

Draft

welcome to
fastershire
Faster broadband for Herefordshire and Gloucestershire

Faster

shire Broadband Strategy 2017 Update



Foreword

The original Fastershire Broadband Strategy was adopted in 2014 and revised in 2015 to outline the roadmap to achieve greater NGA coverage across Herefordshire and Gloucestershire and ultimately the Authorities' vision, that;

“by the end of 2018 everyone in Herefordshire and Gloucestershire will be able to order the broadband service they need”

Lots of activity has happened since that 2015 revision.

The Phase 1 Stage 2 BT contract has closed and we are now well into Phase 2 Stage 3 with the procurements largely complete and delivery ramping up across wide areas of both counties by Gigaclear.

The projected coverage at the conclusion of Stage 3 not only exceeds where we projected we would be at the end of Stage 3 but by engaging with Gigaclear to add to BTs FTTP delivery under stage 2, we are on track to have one of the highest proportions of full fibre of anywhere in the country.

We are now focused on supporting Stage 3 and the commercial expansion it has stimulated to be realised in as efficient and timely manner as possible as well as developing Stage 4 of the Strategy.

Whilst the Stage 3 procurements have exceeded our expectations with regard to the coverage that can be expected, it will take longer than we had hoped. As a result, the strategy now extends into 2019/20 and beyond the original target end date of the end of 2018.

It cannot be underestimated what a significant undertaking Stage 3 is, nor indeed the transformational impact that it will have on both counties.

That said, there's still a job to do with 2.5% and 4.5% of properties in Gloucestershire and Herefordshire respectively still sitting outside any existing plan.

This Strategy update is timely due to the clarity we now have regarding the projected outcome of Stages 2 and 3 but also our greater focus on adoption and exploitation. With this in mind, the Strategy Vision has been refined such that;

“by the end of 2019/20 all residents and businesses in Herefordshire and Gloucestershire will be able to order the broadband service they need and a high percentage will be using faster broadband to do more online, boost business growth and achieve their potential”¹

¹ Adopted by the Fastershire Project Board February 2017

Introduction

What is Fastershire?

