

 Executive 8th August 2012		Agenda Item No. 6
Title	Broadband UK	
For further information about this report please contact	Chris Elliott 01926 456000, chris.elliott@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	18 th April, Executive	
Background Papers	n/a	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes
Equality & Sustainability Impact Assessment Undertaken	No (If No state why below)
Undertaken as part of sub regional overall scheme	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	13 th July	Author, Bill Hunt, Andy Jones
Head of Service	13 th July	Susie Drummond
CMT	13 th July	Author, Bill Hunt, Andy Jones
Section 151 Officer	13 th July	Mike Snow
Monitoring Officer	13 th July	Andy Jones
Finance	13 th July	Jenny Clayton
Portfolio Holder(s)	13 th July	Moirra- Ann Grainger
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1. The Government has provided £530 million of funding to 2015 to support improved broadband and stimulate further private sector investment. This initiative is called Broadband UK (BDUK). The funding available from Government is predicated upon the development of a satisfactory Local Broadband Delivery Plan, which must set out how the Government's national broadband targets will be delivered. Local Broadband Delivery Plans must have Executive level approval and demonstrate that appropriate local funding has been secured to release the allocated funds to match the £4.07 million awarded to the Coventry, Solihull and Warwickshire sub region taking it to £8.14 million which will then attract additionally several millions of pounds of private sector investment.

2. RECOMMENDATION

- 2.1. The Executive supports the Local Broadband Delivery Plan, attached at (<https://estates3.warwickdc.gov.uk/cmris/Meetingdates/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/348/Committee/29/Default.aspx>) for Coventry, Solihull and Warwickshire.
- 2.2. That match funding of £175,000 be approved as a contribution, funded from the Capital investment Reserve.

That the Chief Executive be delegated authority in consultation with the Corporate and Community Services portfolio holder to work with the Coventry, Solihull and Warwickshire broadband partnership to implement the local broadband plan, including procurement activities, the entering of agreements and to make any partnership and associated governance arrangements.

3. REASONS FOR THE RECOMMENDATION

- 3.1. With large rural areas in the district and the speed of broadband being predominantly dependant on the distance of the property from the exchange there is a considerable difference between speeds in the towns and the surrounding areas.
- 3.2. BT and Virgin Media are the predominant suppliers of broadband services within Warwickshire. BT are undertaking an improvement program known as BT Infinity that will see some improvements across the region, however they are not enough to meet the Governments targets due to them primarily concentrating on areas of higher population density.
- 3.3. Private residents in rural locations are those who may find it most difficult to take advantage of face to face services and channel shift to online services would seem natural. Without access to broadband services however, they may be unable to access such channels, disadvantaging them further.
- 3.4. For commercial properties in the district, doing business online is the norm, and in some instances is now the only way they can interact with some service providers. Limited access to broadband services in rural locations will impact the district's ability to attract commercial organisations.
- 3.5. This later issue is of economic significance as the area hosts a significant cluster of "Games" companies in the UK and there is a great opportunity to develop this further as "Silicon Spa". It is also recognised by most business organisations; for example the Federation of Small Businesses and the Chamber of Commerce, that poor internet speeds will and do act as a constraint on our local economic potential. The Coventry and Warwickshire Local

Enterprise Partnership (CWLEP) also identifies lack of fast broadband speeds as a barrier to the sub region's economic growth and supports the initiative.

- 3.6. The developers of the Gateway scheme and of the Royal Showground are seeking to incorporate broadband as part of their schemes and this should have benefits for the nearby villages and parishes.

4. POLICY FRAMEWORK

- 4.1 The outcomes of the proposal would contribute significantly towards the Council's overall vision to help make the District a great place to live, work and visit, especially in the areas connected with promoting jobs, skills and the economy and addressing rural exclusion.

