

## **Superfast Broadband and the Digital Divide – Update Paper**

### **Purpose**

For information.

### **Summary**

This paper provides members with:

- a national policy update on superfast broadband and mobile connectivity;
- an update on related LGA activity in these areas.

### **Recommendation**

Members are asked to note the update.

### **Action**

Officers to take forward as directed by members.

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## **Superfast Broadband and the Digital Divide**

### **Background**

1. At the last People and Places Board, members received the results of the broadband and mobile connectivity survey of councils they had commissioned and heard presentations from Chief Executive of the Government's Broadband Delivery UK team (BDUK), Chris Townsend and the Superfast Broadband Programme Director at BDUK, Andrew Field.
2. Members used the opportunity to feed back to Government their experiences of the two major publicly funded programmes charged with improving connectivity: the Superfast Broadband Programme and the Mobile Infrastructure Project, and highlighted cases where both programmes had been ineffective at extending mobile and/or superfast broadband coverage.
3. At the Board, BDUK gave members a range of assurances on different aspects of the programme including the finalisation of the EU State Aid exemption by April 2016 and the manner local authorities' could use future clawback funds. Further details can be found in **Annex A** which was drawn up in partnership between LGA officers and BDUK and sent to all People and Places Board members.
4. Following the Board, Chair Cllr Mark Hawthorne wrote to Mr Townsend (**Annex B**). The letter:
  - 4.1 Pushed for the reallocation of any underspend on the Mobile Infrastructure Project to future projects focused on improving mobile connectivity;
  - 4.2 Offered to host a joint conference for council officers, members and BDUK officials – which has now been set for 17 March – to discuss the new procurement approach that will be implemented by Government and explore alternative solutions to reaching the final 5 percent.
  - 4.3 Lobbied for councils to be better supported by Government to raise awareness of the availability of superfast broadband in their areas and improve the online skills of their residents.
  - 4.4 Invited Mr Townsend to a future People and Places Board to discuss in more detail the Government's mobile connectivity plans. Mr Townsend has provisionally accepted attending the June Board.
5. With this in mind, this report provides an update on the developing national policy context, and reports the progress of related LGA work in this area including lobbying activity and the latest on the Up to Speed campaign.

### **National Policy Update**

6. Since the last Board there have been several key policy developments that will impact councils and their residents. The key points to note for councils are:
  - 6.1 Ofcom will enact new measures to separate BT and Openreach to "increase competitive pressure on [Openreach's] network. This is likely to be regarded as positive by councils.
  - 6.2 Ofcom will also auction off further mobile spectrum by 2020 with a specific obligation on the winning provider to improve rural mobile coverage for residents.
  - 6.3 EE will build a new national mobile network for the Emergency Services (The Emergency Services Network) which will also improve mobile coverage for rural residents.
  - 6.4 It is an opportune moment for councils to seek to influence and engage with Mobile Network Providers (MNOs) on their upcoming commercial delivery plans in light of the mobile coverage obligations they have agreed with Government.