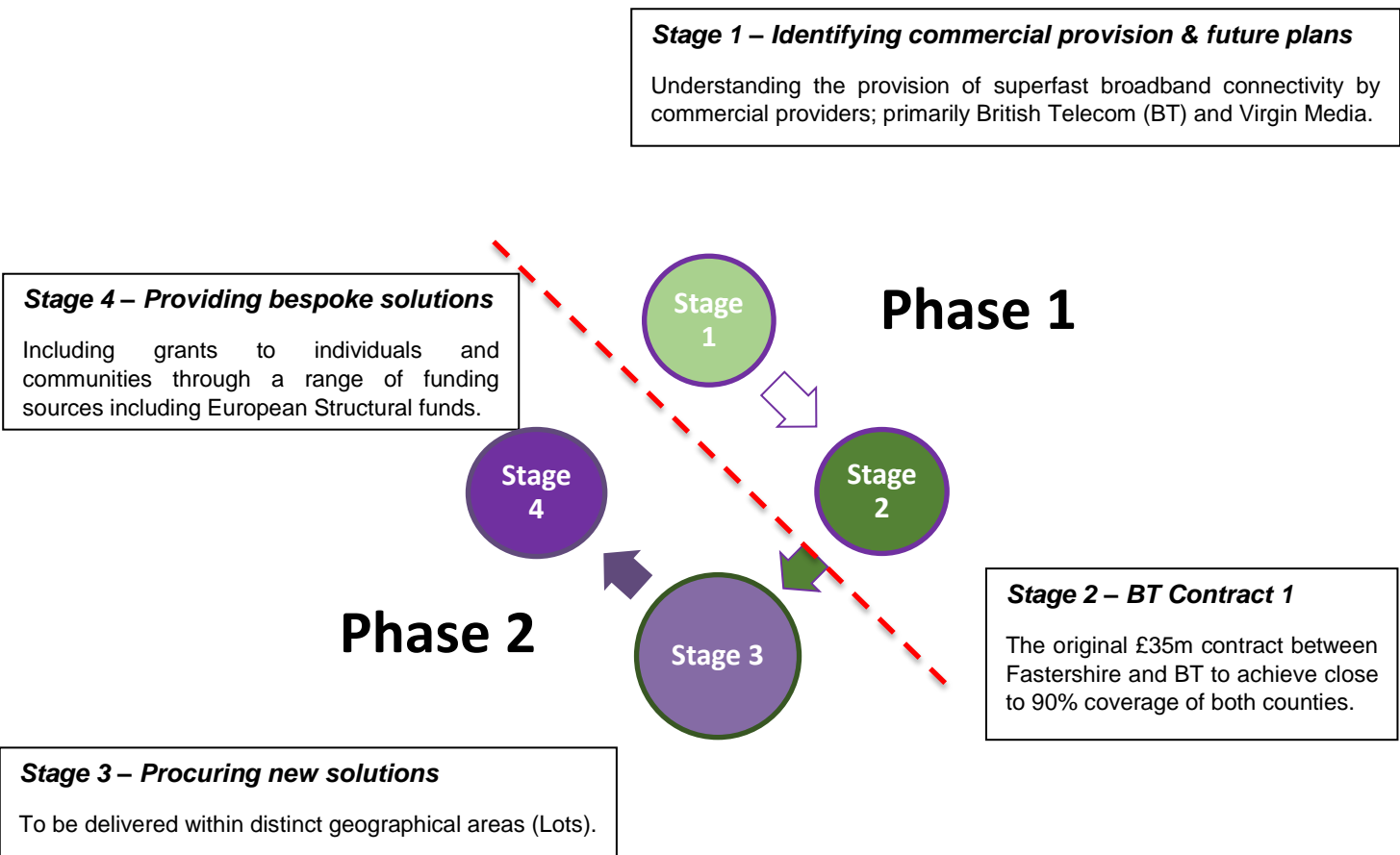
The Fastershire project was established as a partnership between Gloucestershire County Council and Herefordshire Council to overcome the market's failure to provide High Speed Broadband in hard to reach areas of both counties. It uses funding from a range of Local, Central and European government funding sources to match private sector funds and deliver the infrastructure required to increase the availability of high speed broadband.

The Fastershire Broadband Strategy

This Strategy outlines the approach adopted by Fastershire to increase the availability of fast broadband across the counties of Herefordshire and Gloucestershire.

The first iteration of the Fastershire Broadband Strategy 2014-18 was adopted by Herefordshire Council and Gloucestershire County Council in June and September 2014 respectively. This was revised and adopted by both counties in December 2015 to account for and adapt to a series of changes in the landscape.

It identified a 4 stage plan to satisfy 100% of the need for superfast broadband and involved the following approaches;



Why does the Strategy need to be updated?

Unlike the 2015 revision, the landscape has remained largely consistent. This is therefore an update rather than a full scale revision and aims to add additional context at this stage and principally following the conclusion of the procurement phase of Stage 3.

Vision

The vision for the Fastershire Broadband Strategy has been amended such that;

“by the end of 2019/20 all residents and businesses in Herefordshire and Gloucestershire will be able to order the broadband service they need and a high percentage will be using faster broadband to do more online, boost business growth and achieve their potential”

The ultimate aim of Fastershire is to reach as many properties with superfast broadband as possible. The Fastershire definition of superfast broadband remains at the EU 2020 standard of 30Mbps not the lower standard of 24Mbps adopted across much of the rest of the UK to date.

