordshire (14%) than nationally (12%)<sup>10</sup>.

10.5 Also, there are links between poverty, health outcomes and educational attainment when comparing the most and least deprived neighbourhoods in Herefordshire<sup>11</sup>.

10.6 Whilst the greatest numbers of households in poverty live in urban areas, some households in rural areas also live in poverty. There are also other financial pressures associated with living in rural areas that, whilst not relevant to the official definition of poverty, do make it harder for residents of rural areas. Additional costs associated with transport and domestic heating mean some rural households have to spend more to achieve the same standards of living as equivalent households living in urban areas<sup>12</sup>.

<sup>9</sup> State of Herefordshire Report, 2011

<sup>10</sup> Annual Population Survey, Annual Business Inquiry, Herefordshire Employers' Survey 2010 and the UK competitiveness index

<sup>11</sup> Herefordshire Joint Strategic Needs Assessment 2010

<sup>12</sup> A Minimum Income Standard for Rural Households, Rowntree Foundations, 2010

## 10.7 Intervention

- Promote online@home which offers cheaper computer hardware via reconditioned equipment and lower cost subscription charges for people on benefits as an enabler for people to get online.
- The customer will be able to purchase a range internet packages from ISPs that suit their means.
- Wholesale pricing regulated by Ofcom ensures the infrastructure provider cannot charge more for services in rural versus urban areas).
- The contract will enable more ISP's to access the network and therefore increase a competitive market and to drive down costs.
- The deployment will enable next generation speeds to reach employment sites and home businesses helping with economic prosperity.
- As part of the national Go-On programme work with key organisations to reach people who would most benefit from going on-line.
- The Community Technology Grant is available to local areas to purchase IT equipment for community use.
- Internet access is available at each library in the county enabling people to go on line.
- Work through CAF (Common Assessment Framework) programme to address the specific needs of families in areas of cost, access to equipment and training.

## 11. Geography

11.1 54% of Herefordshire's population live in rural areas, of which 43% live in the most rural locations. Providing services to a scattered population across a large geographic area is a challenge and often additional resources are required to service a sparsely disbursed population. Access to services particularly some health services such as the dentist, GP and hospital were felt to be difficult to access by Herefordshire residents, along with other services such as post office and public transport<sup>13</sup>.

11.2 As more and more national and local services are delivered "digitally by default" there is a risk that the problems faced by accessing services will be compounded if people are not connected. Though many people can currently access services on a 2Mbps service, more upload and download speeds will be needed in the future as more services are delivered online.

### 11.3 Intervention

- The ambition remains that everyone will have access to at least 30Mbps by 2018. As a first step in that delivery the contract allows for:
- 100% of premises to have access to universal commitment by March 2016
- 88% of residencies in the whole county will have access to next generation broadband of 30Mbps.
- Of the remaining premises a range of speeds will be available between 2-30Mbps.
- A bursary scheme will be available to business, communities or individuals who make a social or economic case for next generation speeds if not provided in the contractual deployment.

---

<sup>13</sup> State of Herefordshire Report, 2011

- To continue to embrace new technology and mobile phone infrastructure development to achieve 100% next generation speeds for everyone by 2018.

## **12. Summary**

12.1 The Borders Broadband project is designed to create an equal opportunity for people to take advantage of digital services. The public sector investment will mitigate disadvantage caused by the limited broadband access in the county available commercially.

## **Glossary**

BDUK: Broadband Delivery UK the funding arm of Department for Culture Media and Sport

HPS: Herefordshire Public Services

Mbps: Megabits Per Second the measure of Broadband bandwidth or speed

NGA: Next Generation Access, effectively the term for superfast broadband – project has elected to use 30Mbps and above

Protective characteristics: Age; Disability; Gender; Reassignment; Marriage and Civil

Partnerships; Pregnancy and Maternity; Race; Religion or Belief; Sex; Sexual Orientation

USC: Universal Service Commitment, effectively the term for basic broadband (the USC is the Government's Commitment) – 2Mbps basic broadband





# The Economic Impact of NGA Broadband in Herefordshire and Gloucestershire

(BB50)

## Document Purpose

The document has been developed to generate an understanding of the likely impact of the cumulative public sector investment in the Borders Broadband Project on the economy of Herefordshire and Gloucestershire. It considers the outcome and importance of both the subsidy of the physical infrastructure in the eligible investment area but also the impact of demand stimulation activities on the wider economy.

## Version History

Version	Date Issued	Brief Summary of Change	Author
1	8/2/12	1 <sup>st</sup> Draft	M Smith
2	10/2/12	Comments from RS and Clem Attwood incorporated	M Smith
2.1	13/2/12	Formatting Changes to Graphs	M Smith
3	29/2/12	Inclusion of Optimisation Diagram	M Smith

## Document Chronology

<b>Economic Impact Report BB50</b>
------------------------------------

## Contents

### 1. Introduction

### 2. Existing Economy

### 3. Physical NGA Infrastructure Activities

### 4. Take Up & Optimisation

### 5. Demand Stimulation Activities

### 6. Capital / Revenue Separate Treatment

### 7. Capital Investment

- a) Calculation Definitions
- b) Calculation
- c) Economic Impact of the Capital Investment
- d) Return on Capital Investment

### 8. Revenue Investment

- a) Calculation Definitions
- b) Calculation
- c) Economic Impact of the Revenue Investment
- d) Return on Revenue Investment

### 9. Combined Impact

## 1. Introduction

- a) The Borders Broadband Project is aiming to bring Next Generation Access (NGA) Broadband to as close to 100% as possible of business and residential premises in Herefordshire and Gloucestershire. For the purposes of this project, NGA is defined as broadband speeds of 30Mbps downstream and 5Mbps up.
- b) With much of this access being driven by private sector investment in the more populous areas of both counties, the Project's focus is to ensure that NGA services are available in areas which won't achieve access to such services through the commercial deployment alone.
- c) The Project will procure a private sector supplier to deliver wholesale broadband infrastructure that enables access to such services in the most isolated parts of both counties.
- d) Gap funding of up to c. £30m will be offered to enable the selected private partner to achieve access to high speed broadband. This funding has been made available through a partnership of BDUK (£14.5M), Herefordshire Council (£6M) and Gloucestershire County Council (£7.5M).
- e) The government premise for the investment through BDUK is primarily that high speed broadband is a key driver of economic growth. The Local Authorities motivations for their own investment are more evenly balanced between improving access to services and reducing isolation for the most marginalised communities, achieving efficiencies in the delivery of services to isolated communities, generating economic benefit through indigenous business growth and stimulating inward investment.
- f) Understanding the potential economic impact of the combined public sector investment within the area is therefore of critical importance to the Borders Broadband Project. This report considers the impact of the investment of capital and revenue resources in the project on the local economy.