7. The Government's Market Test Pilots, seven different technologies piloted across the country to trial new models of delivery and service provision, have had their preliminary findings announced in [a report released in February](#). The report highlighted that:
  - 7.1 Suppliers can successfully use mixed technologies to deliver cost-effective superfast broadband solutions in hard to reach areas;
  - 7.2 Smaller "alt-net" suppliers can bid for, win and deliver open public procurements at competitive costs, including meeting the necessary EU-wide State aid requirements for receiving public funding;
  - 7.3 Communities can work together with suppliers to create viable commercial conditions for small projects.
8. Encouragingly, the increase in "alt nets" in the market has given local authorities a wider choice when procuring solutions to extending provision to the hardest to reach residents. This has seen some councils already procure from alt-net providers, including those mentioned in this report. As part of the LGA's upcoming Superfast Broadband Conference on 17 March (**Annex C**), attendees will hear from two of the pilots on the results of their work.
9. The Government has announced it will be conducting a review into the **business broadband** market. The review will specifically look at increasing the level of affordable and high quality fibre broadband available to businesses. It will assess what steps can be taken to encourage choice and competition which will help drive down prices while delivering a better service. This follows the Government's Broadband Connection Voucher Scheme which ran from December 2013 until October 2015 which issued 55,000 vouchers for superfast broadband connections to SMEs during its lifetime of the scheme. Several councils are considering adopting a similar scheme separate to Government and the LGA will work closely to disseminate any best practice that results from any resulting activity.
10. Ofcom announced the initial conclusions of its **Digital Communications Review**, its first overarching review of the UK's digital communications for ten years. The review considered future issues relating to infrastructure and competition and, amongst a raft of other measures, announced a new strategy "to promote large-scale roll-out of new ultrafast broadband networks, based on cable and fibre lines, as an alternative to the partly copper-based technologies currently being planned by BT." To achieve this they will obligate Openreach to open up its telegraph poles and cable ducts to rival providers to "be able to build their own fibre networks, connected directly to homes and offices."
11. Ofcom will also overhaul Openreach's governance which it concluded "lacks adequate independence from BT." By doing this Ofcom will look to secure "greater transparency over how costs and assets are allocated between Openreach and the rest of BT."
12. Councils have been working in partnership with both BT and other digital infrastructure providers to extend superfast broadband coverage to as many residents as possible. The introduction of measures to increase competition in the market and make it easier and cheaper for suppliers to use infrastructure is likely to be regarded as positive by councils and their residents.
13. In regards to mobile, encouragingly Ofcom have stated that any future auctions of radio spectrum, specifically those that will go to mobile network operators, will include new obligations to help improve **rural mobile coverage**. The LGA will look to engage with Ofcom to better understand these rural coverage obligations. By 2020, Ofcom will auction off the 700 MHz spectrum band, a

band particularly well suited to providing better coverage to rural areas as it can cover a wider area and also penetrates further through walls.

14. The Government and the Home Builders Federation (HBF) have also announced an agreement to deliver superfast broadband connectivity to **new build properties** in the UK. All new developments will see fibre based broadband offered either for free or as part of a co-funded initiative. It is estimated that more than half of all new build properties can be connected to fibre broadband free of charge to developers.
15. Finally, the Government recently announced it selected the UK's largest Mobile Network Operator, EE, to build a **new national mobile network for the Emergency Services**, giving 300,000 critical emergency workers access to 4G voice and data for the first time. As part of the project EE will build 500 new mast sites, expanding mobile coverage in rural areas, and will switch on low frequency 800MHz spectrum on more than 3,800 sites to enhance rural and indoor coverage.
16. The project is important for hard to reach rural areas as consumers, although only on EE's network, will be able to access better more reliable mobile connection – although the network will have the capability to afford network access priority to Emergency Services when needed. (More detail on a recent LGA-EE meeting is provided below.)