Objectives

The project is working towards a range of objectives in order to deliver the vision by the end of the Strategy period. These are as follows;

- At least 95% of Herefordshire properties will have access to NGA Broadband²
- At least 97% of Gloucestershire properties will have access to NGA Broadband²
- 100 businesses will have benefitted from Stage 4 Business Grant Funding
- 20 communities will have benefitted from Stage 4 Viable Clusters Funding
- 50% of subsidised connections will have adopted NGA Broadband off the BT Network
- 70% of subsidised connections will have adopted NGA Broadband off the Gigaclear Network
- 600 businesses will have benefitted from a 1:1 **Fasterbusiness** review
- 1,000 people will have attended **Fasterbusiness** workshops
- 500 people will have attended **Fastercommunities** training
- 150 community organisations will be aware of **Fastercommunities** Go-online grant
- 900 people will have attended **Fasterfarmers** workshops
- 90% of the surveyed population will be aware of the Fastershire brand

² Based on the Fastershire Baseline V4 which uses Epoch 36 of AddressBase (November 2015) Non Tax eligible properties (Herefordshire Only)

Progress towards the 4 Stage Plan

Phase 1

Stage 1 Commercial Delivery

The existence or prospect of commercially funded broadband availability is identified via a formal process called an Open Market Review (OMR). Fastershire has conducted 3 OMR's to date in order to understand where the market either has availability or intends to invest.

When the first iteration of the strategy was published in 2014, the consensus was that the commercial deployment of superfast broadband had reached its limits and that no further investment was likely to take place without the stimulus of public subsidy.

However, Virgin Media have begun, albeit slowly, to deploy its 'Project Lightening' in the predominantly urban areas of Gloucestershire, Warwicknet have identified a range of investment locations and Stage 3 of the Fastershire Strategy has acted as a catalyst for additional commercial delivery by Gigaclear. Furthermore, some communities are opting to co-invest with BT to develop Community Fibre Partnerships. Therefore rather than remaining static, the impact of Stage 1 on the availability of fast broadband speeds across the two counties continues to evolve.

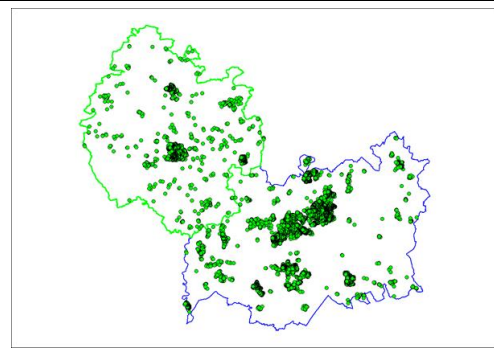
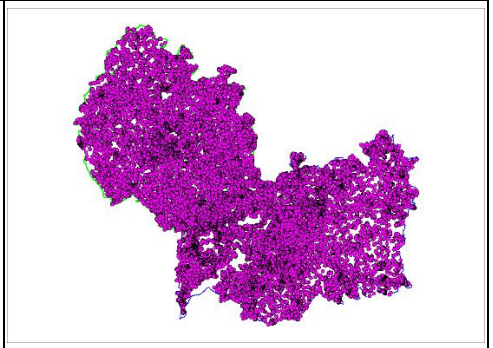
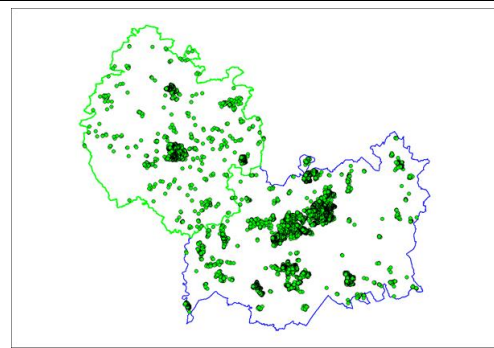
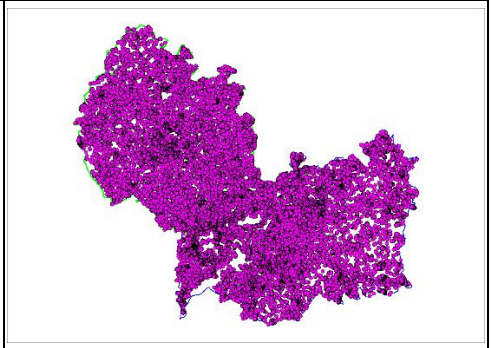
With this positive trend in mind, the picture of commercial provision that is derived from Open Market Reviews can also be flawed. It's important to stress that commercial providers are not bound to their plans which can both expand and contract at will and, at a more basic level, the information provided through OMRs can be opaque, misleading or simply incorrect. This makes it very difficult to generate a truly accurate picture of availability and to fully evaluate the remaining challenge. For instance, a number of areas which have been specifically identified during an OMR by private sector suppliers have ultimately not been delivered as stated. In other less obvious areas, commercial intent has been inferred and needs to be challenged on a premise by premise basis to overturn the view we have been given.