## 2. Existing Economy

- a) Gross Value Added (GVA) is a measure of economic output and describes the total value of goods and services produced through economic activity in any particular period. This also equates to the total level of income generated by economic activity. It is the total size of the economic value created which can be distributed as income and is available to spend. GVA is a similar concept to Gross Domestic Product (GDP), the only difference being that GDP includes taxes and excludes subsidies on products.
- b) In 2009, the GVA of Herefordshire was valued at £2.74bn per annum while that of Gloucestershire was £11.5bn.
- c) The following two tables present details about the business population of Herefordshire and Gloucestershire as well as that of the areas which are eligible for capital investment by the public sector in the delivery of NGA services (see Map 1). Table 1 shows the business population broken down by the number of employees and Table 2 identifies the average turnover of businesses in the west midlands and south west of the UK by number of employees.

Table 1 Business Population by Number of Employees (Source: Annual Business Inquiry Workplace Analysis SIC 2007)

Area	1-10 employees	11-49 employees	50-199 employees	200+ employees	All units
Herefordshire	7,628	976	160	34	8,798
Gloucestershire	24,107	3,145	678	133	28,063
Eligible Area of Gloucestershire (LSOA)	12,140	1,250	232	45	13,667
Eligible Area of Herefordshire (LSOA)	5,098	516	75	14	5,703

Table 2 Average Turnover per Enterprise (£1000) (Source: Department of Business Innovation and Skills (IDBR))

	UK	West Midlands	South West
1-9 employees	417	352	312
10-49 employees	2,656	2,118	1,752
50-199 employees	12,488	11,438	8,748
200+ employees	203,869	158,966	138,067
All enterprises	2,418	1,911	1,330

### 3. Physical NGA Infrastructure Activities

- a) As stated in 1.b), there is a relatively expansive commercial rollout of NGA services in Herefordshire and Gloucestershire either currently in place or being planned over the next 3 years. Map 1 identifies the areas (marked as white) which will be affected by the commercial investment. These are considered to be outside of the scope of the Borders Broadband Project. These areas tend to be the more populous areas of Herefordshire and Gloucestershire and contain 36,861 business units.
- b) The businesses in the areas which will benefit from a commercially driven roll out tend to be larger in terms of their employment base and their turnover.
- c) To complement the commercial roll out, the Project will invest up to £30M in the provision of NGA wholesale Broadband Infrastructure to the remaining areas of both counties. The Eligible Investment Area is identified as green on Map 1. These areas tend to be the less populous areas of Herefordshire and Gloucestershire and contain 19,370 business units.
- d) The businesses in the areas which will require public subsidy to achieve NGA roll out tend to be smaller in terms of their employment base and their turnover.

#### 4. Take Up & Optimisation

- a) Based on information provided by the industry through the procurement process, it is assumed that the provision of infrastructure and any complimentary marketing campaigns by ISPs' will result in a take up rate of c. 20% of the total market.
- b) This gives an indication of the base case for any demand stimulation activities that are delivered to compliment the project and achieve a higher take up rate.
- c) It should be acknowledged that take up alone will not necessarily lead to increased economic productivity and there remains a significant knowledge gap in ensuring businesses are aware of the specific applications and services which are enabled through High Speed Broadband. The optimisation of these applications such as software as a service, the virtual office, accessing skills and e-commerce / global market opportunities will be bespoke to each business and will be the means through which productivity, efficiency and access to new markets will be achieved. The successful exploitation of online applications and services requires more intensive support than the marketing of services.
- d) Figure 1 below gives an indication of the ways in which NGA enabled ICT can improve efficiency, increase competitiveness and bring greater resilience to businesses.



- e) The project is aiming for success, with an overall target of 50% take-up and optimisation. Evidence exists to show that this is achievable. The following rollouts have achieved high levels of take-up, underpinned by innovative local programmes of demand stimulation:
  - i. The Malarengri rollout in the Vadteras municipality of Sweden passed 30,000 premises and achieved a 60% take up of Fibre to the Premises (FTTP) after 5 years, before the emergence of widespread NGA applications
  - ii. The Lyse FTTP rollout in Norway achieves 60-80% take-up in areas of new deployments
  - iii. The Onsnet rollout in Neunen, The Netherlands achieved an initial penetration of 97% in its first year (free service) and 80% remained connected when charged in the second year.

## 5. Demand Stimulation Activities

- a) Both Local Authorities are engaging in a range of demand stimulation activities with the business community which have been designed to underpin the project.
- b) These activities can be seen to split in to two distinct types in terms of business demand stimulation, awareness raising and business support.
  - i. Awareness raising activities including marketing and PR. Lead by the Project Team Stakeholder Managers and benefiting from the existing partnerships with local networks and business representative organisations (for instance the Gloucestershire LEP and the Herefordshire Business Board) these activities should increase the take up of NGA services. The awareness raising activities will rely heavily upon the generation of case studies (for instance through the development of a virtual company as a demonstrator) to exemplify the importance of higher level services.
  - ii. Business Support activities including diagnostics and one to many events. These activities will primarily be delivered by the UK IT Association (UKITA) in Herefordshire and the ERDF funded regional support programme for the South West in Gloucestershire (Peninsular). This intensive support should lead to an improved exploitation of the technology by those who have taken a service and ensure the largest economic impact is achieved.
    - 1. The cost to the public sector of providing the business support in Herefordshire through UKITA is £50,000. This will result in 100 businesses provided with intensive support and a further 100 with one to many support.
    - 2. The pro rata cost to the public sector of providing the business support in Gloucestershire through Peninsular is £654,000. This will result in 99 businesses provided with intensive support and a further 324 with one to many support.



## Economic Impact Assessment

### 6. Capital / Revenue Separate Treatment

- a) In determining the economic impact of the Borders Broadband Project, the impact of the capital and revenue investments by the public sector as described above have been treated separately. The separation has been applied for 2 reasons;
- iii. The assumed deadweight of the private sector investment in capital infrastructure across much of the area; and
  - iv. The assumed deadweight of 20% take up of NGA services in all areas of Herefordshire and Gloucestershire regardless of whether the serving infrastructure has been funded commercially or via public subsidy.
- b) Following separate calculations, a combined impact will be estimated. It is acknowledged that without the capital the revenue won't happen.