#### **LGA Activity**

17. The LGA and BDUK will host an event on 17 March for council officers, councillors and BDUK officials to discuss how best to procure solutions to reach the final five percent. All members of the People and Places Board as well as leaders and broadband council officers from councils leading on the Superfast Broadband Programme have been invited to the event. An agenda is attached below (Annex C). The event will be an opportunity for councillors and council officers to hear first-hand from the Government's Market Test Pilots on their new solutions, and from council officers and members on their experiences using "alt net" providers and of procuring within and outside the Government's National Procurement Framework.
18. The Board-commissioned Up to Speed campaign is in its final stages of design and will be launched in March. Its main aims are to help both councils and residents consider different approaches to improving broadband speeds, and raise awareness of those residents, councillors and businesses still without adequate broadband speeds owing to a lack of suitable digital infrastructure.
19. The LGA successfully lobbied the Culture, Media and Sports Committee to host a local government evidence session to feed into its Inquiry into Establishing World Class Connectivity. A session with West Yorkshire Combined Authority, Westminster City Council and Connecting Devon and Somerset was held on 3 February, with the sector's viewpoint put forward. The Inquiry is expected to conclude early this year.
20. Chair of the Board, Cllr Mark Hawthorne, and LGA officers have held separate meetings with Mobile Network Operators (MNOs) EE and Hutchinson 3G UK (Three) to discuss their commercial roll out plans in rural not spot areas, and explore how both sectors can continue to develop helpful partnerships locally. Council officers have highlighted the need for MNOs to improve at sharing their commercial roll out plans with councils to help with efforts to provide better connectivity to residents. With all four MNOs signed up to provide voice coverage to 90% of the UK's landmass, and Telefonica (O2) obligated to provide 98% of the UK population with 4g coverage by 2017, it is an opportune moment for local government to engage with the mobile sector. All the major MNOs will be under pressure to build new digital infrastructure to service these obligations and the LGA

will lobby for them to liaise with local authorities as part of these plans. As a result of the meetings already held it has been agreed that:

- 20.1 To encourage the link up of MNOs and local authorities on a strategic as well as technical planning level, the LGA will work in partnership with Hutchinson 3G UK and EE, and pursue other positive relationships with remaining MNOs through the national representative body Mobile UK, to facilitate their engagement with local authorities' local infrastructure, economic growth and community engagement teams, as part of their roll out plans.
  - 20.2 EE will look to share their wider Emergency Service Network roll out plans when possible with the LGA and the sector later on in the year. The LGA will maintain pressure to ensure this happens.
  - 20.3 LGA officers will liaise with Hutchinson 3G UK in the series of planned regional events to share their connectivity plans with local stakeholders.
21. Finally, the LGA issued a press release responding to the conclusion of the Government's Mobile Infrastructure Project (MIP) and its plans to extend permitted development rights to taller mobile phone masts. Rather than introducing measures to bypass the planning system and allow masts in excess of 50ft to be built without planning permission, the LGA urged Mobile Network Operators and their delivery partners to work with councils and communities to identify and address coverage blackspots together. The LGA also pressed for Government to reallocate the underspend of the MIP to new projects related to tackling poor mobile connectivity. The press release can be found [here](#); it was picked up by both [ITV](#) and the [Daily Mail](#).

## **Next steps**

22. LGA officers will
- 22.1 Continue to engage Mobile Network Operators to understand the mobile market and wider commercial development and explore ways both sectors can work together.
  - 22.2 Seek to further engage Government on their mobile connectivity strategy and plans for supporting MNOs and local government partnership working Report to members at the next Board on the progress of the new Up to Speed Campaign.
  - 22.3 Report to the Board on the outcome of the Superfast Broadband conference in March.
  - 22.4 Continue seek to engage Ofcom to assess whether their new mobile coverage map could be a useful tool for councils or if it could be improved in any way.
  - 22.5 Subject to final member approval, finalise the attendance of Chris Townsend at the June Board.

## Annex A

Chris Townsend, Chief Executive of Broadband Delivery UK (BDUK) addressed the People and Places Board **on 14 January 2016** and provided the following assurances in relation to the Superfast Broadband Programme:

- The programme has passed **3.5 million premises to date** and is on target to pass **4 million by March 2016** and around **4.1 million by May 2016**. This will enable the UK total coverage to reach 90 per cent. This will be measured independently by Ofcom.
- **Negotiations to secure an EU State Aid decision until 2020 are ongoing**. BDUK believe they will have **clearance in principle by end of January 2016** and **formal clearance by the end of April 2016**. This will allow areas to embark on new procurements.
- BDUK will be **publishing the final findings of the [market test pilots](#) at the end of January 2016** – a series of projects testing different technologies for extending superfast broadband to the hardest to reach areas of the UK. As part of the process, pilots have been **reviewed for their risk management capacity including abilities to cope with disaster recovery**.
- In partnership with BT, BDUK are **currently conducting a nationwide mapping exercise to identify those premises that make up the ‘final 5 per cent’**. BT will present proposals to individual local authorities for extending provision to these premises through gainshare funds/clawback funding. If local authorities do not believe this represents value for money, they will be able to **release clawback funding for use in procuring alternative solutions from other providers**.
- BDUK **committed to revisit the People and Places Board** and discuss the Government’s Mobile Infrastructure Project at a later date.