In line with the core principles of this strategy and since, for regulatory reasons, Virgin Media cannot be funded with state aid, alternative inducements may be appropriate including community lobbying, strategic engagement, demand stimulation, noticing and process simplification, information sharing and policy refinement to negate the need for public investment and focus investment where it is essential.

Areas which do not benefit from this new investment from commercial providers are rendered eligible for later stages of this strategy.

The Plan

- Initiate 4th area wide OMR in 2018 to reassess the commercial position
- Maintain open channels to inform private providers of demand

Stage 1 in numbers ³	Stage 1 in Maps	
	Enabled via Stage 1	Not enabled via Stage 1
Herefordshire 37,498 properties covered by Stage 1 ⁴ 42.1% coverage		
Gloucestershire 200,714 properties covered by Stage 1 ⁴ 60.0% coverage		

³ Uses Baseline V4 less Non Tax eligible properties (Herefordshire Only)

⁴ Does not include Gigaclear commercial coverage

Stage 2 Original BT Contract

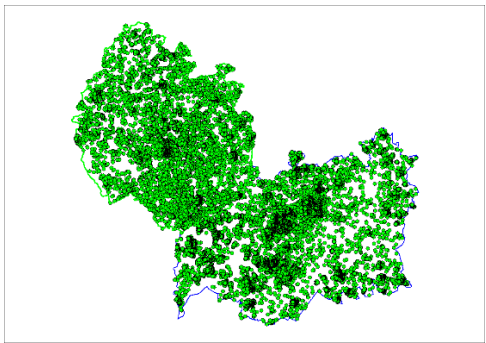
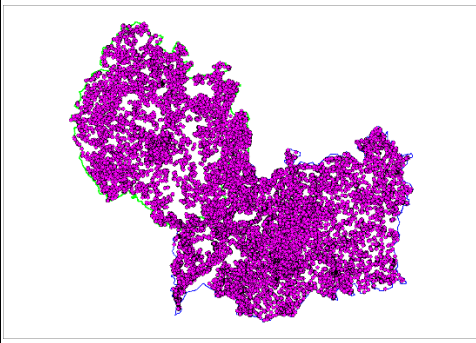
This £35m contract between Fastershire and BT was signed at the end of 2012 and aimed to deliver close to 107,000 superfast premises across the two counties by the end of 2016.

The delivery phase of the contract closed a little later than anticipated in June 2017 having reached 109,000 premises with a greater than 30Mbps connection.

Some underspend has been retained from the contract and as take up is currently above forecast, over time some funds are anticipated to come back to the project to re-invest in additional network build.