### 7. Capital Investment

#### a) Calculation Definitions

Term	Value	Rationale
Public Sector Investment	£28m	To be finalised
Output Type	Turnover	Turnover used as a proxy for improved business performance
Gross Outcome	3.7-4.1% uplift in turnover among 20% of the business population of the NGA Eligible Investment Area.	This will be graduated annually up to 6/7 years across all business typologies and calculated across the turnover types. <sup>1</sup>
Additionality Ratio	0.9	<p>Additionality is considered to be very low for the following reasons</p> <p>Deadweight = There is virtually no deadweight in the NGA Eligible Investment Area. The procurement process and state aid approval have proven to be subject to acute market failure and it is unlikely that this will change during the 10 year persistence</p> <p>Displacement = This investment is unlikely to lead to firms moving between areas in Gloucestershire and Herefordshire</p> <p>Leakage = Some very marginal leakage is possible over the borders but its impact will be negligible in terms of the small number of premises affected.</p> <p>Substitution = None</p> <p>Multipliers = Home workers will benefit as will the area's ability to stimulate inward investment. There will also be uplift in those which achieve increased but not NGA services but this will be negligible.</p>
Turnover/GVA Ratio	0.3	Turnover/GVA ratio (GVA as a % of annual turnover) in the West Midlands is 30%
Persistence	10 years	Infrastructure Lifetime = 25 years, Contract Term is 14 years. Persistence restricted to 10 years to balance the optimism bias in other areas.
Strategic Added Value	Leverage £22m	

<sup>1</sup> The West Midlands High Impact ICT Strategy, produced by Adroit Economics in 2007 outlined assumptions that the adoption of broadband enabled ICT in existing businesses raises turnover by an average of 3.7% over 6-7 years. It argues that this is a conservative estimate and is corroborated by a number of other studies.

b) Calculation

- i. The Economic Impact of the Capital infrastructure which will be subject to public subsidy has been calculated as follows;
- ii.  $\text{Gross Outcome} \times \text{Additionality Ratio} = \text{Net Annual Impact}$
- iii.  $\text{Net Annual Impact} \times \text{Turnover/GVA ratio} = \text{Annual GVA Uplift}$
- iv.  $\text{Annual GVA Uplift} \times \text{Persistence} = \text{Total cumulative net economic impact}$
- v. The full calculation is identified in Appendix 2 and presents the impact of achieving 100% NGA coverage. It also presents a sensitivity analysis of the impact based on lower coverage proportions.

c) Economic Impact of the Capital Investment

- i. Figure 1 Below identifies the impact on GVA in each county over a 10 year period
- ii. Should 100% NGA coverage be achieved, the total Economic Impact over a 10 year period is estimated to be £436,125,362. This figure decreases steadily based on the level of coverage by 8% at 90% coverage and down by 43% at 50% coverage.

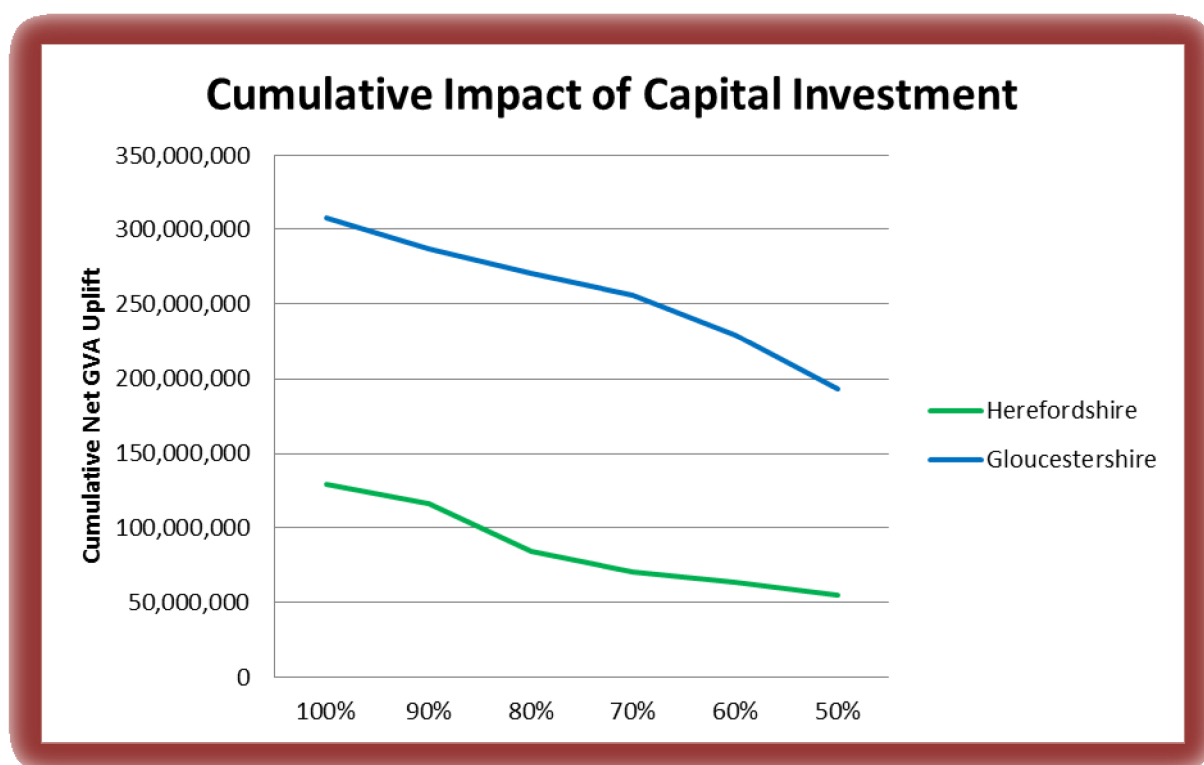


Figure 1

d) Return on Capital Investment

- i. The ROI is the Cumulative Impact / Initial Public Sector Subsidy. As the level of public subsidy available is relatively static, the ROI is almost exclusively dependent upon the coverage of NGA achieved.
  1. Based on a 100% NGA Deployment the ROI is estimated at 15.6:1
  2. Based on a 90% NGA Deployment the ROI is estimated at 14.4:1
  3. Based on a 80% NGA Deployment the ROI is estimated at 12.7:1
  4. Based on a 70% NGA Deployment the ROI is estimated at 11.7:1
  5. Based on a 60% NGA Deployment the ROI is estimated at 10.5:1
  6. Based on a 50% NGA Deployment the ROI is estimated at 8.8:1



## 8. Revenue Investment

### a) Calculation Definitions

Term	Value	Rationale
Public Sector Investment	£150,000 Stakeholder Managers £50,000 UKITA & Subsidies £654,000 Peninsular	To be finalised
Output Type	Turnover	Turnover used as a proxy for improved business performance
Gross Outcome	2% uplift in turnover among proportions above 20% take up of the business population across both counties.	Turnover Uplift attributable where take up exceeds 20% due to successful demand stimulation. This will be graduated annually up to 6/7 years when turnover uplift reaches 3.7-4.1%. This figure has been curtailed due to the persistence of revenue activities.
Additionality Ratio	0.46	<p>Additionality is considered relatively low for the following reasons</p> <p>Deadweight = 20% has been removed from the calculation across the board to account for early adopters who take a service regardless of demand stimulation activities (though take up does not directly lead to exploitation).</p> <p>Displacement = Unlikely to affect firms in Gloucestershire and Herefordshire as access to NGA will be all pervasive</p> <p>Leakage = Some very marginal leakage over the borders but negligible</p> <p>Substitution = None</p> <p>Multipliers = Home workers will benefit but the affects will be hidden. There will also be uplift in those which achieve increased but not NGA services but this will be negligible.</p> <p>The former RDA benchmark of 0.46 has been applied.</p>
Turnover/GVA Ratio	0.3	Turnover/GVA ratio (GVA as a % of annual turnover) in the West Midlands is 30%
Persistence	3 years	Revenue investment impact capped at 3 years
Strategic Added Value	Leadership Strategic influence Engagement	Leadership Strategic influence – Herefordshire & Gloucestershire achieve a greater profile Engagement – Demand Stimulation activities will increase the project's exposure to end users.