5. BUDGETARY FRAMEWORK

- 5.1. The Council's proportion of funding amounts to £175,000 spread over 4 financial years as indicated below; split between £132,252 capital and £22,868 capitalised running costs. This scheme formed part of the Rural Area Locality Plan approved by the Executive in April 2012. It is proposed that this be funded from the Capital Investment Reserve. There are no ongoing revenue implications for this Council.

- 5.2. The match funding will not all be required in 2012/13. It is dependent on project approval by BDUK and the private sector partners' ability to respond. It is envisaged that the project will run over a 4 year period starting from 2012 through to 2015/16. The current estimate is that for each authority their breakdown could be as follows:

2012/13	5%	Primarily a procurement year
2013/14	15%	Pilot roll-out
2014/15	60%	Main installation activity
2015/16	20%	Project completion.

- 5.3 The Capital Investment Reserve is projected to have a balance of £1.583 million by April 2017 after taking account of current commitments in the 5 year Capital Programme and no further contributions from Revenue over the same period. It should be noted that the balance on this reserve does include £1.2m in respect of Leamington Assets and £200,000 for Spencer Yard, so reducing the unallocated balance to £183,000. The Council's policy of for the balance on this reserve is to not go below £2m. If the works are agreed to be financed from the Capital Investment Reserve, the Council should seek to replenish this reserve from other sources in the future, notably from New Homes Bonus. Accordingly, on this basis, it is recommended that the works be financed from the Capital Investment Reserve, and the Capital Programme be updated accordingly. As referred to in the April Fit for the Future report, this reserve does not have sufficient provision to fund all the schemes within Appendices 9 and 10 of that report. If other schemes are to progress, alternate funding will need to be sought.

6. ALTERNATIVE OPTION(S) CONSIDERED

- 6.1. The delivery of better broadband services across the district is not only vital in delivering our strategic priorities, but is a catalyst to future growth. However, the Government has recognised that the commercial return on investment is not sufficient for the market alone to deliver outside of our largest towns and significant funding is required to deliver broadband to our rural areas. Warwick District Council alone does not have the funds or the commercial leverage to increase access to broadband services and so this approach is the only option considered.

7. BACKGROUND

- 7.1. Superfast broadband roll-out plans to 2012 by BT covers 45% of premises within the UK and 52% of premises within Warwickshire. BT has announced that their Superfast broadband will reach two thirds of premises across the UK by 2014. Virgin Media covers 51% of premises within Warwickshire and have not announced any extension to its current footprint coverage.
- 7.2. Analysys Mason (the pre-eminent adviser on superfast broadband in the UK, to central and local government, regional agencies and Ofcom, as well as operators and investors) predicts that superfast broadband will increase the productivity of employers and employees and will have a direct impact on economic growth across the sub-region. Their socio-economic modelling of benefits and costs accruing from the proposed investment in superfast broadband across Warwickshire, Coventry and Solihull over fifteen years indicates a net estimated socio-economic impact of +£345 million (a benefits to total costs ratio of 9:1), against a projected investment of just over £32 million to 2015. This includes:
- Increased productivity
 - Knowledge-based economy
 - Flexible working (including teleworking)
 - Telehealth
 - Cloud computing
 - Remote learning
- 7.3. The Coventry, Solihull and Warwickshire Local Broadband Delivery Plan attached at (<https://estates3.warwickdc.gov.uk/cmIS/Meetingdates/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/348/Committee/29/Default.aspx>) includes details of the local context, current and future planned broadband provision, demand stimulation and registration approaches, procurement strategy, project management and governance arrangements (including risks and mitigations) and the range of benefits expected. However, we are not allowed to put the full Local Broadband Delivery Plan into the public domain until the procurement starts, otherwise it could put the project at risk. This approach has been required by Government to protect commercially sensitive information that could affect the procurement process.
- 7.4. It should be recognised that there are no guarantees that the funding being made available by Government and the matched partner funding will deliver the 90% Government target for access to Superfast Broadband. The final figure will be determined by the private sector response to the competitive tendering process.