The Plan

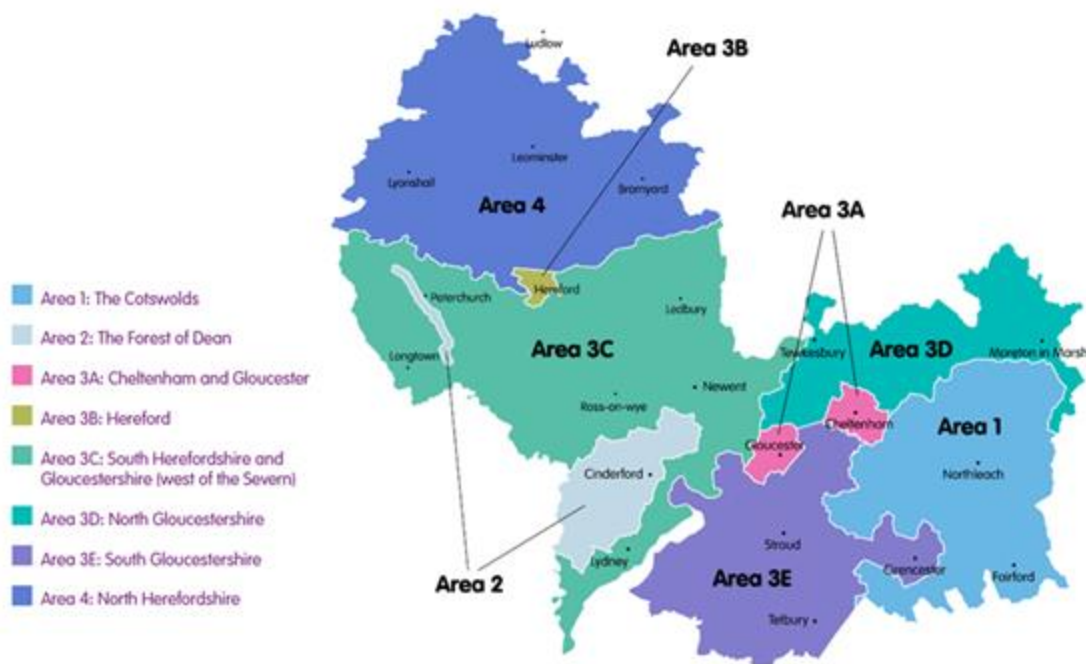
- Monitor clawback and target reinvestment into greater delivery.

Stage 2 in numbers	Stage 2 in Maps	
	Enabled via Stage 1 & 2	Not enabled via Stage 1 & 2
<p>Herefordshire 71,664 properties covered by Stage 1 & 2⁴ 80.4% coverage</p> <p>Gloucestershire 275,648 properties covered by Stage 1 & 2⁴ 82.4% coverage</p>		

Phase 2

Stage 3 Market Testing

The potential to consolidate new intervention areas from those premises which had not been enabled by Stages 1 and 2 was identified in the first iteration of this strategy. The successful implementation of Lot 1 in the Cotswolds gave this approach additional credibility and it was expanded to cover 8 Lot areas. Each Lot was subject to a unique tender process during the autumn and winter of 2016/17.



The procurement process for six of the Lots is complete with those projects either live or mobilising. Two Lots are at preferred bidder stage but it is hoped they can be agreed in the near future. The table below highlights the position on each Lot.

Area	Status	Estimated coverage & subsidy	Contracted coverage & subsidy	Profiled end date
1	In build	6,495 premises & £3m subsidy	6,495 premises & £3m subsidy	September 2017
2	Mobilising (Merged with Lot 3c)	3,800 premises & £4.5m subsidy	4,606 premises & £4.54m subsidy	March 2020
3a	Preferred Bidder	16,120 premises & £11.75m subsidy	5,047 premises & £0.7m subsidy	December 2018 ⁵
3b	Preferred Bidder		2,216 premises & £0.2m subsidy	December 2018 ⁵
3c	Mobilising (Merged with Lot 2)		8,394 premises & £5.6m subsidy	March 2020
3d	Mobilising		5,760 premises & £1.9m subsidy	April 2019
3e	In Build		10,733 premises & £2.2m subsidy	March 2020
4	Mobilising		4,200 premises & £4.2m subsidy	5,080 premises & £4.5m subsidy

⁵ Subject to contract start date

Stage 3 is a huge undertaking.