### b) Calculation

- i. The Economic Impact of the Revenue investment by the public sector has been calculated as follows;
  1. Gross Outcome x Additionality Ratio = Net Annual Impact
  2. Net Annual Impact x Turnover/GVA ratio = Annual GVA Uplift
  3. Annual GVA Uplift x Persistence = Total cumulative net economic impact
- ii. The full calculation is identified in Appendix 3 and presents the impact of achieving graduated take up above the 20% deadweight benchmark. It therefore includes a sensitivity analysis based on take up.
- iii. It should be noted that achieving higher take up through awareness raising alone is unlikely to result in major turnover uplift as services will not necessarily be maximised.

c) Economic Impact of the Revenue Investment

- i. Figure 2 Below identifies the impact on GVA in each county over a 3 year period
- ii. Should a 10% increase above the deadweight figure of 20% Take Up and Optimisation, the total Economic Impact over a 3 year period is estimated to be £16,718,139. This figure increases significantly once take up exceeds 10% above the deadweight and 30% in total.

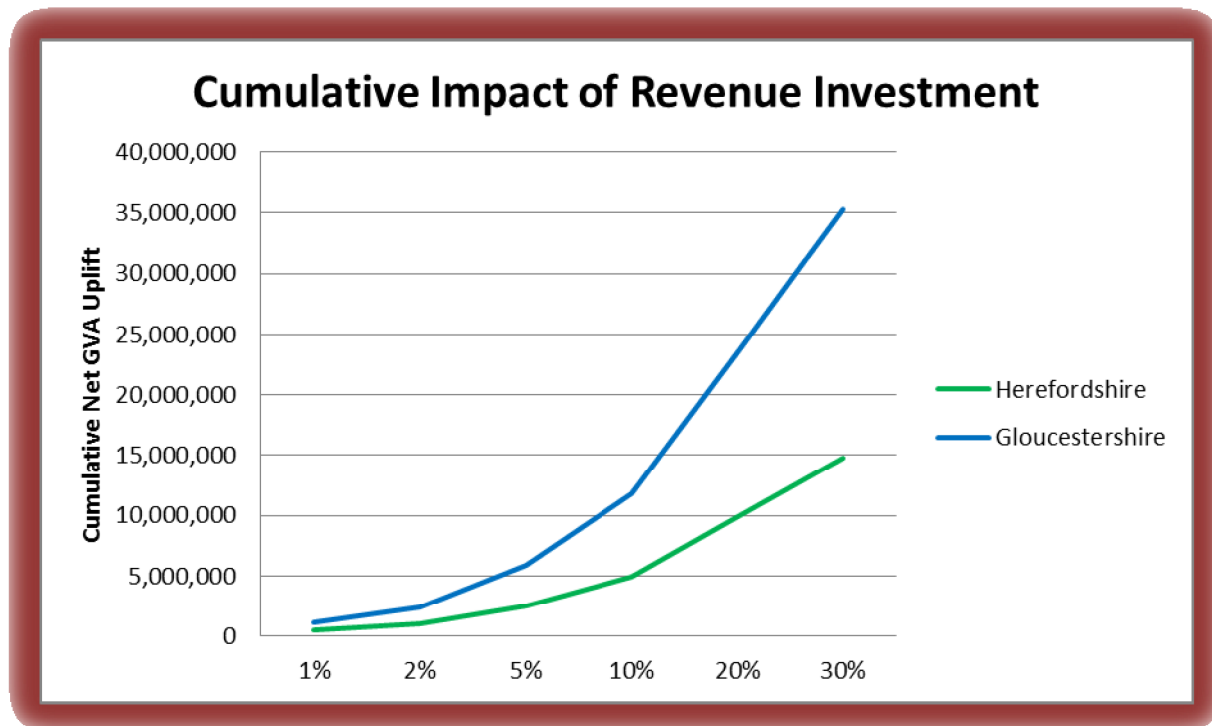


Figure 2

d) Return on Revenue Investment

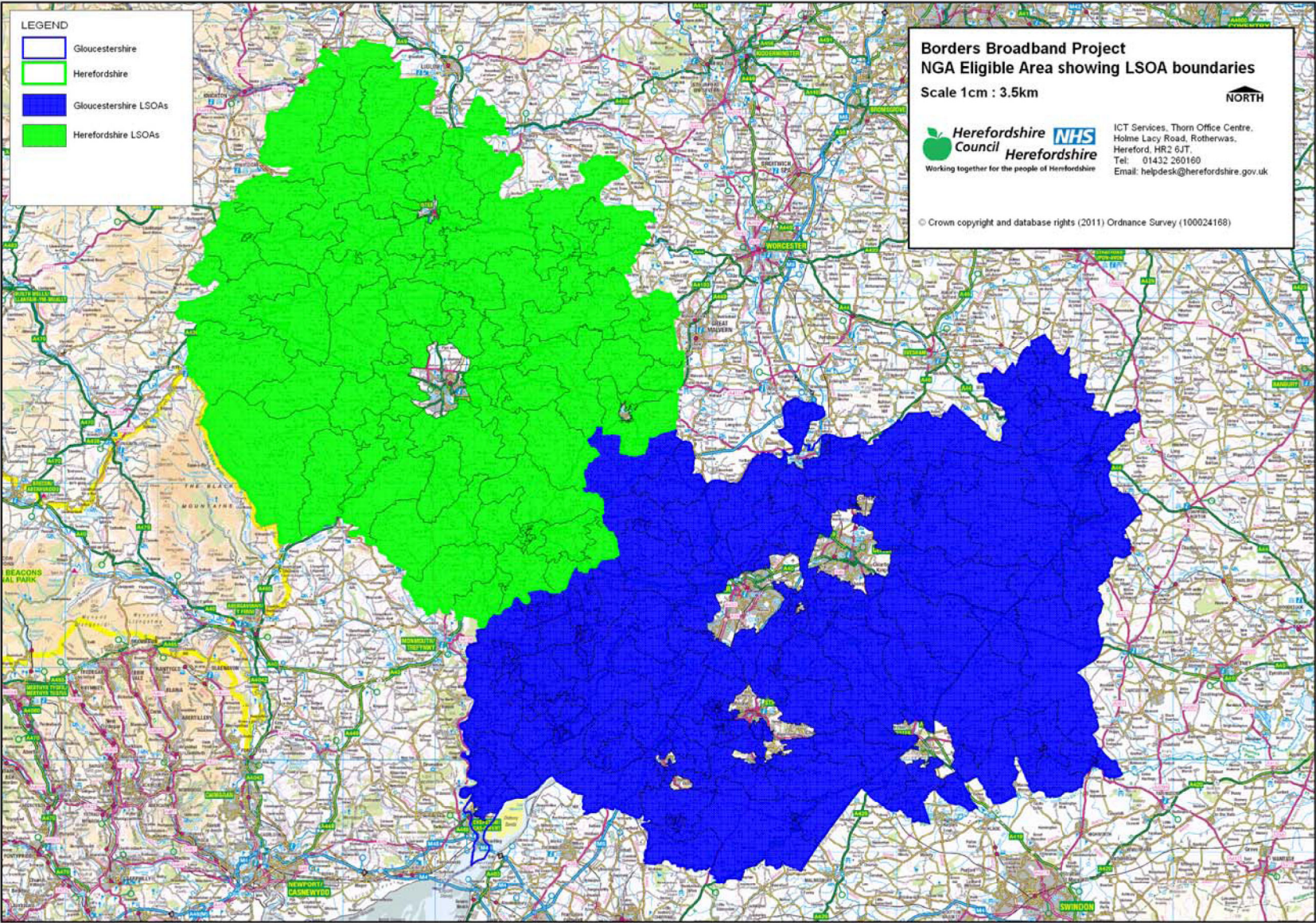
- i. The ROI is the Cumulative Impact / Initial Public Sector Subsidy. As the level of public subsidy available is relatively static, the ROI is almost exclusively dependent upon the increases in Take Up and Optimisation of NGA services which have been facilitated through demand stimulation activities.
  1. Based on 50% NGA Take Up (Deadweight + 30%), the ROI is estimated at 59:1
  2. Based on 40% NGA Take Up (Deadweight + 20%), the ROI is estimated at 39.3:1
  3. Based on 30% NGA Take Up (Deadweight + 10%), the ROI is estimated at 19.7:1
  4. Based on 25% NGA Take Up (Deadweight + 5%), the ROI is estimated at 9.8:1
  5. Based on 22% NGA Take Up (Deadweight + 2%), the ROI is estimated at 3.9:1
  6. Based on 21% NGA Take Up (Deadweight + 1%), the ROI is estimated at 2:1