Gigaclear's approach is to deliver pure fibre to the premise which is costly, invasive and time consuming.

To deploy its entire Stage 3 Fastershire network, Gigaclear need to lay 6,185,000m of fibre optic cable directly underground. Laid end to end, that would stretch from Fastershire to the very edge of the European continent.

To provide an even more sobering sense of the scale of this project, 700,000m of fibre has been laid already in Area 1. This itself is not insignificant but would only reach the Low Countries on our European analogy.



The size of the task demonstrates the vital role we all play in enabling the delivery to be completed efficiently, not least the public in dealing with significant disruption during the deployment.

The Plan

- Continue to support the partnership with Gigaclear to deliver their contractual targets in as efficient a manner as possible.
- Support the implementation of Gigaclear's narrow trenching methodology

Stage 3 in numbers	Stage 3 in Maps	
	Enabled via Stage 1-3	Not enabled via Stage 1-3
<p>Herefordshire 85,002 properties covered by Stage 1-3⁶ 95.3% coverage</p>		
<p>Gloucestershire 326,358 properties covered by Stage 1-3⁶ 97.5% coverage</p>		

⁶ Includes Gigaclear's commercial delivery

Stage 4 Needs led

The final stage of the strategy, consists of 3 distinct approaches that can be collectively described as needs led. The term 'need' is very important. Where Fastershire has subsidised more extensive solutions (Stages 2 and 3) between 60 and 70% of the premises that have been provided with the capability to upgrade have so far not opted to do so. As there is not enough funding to reach 100% universal coverage we have to be smarter in tackling our hardest to reach premises.

This stage will therefore target funding at locations which demonstrate need and demand and where a return on investment can be measured in terms of either economic or social benefit. This stage will draw on external funding through the European Regional Development Fund (ERDF), European Agricultural Fund for Rural Development (EAFRD) as well as other sources to undertake the following three approaches.



To date, though not entirely sequential, we've needed to wait and understand the impact of each stage before embarking on the next. We are now clear from day 1 who is not covered so we can start to deploy alternative solutions immediately. In essence therefore, we can deliver Stage 4 over a similar timeframe as Stage 3.

Business Grant

Fastershire have lead a consortium of authorities including Shropshire and Telford & Wrekin to develop a £4.5m business broadband grant exclusively for businesses that have yet to access superfast broadband through stages 1-3 of this Strategy. Grants of up to £25k ERDF funding are available to secure bespoke provision and Fastershire have developed a portal www.mgbroadbandgrants.com to help businesses navigate the process.

Viable Clusters

Again working with Shropshire and Telford & Wrekin with Fastershire taking the lead, this will be the final attempt at procuring a supplier(s) to deliver extensive coverage in unserved areas. It will target EAFRD funding at clusters of unserved premises where a critical mass exists to provide alternative suppliers a viable customer base. EAFRD aims to improve the economic prospects of rural areas and therefore, once viable clusters have been objectively identified, they will be ranked in order of the economic potential that could be released through their enablement.

As a result this will be the first attempt to move away from a purely premise passed based measure of value.

A procurement process will be initiated in the autumn of 2017 and bidders will be required to identify which communities in order of rank can be enabled for the subsidy available per county.

Contract Extensions

The EU broadband state aid regulations allow for an extension of contracts by up to 10% of their value without the need to re-procure. As such, funding has been retained to periodically extend the contracts in order to bring in additional properties where a case can be made. Clearly with a restricted headroom, we see this as the option of last resort but on a rolling basis our contractors will be asked to provide the costs of reaching additional premises. Any such extension will be subject to a value for money test.

The Plan

- Secure the required external funding
- Promote the Business Grant to potential eligible beneficiaries
- Undertake a cluster identification and prioritisation process
- Procure a supplier(s) to deliver the virtual clusters project
- Support the selected supplier(s) to deliver their contractual targets as efficiently as possible.