9. Combined Impact

- e) Based upon an NGA deployment that reaches 90% of the eligible investment area and demand stimulation activities that encourage a 10% greater take up (and optimisation) than the base case, the annual GVA Uplift is estimated to equate to £45.9M and a cumulative Impact over 10 years of £419.5M. This would result in a ROI of 14.5:1.



Appendix 1 LSOA's in Area Eligible for NGA Investment





## Appendix 2 GVA from Capital Investment

GVA Impact of Capital Investment in Eligible Area		Sensitivity Analysis Proportional NGA Coverage 100%					
		100%	90%	80%	70%	60%	50%
Herefordshire	Total Businesses in the eligible area with 1-10 employees	5,098	4001	2,783	2063	1612	1206
	Average Turnover of Businesses in the eligible area with 1-10 employees	352,000	352,000	352,000	352,000	352,000	352,000
	Total Businesses in the eligible area with 11-49 employees	516	432	294	240	197	161
	Average Turnover of Businesses in the eligible area with 11-49 employees	2,118,000	2,118,000	2,118,000	2,118,000	2,118,000	2,118,000
	Total Businesses in the eligible area with 50-199 employees	75	70	47	38	32	29
	Average Turnover of Businesses in the eligible area with 50-199 employees	11,438,000	11,438,000	11,438,000	11,438,000	11,438,000	11,438,000
	Total Businesses in the eligible area with 200+ employees	14	14	11	10	10	9
	Average Turnover of Businesses in the eligible area with 200+ employees	158,966,000	158,966,000	158,966,000	158,966,000	158,966,000	158,966,000
	<b>Herefordshire Baseline</b>	<b>5,970,758,000</b>	<b>5,349,512,000</b>	<b>3,888,520,000</b>	<b>3,258,800,000</b>	<b>2,940,346,000</b>	<b>2,527,906,000</b>
Gloucestershire	Total Businesses in the eligible area with 1-10 employees	12,140	10,979	10,133	9081	7606	6188
	Average Turnover of Businesses in the eligible area with 1-10 employees	312,000	312,000	312,000	312,000	312,000	312,000
	Total Businesses in the eligible area with 11-49 employees	1,250	1153	1083	1,000	861	708
	Average Turnover of Businesses in the eligible area with 11-49 employees	1,752,000	1,752,000	1,752,000	1,752,000	1,752,000	1,752,000
	Total Businesses in the eligible area with 50-199 employees	232	219	208	198	170	154
	Average Turnover of Businesses in the eligible area with 50-199 employees	8,748,000	8,748,000	8,748,000	8,748,000	8,748,000	8,748,000
	Total Businesses in the eligible area with 200+ employees	45	43	41	40	38	32
	Average Turnover of Businesses in the eligible area with 200+ employees	138,067,000	138,067,000	138,067,000	138,067,000	138,067,000	138,067,000
	<b>Gloucestershire Baseline</b>	<b>14,220,231,000</b>	<b>13,298,197,000</b>	<b>12,539,243,000</b>	<b>11,840,056,000</b>	<b>10,615,250,000</b>	<b>8,936,408,000</b>
<b>Total Baseline</b>	<b>20,190,989,000</b>	<b>18,647,709,000</b>	<b>16,427,763,000</b>	<b>15,098,856,000</b>	<b>13,555,596,000</b>	<b>11,464,314,000</b>	
<b>Take Up</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	
Herefordshire Turnover of those taking an NGA service	1,194,151,600	1,069,902,400	777,704,000	651,760,000	588,069,200	505,581,200	
Gloucestershire Turnover of those taking an NGA service	2,844,046,200	2,659,639,400	2,507,848,600	2,368,011,200	2,123,050,000	1,787,281,600	
<b>Total Turnover of those taking an NGA service</b>	<b>4,038,197,800</b>	<b>3,729,541,800</b>	<b>3,285,552,600</b>	<b>3,019,771,200</b>	<b>2,711,119,200</b>	<b>2,292,862,800</b>	
<b>Turnover Uplift</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	
Herefordshire Gross Outcome	47,766,064	42,796,096	31,108,160	26,070,400	23,522,768	20,223,248	
Gloucestershire Gross Outcome	113,761,848	106,385,576	100,313,944	94,720,448	84,922,000	71,491,264	
<b>Total Gross Outcome</b>	<b>161,527,912</b>	<b>149,181,672</b>	<b>131,422,104</b>	<b>120,790,848</b>	<b>108,444,768</b>	<b>91,714,512</b>	
<b>Adittionality Ratio</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	
Herefordshire Net Annual Impact	42,989,458	38,516,486	27,997,344	23,463,360	21,170,491	18,200,923	
Gloucestershire Net Annual Impact	102,385,663	95,747,018	90,282,550	85,248,403	76,429,800	64,342,138	
<b>Total Net Annual Impact</b>	<b>145,375,121</b>	<b>134,263,505</b>	<b>118,279,894</b>	<b>108,711,763</b>	<b>97,600,291</b>	<b>82,543,061</b>	
<b>Turnover / GVA Ratio</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	