Funding and Resources

The tables below set out the funding sources which have either been secured or which will be targeted to fund the Fastershire Broadband Strategy. Herefordshire and Gloucestershire are set out separately due to there being different programmes across the two regions and to ensure separation between local authority funds. Clearly the strategy itself is highly sensitive to the level of funding which will be available and there is little margin for error if the strategy's coverage objectives are to be achieved.

Any funds that are contracted but remain unspent at the end of the contract as well as any funds generated through contractual clawback mechanisms will also add to the funding available for contract extensions or future procurements.

Gloucestershire

Source	Total Available	Phase 1		Phase 2									
		Stage 1	Stage 2	Stage 3						Stage 4			
		Commercial	BT Contract	Lot 1	Lot 2	Lot 3a	Lot 3c	Lot 3d	Lot 3e	Business Grants	Viabile Clusters	Contract Extensions	
GCC Phase 1	7,500,000	-	7,500,000	-	-	-	-	-	-	-	-	-	-
GCC Phase 2	4,200,000	-	-	1,500,000	-	345,660	549,413	936,275	618,652	250,000	-	-	-
BDUK Phase 1	8,006,000	-	8,006,000	-	-	-	-	-	-	-	-	-	-
BDUK Phase 2	5,460,000	-	-	1,500,000	-	345,660	549,413	936,275	1,554,096	-	-	-	574,556
BDUK Ultrafast	2,000,000	-	-	-	2,000,000	-	-	-	-	-	-	-	-
GCC Ultrafast Match	2,000,000	-	-	-	2,000,000	-	-	-	-	-	-	-	-
ERDF	250,000	-	-	-	-	-	-	-	-	250,000	-	-	-
EAFRD	1,293,000	-	-	-	-	-	-	-	-	-	-	1,293,000	-
Total	30,709,000	-	15,506,000	3,000,000	4,000,000	691,320	1,098,826	1,872,550	2,172,748	500,000	1,293,000	-	574,556

Herefordshire

Source	Total Available	Phase 1		Phase 2							
		Stage 1	Stage 2	Stage 3				Stage 4			
		Commercial	BT Contract	Lot 2	Lot 3b	Lot 3c	Lot 4	Business Grants	Viabile Clusters	Contract Extensions	
HC Phase 1	10,290,000	-	9,750,000	-	-	-	-	-	540,000	-	-
HC Phase 2	2,966,000	-	-	-	109,395	943,470	915,192	672,500	-	-	325,444
BDUK Phase 1	10,100,000	-	10,100,000	-	-	-	-	-	-	-	-
BDUK Phase 2	5,520,000	-	-	-	109,395	2,705,605	2,705,000	-	-	-	-
BDUK RCBF	540,000	-	-	540,000	-	-	-	-	-	-	-
Marches LEP	1,674,000	-	-	-	-	837,000	837,000	-	-	-	-
ERDF	672,500	-	-	-	-	-	-	672,500	-	-	-
EAFRD	840,000	-	-	-	-	-	-	-	-	840,000	-
Total	32,602,500	-	19,850,000	540,000	218,790	4,486,075	4,457,192	1,885,000	840,000	-	325,444

Benefits Realisation

To date, the Fastershire programme has been heavily focused on supporting the deployment of Broadband infrastructure. While this remains the primary role of the project, due to the ever increasing availability of Superfast Broadband there is a growing need to ensure that availability translates into both greater community sustainability and economic growth across our rural areas. It is for these reasons that the rationale for the significant public subsidy was justified and therefore the project will make every effort to ensure that those benefits are realised.

High levels of take up are in general a good thing, not least in driving reinvestment through the clawback mechanisms in each of the contracts Fastershire holds with private suppliers. However, a 'build it and they will come' philosophy will only generate a relatively static level of take up. Even then, just because a faster broadband service is taken, it doesn't necessarily follow that said service will be exploited effectively.