Herefordshire Annual GVA Uplift	12,896,837	11,554,946	8,399,203	7,039,008	6,351,147	5,460,277
Gloucestershire Annual GVA Uplift	30,715,699	28,724,106	27,084,765	25,574,521	22,928,940	19,302,641
Total Annual GVA Uplift	43,612,536	40,279,051	35,483,968	32,613,529	29,280,087	24,762,918
Persistence	10	10	10	10	10	10
Herefordshire cumulative net GVA Uplift	128,968,373	115,549,459	83,992,032	70,390,080	63,511,474	54,602,770
Gloucestershire cumulative net GVA Uplift	307,156,990	287,241,055	270,847,649	255,745,210	229,289,400	193,026,413
Total cumulative net GVA Uplift	436,125,362	402,790,514	354,839,681	326,135,290	292,800,874	247,629,182
Public Sector Investment	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000
Return on Investment	15.58	14.39	12.67	11.65	10.46	8.84

#### Notes

This model is indicative only

The model does not account for the deadweight of interest increases over the term of benefit

The model also assumes a flat rate of 4% turnover increase due to optimisation. In reality this would only be achieved by year 6/7 with turnover increasing to that point and then exceeding 4% beyond that point.

There is an inherent optimism bias in this approach

Also of note is that the model assumes deployment is completed across the board from year 1 but it will take c. 5 years to fully deploy. This also leads to an optimism bias

The optimism bias has been offset by reducing the persistence to just 10 years while the project term will be at least 14 and the infrastructure life at least 25. Additionally the model does not account for the uplift from Non NGA Infrastructure

Take Up is a proxy and it is the optimisation of those taking a service which will achieve the productivity increases

In the <100% models, the business base has been estimated by removing a proportion of the most sparsely populated eligible LSOAs. This does not accurately reflect the potential <100% deployment footprints

### Appendix 3 GVA from Revenue Investment

GVA Impact of Revenue Investment Across the County							
Herefordshire	Total Businesses in the county with 1-10 employees	5,098					
	Average Turnover of Businesses in the county with 1-10 employees	352,000					
	Total Businesses in the county with 11-49 employees	516					
	Average Turnover of Businesses in the county with 11-49 employees	2,118,000					
	Total Businesses in the county with 50-199 employees	75					
	Average Turnover of Businesses in the county with 50-199 employees	11,438,000					
	Total Businesses in the county with 200+ employees	14					
	Average Turnover of Businesses in the county with 200+ employees	158,966,000					
<b>Herefordshire Baseline</b>		5,970,758,000					
Gloucestershire	Total Businesses in the county with 1-10 employees	12,140					
	Average Turnover of Businesses in the county with 1-10 employees	312,000					
	Total Businesses in the county with 11-49 employees	1,250					
	Average Turnover of Businesses in the county with 11-49 employees	1,752,000					
	Total Businesses in the county with 50-199 employees	232					
	Average Turnover of Businesses in the county with 50-199 employees	8,748,000					
	Total Businesses in the county with 200+ employees	45					
	Average Turnover of Businesses in the county with 200+ employees	138,067,000					
<b>Gloucestershire Baseline</b>		14,220,231,000					
Total Baseline		20,190,989,000					
Total with Take Up Deadweight of 20%		4,038,197,800					
Sensitivity Analysis on Take Up and Optimisation above 20%		1%	2%	5%	10%	20%	30%
Herefordshire Turnover of those taking an NGA service		59,707,580	119,415,160	298,537,900	597,075,800	1,194,151,600	1,791,227,400
Gloucestershire Turnover of those taking an NGA service		142,202,310	284,404,620	711,011,550	1,422,023,100	2,844,046,200	4,266,069,300
Total Turnover of those taking an NGA service		201,909,890	403,819,780	1,009,549,450	2,019,098,900	4,038,197,800	6,057,296,700
Turnover Uplift		2%					
Herefordshire Gross Outcome		1,194,152	2,388,303	5,970,758	11,941,516	23,883,032	35,824,548
Gloucestershire Gross Outcome		2,844,046	5,688,092	14,220,231	28,440,462	56,880,924	85,321,386
Total Gross Outcome		4,038,198	8,076,396	20,190,989	40,381,978	80,763,956	121,145,934
Additionality Ratio		0.46					
Herefordshire Net Annual Impact		549,310	1,098,619	2,746,549	5,493,097	10,986,195	16,479,292
Gloucestershire Net Annual Impact		1,308,261	2,616,523	6,541,306	13,082,613	26,165,225	39,247,838
Total Net Annual Impact		1,857,571	3,715,142	9,287,855	18,575,710	37,151,420	55,727,130
Turnover / GVA Ratio		0.3					
Herefordshire Annual GVA Uplift		164,793	329,586	823,965	1,647,929	3,295,858	4,943,788

Gloucestershire Annual GVA Uplift	392,478	784,957	1,962,392	3,924,784	7,849,568	11,774,351
Total Annual GVA Uplift	557,271	1,114,543	2,786,356	5,572,713	11,145,426	16,718,139
Persistence	3					
Herefordshire cumulative net GVA Uplift	494,379	988,758	2,471,894	4,943,788	9,887,575	14,831,363
Gloucestershire cumulative net GVA Uplift	1,177,435	2,354,870	5,887,176	11,774,351	23,548,703	35,323,054
Total cumulative net GVA Uplift	1,671,814	3,343,628	8,359,069	16,718,139	33,436,278	50,154,417
Public Sector Investment	850,000					
Return on Investment	1.97	3.93	9.83	19.67	39.34	59.01

#### Notes

This model is indicative only

The model does not account for the deadweight of interest increases over the term of benefit

The model also assumes a flat rate of 2% turnover increase due to optimisation. This is due to the assumed persistence of the benefits being only 3 years while evidence shows that c4% is achieved by year 6/7 with turnover increasing to that point.

Also of note is that the model assumes deployment is completed across the board from year 1 and is available to optimise but it will take c5 years to fully deploy. This leads to an optimism bias  
Take Up is a proxy and it is the optimisation of those taking a service which will achieve the productivity increases. Therefore without focus demand stimulation activities that ensure businesses are in a position to maximise their use of ICT these gains will not be achieved.

## Appendix 4 Cumulative GVA Uplift from Capital and Revenue Investment

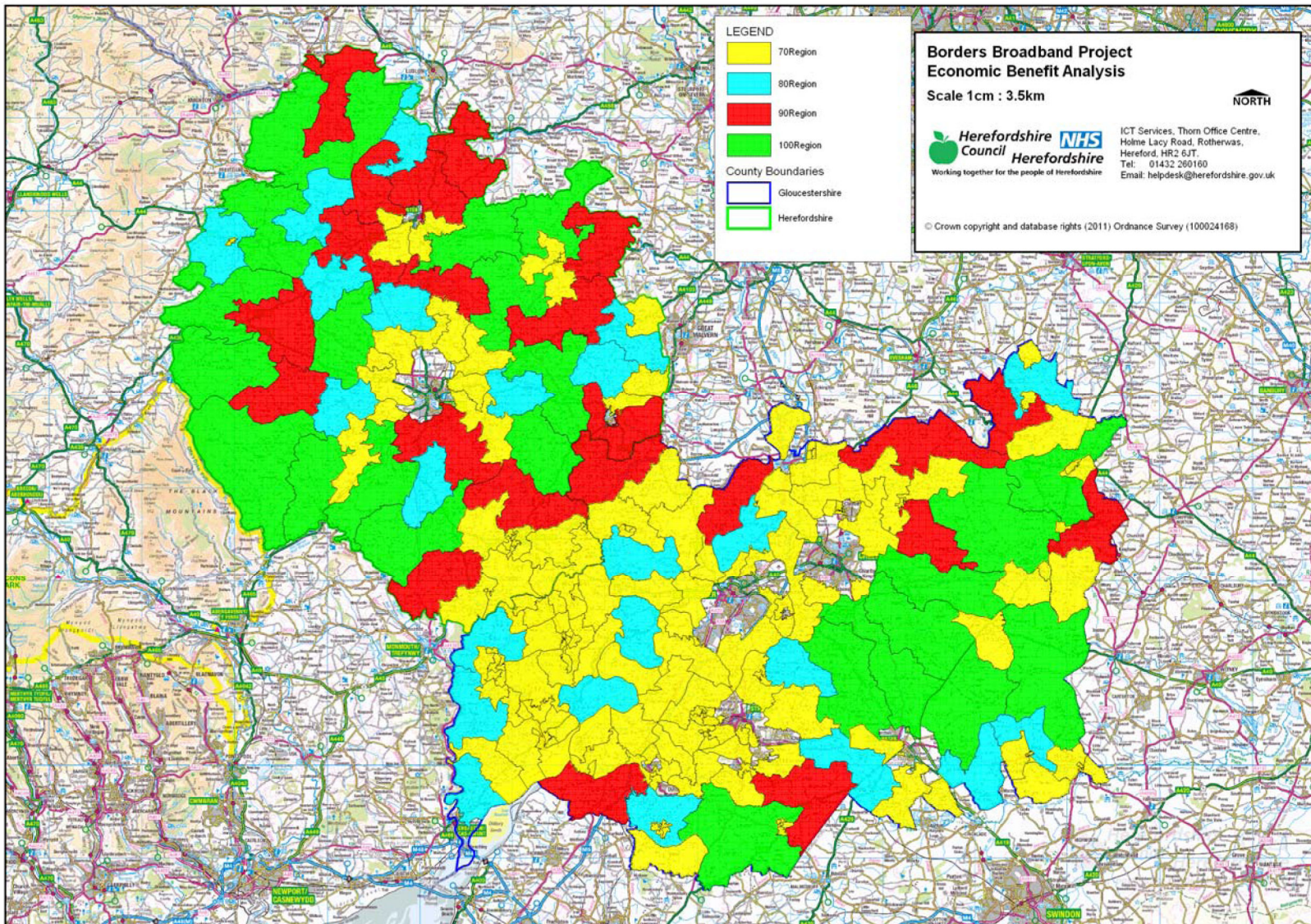
### Cumulative Impact of Revenue and Capital Investment

90% Coverage of NGA and a 10% increase in Take Up and Optimisation

Herefordshire Annual GVA Uplift	£13,202,875
Herefordshire Cumulative GVA Uplift	£120,493,247
Gloucestershire Annual GVA Uplift	£32,648,890
Gloucestershire Cumulative GVA Uplift	£299,015,406
Total Annual GVA Uplift	£45,851,764
Total Cumulative GVA Uplift	£419,508,653



**Appendix 5 NGA Coverage Sensitivity Analysis Map** (Note: Each 'layer' is cumulative e.g. 100% = 100% + 90% + 80% + 70%)







# Digital County Vision for Herefordshire

Herefordshire Council is working with a range of partners, organisations and businesses to improve broadband in the county. Through working collaboratively the aim is to support everyone in Herefordshire to be able to access broadband and use it to create advantage and opportunity whatever age, ability or background.

## Overview

Herefordshire has a great deal to offer through a strong work-life balance combining a stunning natural environment, a diverse business base, high standards of education complemented by a rich range of culture and leisure opportunities.

The technology revolution has created an opportunity for Herefordshire to retain its key qualities while simultaneously meeting the requirements of modern-day living and working. Technology can become a tool for creating social and economic benefit, with businesses able to increase their competitiveness and residents being able to access services and goods. This is particularly important in rural areas where people can miss out on information, employment, access to key services and risk becoming isolated just because of where they live.

Therefore a key component of Herefordshire's long term prosperity and quality of life is to embrace opportunities digital access can provide. This document outlines how that is going to be achieved within business, community and public services.

## Objectives

**The network** - To improve the broadband infrastructure throughout Herefordshire and advocate for greater mobile phone coverage to aid residents and businesses

**Internet use** - For more people to exploit the internet creating opportunities and advantages in work, educational settings, home and communities

**Education and training** - To increase the use of the internet as a tool to support education and training including engaging students in high-tech careers

**Business** - Create competitive advantage through business engaging in today's online world

**Rural isolation and digital divide** - To address issues of rural isolation and exclusion through the use of technologies

**Health and wellbeing** - Transform public sector services to create added benefit for residents in using advances in technology and broadband to support people to live as independently as possible.

# Vision

In 2020 Herefordshire will be one of the most digitally connected counties in the UK.

From the position of a quarter of households having no Broadband access and the average speeds in Hereford City slower than any other comparable town or city in the UK, by 2020 we will have transformed the quality of the broadband network to meet the requirements of modern day-living and working.

New enterprises and established businesses will have benefited as a result of access to faster broadband. An influx of technology and knowledge companies will view Herefordshire as an ideal location to do business, offering a good quality of life, yet ensuring there are no barriers to accessing the global marketplace. The county will have a highly skilled workforce who are applying their knowledge to different types of enterprise.

The countywide education network, will have a well developed technology curriculum covering computer programming and sophisticated exploitation of applications. Pupils will leave education with a high degree of technology skills to be used in different forms of work and life.

Family and adult learning courses in technology use will be common-place with a network of online forums and a spread of internet clubs operating virtually and within communities. There will be an army of volunteers to help people use technology to suit their lifestyle.

All public access and community venues will have access to the internet as a given, and Herefordshire will have mobile coverage that enables people to exploit technology irrespective of their location and without ties to specific places.

Hereford City and the market towns will be vibrant places to meet, to shop and for entertainment, with the retail offer boosted rather than undermined by internet competition. Through online sales and greater access to the global market place local retailers will enjoy greater opportunities for growth and diversification.