In recent years both Herefordshire Council and Gloucestershire County Council have sought external funding to deliver a number of programmes including CREATE and Superfast Business Gloucestershire to encourage the optimisation of IT by local small and medium enterprises (SMEs). Both these programmes successfully engaged business in learning about and exploiting information technology.

The Faster Business programme was launched in 2015 in order to continue this work.

fasterbusiness

This is available across Herefordshire and Gloucestershire and provides:

- Bespoke support to help local businesses understand the benefits of broadband
- Digital tools to improve the way local businesses exploit ICT
- The means to demonstrate the potential return on investment from high speed broadband adoption
- Offers to help with the costs of exploitation and
- Events designed to demystify aspects of digital and ICT.

Additionally, Fasterbusiness sponsors two mini programmes;

- *fasterwomen* which provides training and events and support for female entrepreneurs to develop the internet skills to start up or grow their businesses; and
- *fasterfarmers* which provides training on cloud accounting and precision farming to the land based sector.

fastercommunities

Fastershire also aims to improve opportunities for citizens across the two counties to make use of digital connectivity whether supporting education and learning, accessing services, enhancing employment opportunities, supporting preventative health or addressing well-being by tackling isolation. Connectivity also has a key role in the sustainability of rural communities by helping rurally based businesses to be viable and competitive as well as ensuring people living in rural communities have access to the same broadband services as those in more populated areas. However, these aims will not just be achieved by providing greater access to high speed broadband but when everyone has the ability to engage digitally as consumers and service users. It is clear that the digital divide is not merely physical and therefore Fastershire will:

- Make small grants available to community groups and not-for-profit organisations interested in overcoming digital exclusion;
- Offer 'Introduction to the Internet' training sessions for community groups and clubs;
- Track the localities which are most at risk from digital exclusion and target additional support at those areas; and
- Work with public bodies to encourage channel shift.

Communications

To date, Fastershire has used fastershire.com and various social media channels to communicate on progress as well as more traditional media. In some respects, Fastershire has been constrained by the information it receives from suppliers and we acknowledge this has caused some frustration in the wider community.

Where it is within our power to do so, Fastershire commits to:

- Securing an open and transparent relationship between Fastershire, its suppliers and the community
- Moving away from using postcodes as a way of illustrating delivery to using premises level data
- Providing information about which premises are identified for which stage as soon as we know and within no more than 1 month
- Identifying when delivery is planned for each premise
- Being transparent about challenges and delays to that planned delivery and giving good notice of changes to programme dates
- Making direct contact with premises once enabled to advise how to upgrade in a supplier neutral way
- Fielding people to attend community events upon request (given reasonable notice); and
- Responding to electronic queries within a reasonable timeframe.

Where any of these commitments are not within our power, Fastershire will endeavour to explain why that may be the case.

Glossary

Acronym	Full Title	Description
BDUK	Broadband Delivery UK	An arm of the Department for Culture Media and Sport tasked with funding Local Authorities to improve broadband coverage.
EAFRD	European Agricultural Fund for Rural Development	European Funding targeted at measures to improve economic productivity in rural areas.
ERDF	European Regional Development Fund	European Funding targeted at measures to improve economic productivity.
FTTC	Fibre to the Cabinet	Where fibre is deployed between the exchange and a green cabinet with the final connection relying on the existing copper connection.
FTTP	Fibre to the Premise	Where fibre is deployed to a node within close proximity to a premise and which is connected to a premise with fibre once a service is ordered.
LEP	Local Enterprise Partnership	Body which coordinates economic development activity
Mbps	Mega Bits Per Second	Measure of Broadband Speed usually used to express download capability.
NGA	Next Generation Access	Term denoting broadband with specific characteristics.
OMR	Open Market Review	A consultation of private operators to understand the extent of commercial plans.
RCBF	Rural Community Broadband Fund	A grant scheme to address shortfall in coverage in rural areas.
USC	Universal Service Commitment	Central Government's commitment that everyone should be able to access a 2Mbps Service.