Residents who need care and support will benefit from advances in health technology, with online consultations the norm along with at home monitoring and self medication. Better care will be delivered at lower cost enabling people to have improved quality of life.

Herefordshire Council will have developed a number of smartphone applications that enable communication and consultation with residents on a whole range of topics. Residents will feel better informed and engaged through innovative use of technology.

Herefordshire will be well known as a county which retains its key characteristics whilst embracing modern day living and working through its ambition of being a digital county.

# Themes

## The Network

The current broadband infrastructure in Herefordshire is one of the slowest networks in the country. Without action the current situation will only become worse as more and more people use the internet therefore creating added pressure on the existing network. There are also households in the county that do not have access to a broadband service at all, and these are the priority.

As a rural area, with a low population density, Herefordshire has not been commercially viable for telecommunication companies to invest in the broadband infrastructure as they would be unlikely to receive the financial returns to recoup that investment. Therefore, funds from national Government matched by Herefordshire Council are providing a financial contribution to make private sector investment viable. The network supplier will use a combination of their own resources and that of the public sector to ensure the infrastructure is expanded to enable everyone to gain access to broadband speeds of 2Mbps, with many areas receiving speeds in excess of 30Mbps.

The network is being improved through the Borders Broadband project, a partnership between Herefordshire and Gloucestershire, working in collaboration to meet the challenge of broadband provision in the two counties.

Mobile phone coverage enables internet access through existing 3G and future 4G developments. At present Herefordshire has very patchy mobile coverage - 69% 2G geographic coverage, and 3% 3G coverage from all operators

(<http://maps.ofcom.org.uk/mobile/index.html>) which hinders communication for residents and businesses at a time when the increasing priority is to access the internet while on the move.

## Internet use

Studies show typical savings of £560 per annum can be made in household finances by making the most of internet use (ref: [www.sqw.co.uk/file\\_download/138](http://www.sqw.co.uk/file_download/138)). Plus by switching to online accounts (i.e. e-billing) additional savings can be made, in the region of £239 per annum to the average family ([www.bbc.co.uk/news/business-11787658](http://www.bbc.co.uk/news/business-11787658)).

There are also strong social benefits with internet access becoming an essential part of communication and interaction.

A key task is for more people and businesses to be aware of the benefits of the internet and specifically the use of broadband. To many this is obvious, but for others it is a big step with barriers to overcome, including the cost of equipment, skills and knowledge. Experience has shown that with a little support these barriers can be overcome leading to new horizons opening up through the use of the internet.

## Education and training

The technology skills young people learn at school today will be essential in their future careers and the future economic vitality of the county and the country. As businesses diversify, technology skills will become even more important as many schools and colleges are tackling this issue with advances in computer programming as part of their studies.

However, the issue of training goes far beyond the classroom. Sometimes training is also about building awareness and confidence among the general public in using technology.

The internet is also a great way of accessing education and training, in supporting studies, providing online courses as well as assisting with homework and research. This is very important in rural areas where the access to courses and resources is not readily available.

## Rural Isolation

There are considerable benefits to older people living longer in their own home rather than residential care for both their own well being and the public purse. Though there is a concern that people will become more isolated with limited interaction with the outside world as we become older and less mobile. However, isolation does not just affect older people, but also a consequence of poverty, disability or access to transport. This isolation can be compounded in rural areas.

Use of the internet has the ability to address isolation through interaction with friends and family, and for practical applications such as communicating with public and health services.

As more services and goods will be designed solely for the internet the danger is that some people will be left behind, creating a digital divide. There is a role for the public and voluntary sectors to support more people to get online and take advantage of what the internet can offer.



## Business

The improved broadband in Herefordshire is a key component of the county's Economic Development Strategy and combined with other initiatives it will transform the prospects of industry in the county. It is estimated that the improved broadband network will have significant impact on the county's Gross Value Added (GVA) - potentially boosted by £120m over the next ten years. The improved broadband will enable companies to compete on a level playing field with more urban based companies who already have the broadband speeds. The county has a high proportion of small and medium sized businesses (86% of businesses having 1-10 employees) many of which operate from home. These businesses are

important to the sustainability of rural communities in providing employment and support to local amenities, enabling public services like schools to continue and adding vibrancy to communities. The investment in the broadband network will help keep these companies in rural areas, as well as attracting new businesses which would have been otherwise deterred by poor broadband and mobile phone coverage. As well as creating market opportunities, greater use of the internet by businesses can create savings that can be reinvested in the company or used to employ more people. It also reduces the need to travel, with additional benefits to the environment.





Members of Burghill Community Access Point



Colin communicating to family in America



Learning together



Broadband champion Toby Murcott

## Themes

### Health and Wellbeing

Pilot schemes and research have shown that there are key benefits to increasing people's health and wellbeing through use of digital services, specifically in preventing preventing the need for invasive treatment which in the long run costs the tax payer less and is better for all.

Remote diagnostic and monitoring services, commonly referred to as telehealth, can assist the vulnerable and long-term sick allowing them to remain in their own homes and avoid the need for hospital or care worker visits. Patient experience of remote monitoring has indicated that people can feel empowered and more secure knowing their health is being observed.

[www.hometelehealthltd.co.uk](http://www.hometelehealthltd.co.uk)

This way of working is not a simple task - it requires initial investment and a change of approach for patients and health professionals. However, maximising the use of suitable technologies could help to address the growing challenge in Herefordshire and the rest of the country of the social care needs of vulnerable people.

Though living in a rural environment has many positive effects on wellbeing, travel and accessing services can be a challenge. By using email and web services people can interact with friends and family irrespective of geographical constraints. For older people Skype and email are increasingly popular applications enabling communications and interact with family across the world.

## Activity

Some of the key programmes taking place in Herefordshire include:

- **Network:** One of four national pilots to improve broadband infrastructure in rural areas, creating better coverage and access to faster speeds. Private sector providers also independently addressing the lack of broadband in some rural areas through wifi services.
- **Mobile coverage:** Potential pilot area for improved mobile phone coverage
- **Champions:** Establishment of broadband champions across the county to support the communication, awareness and involvement in the Borders Broadband project.
- **Business:** Local programme of business support to generate private sector growth and sustainability by maximising the benefits of faster broadband speeds.
- **Awareness:** Communicating the benefits of broadband access, including questionnaires to every household and businesses to assess demand and need.
- **Training:** A network of training courses to help people develop their skills and confidence in using the internet.
- **Community Access:** Financial support for community venues to purchase equipment enabling residents to access technology and the internet.
- **Public Service:** Use of digital technologies as part of Herefordshire Public Services' main transformation programme.
- **Go-on Line:** Planned programme of activity by a range of groups and organisations linked to the national programme to get every connected to the internet by 2020  
[www.go-on.co.uk](http://www.go-on.co.uk)

If you require this document in an alternative format or language please contact 01432 260609 or email [bordersbroadband@herefordshire.gov.uk](mailto:bordersbroadband@herefordshire.gov.uk)

Document is Restricted





Document is Restricted