### **The Universal Service Commitment and Satellite Scheme**

The Government committed to giving access to 2Mbps download speed to every premise in the UK from the end of 2015. As part of this commitment, councils in conjunction with BDUK are making available the option of a subsidised satellite broadband installation for eligible premises. This provides support towards the cost of equipment and installation of a satellite broadband connection so that a basic broadband service can be purchased for a first year cost of no more than £400 (taking account of any upfront costs and the 12 month service charges). The subsidised installation can also be used to access higher cost packages with higher speeds or greater monthly data caps. Residents will only be eligible if their premise does not have access to speeds of more than 2Mbps.

#### **How can my residents access this scheme?**

Residents can check whether they are in a scheme area via the BDUK postcode checker and receive a link to the relevant part of their council website:  
<http://gosuperfastchecker.culture.gov.uk/basicbroadbandchecker/index.php>

14 March 2016

**Annex B**



Chris Townsend,  
Broadband Delivery UK,  
Cabinet Office,  
70 Whitehall,  
London,  
SW1A 2AS

21 January 2016

Dear Chris,

I would like to formally thank you and Andrew for presenting to the LGA People and Places Board on 14 January 2016. The members of the Board valued the update on the Superfast Broadband Programme and the opportunity to feedback on how it has performed in their local areas. As we all agree, spreading coverage to as close to 100 per cent of residents as possible is vital if we are to achieve local growth, increase productivity, and increasingly deliver more local services online.

**The Phase 3 pilots and the EU State Aid Exemption**

At the Board, you updated members on the ongoing talks between Government and the European Commission to secure an EU State Aid exemption for the future public funding of superfast broadband projects. I am heartened to hear it is likely you will achieve clearance in principle at the end of this month, and formal sign off in April 2016. As you can imagine, any pause to securing the exemption has a knock on effect in local areas, leaves councils unable to fund new procurements, and ultimately afflicts the communities we serve.

I understand that when an agreement is secured you will be seeking councils' input into how the new procurement approach will be implemented. The LGA is happy to assist in this regard and offers to host a conference for council officers, members and BDUK officials to discuss how a new process would work. The event would also be an excellent opportunity for members from across the country to find out more about alternative network suppliers in the broadband infrastructure market place. If you are content with this, I will ask my officers to contact your officials to agree a date.

**Take up of Superfast Broadband**

At the Board LGA officers made reference to the relatively low levels of take up of superfast broadband where its provision has been extended as part of the publicly funded programme. Not only are there positive outcomes for our residents when they take up superfast broadband, but also for central and local government who "clawback" more public subsidy the more connections that are taken up on the ground. I am keen therefore to see councils better supported by Government to raise awareness of the availability of superfast broadband in their areas and improve the online skills of their residents. The transfer of the Digital Economy Unit's function to the Department of Culture, Media and Sport and the refresh of the UK's Digital Strategy present an opportunity for Government to join up its efforts to improve digital skill with schemes to encourage the take up of superfast broadband. I will ask my officers to secure a meeting with officials to discuss this going forward.

14 March 2016

### **The Mobile Infrastructure Project**

Before the meeting, we briefly touched upon the Government's Mobile Infrastructure Project (the MIP). It is widely accepted that the Project has failed many areas, with only 75 of the planned 600 masts forecast to be built. I am aware that as of November 2015, only £9.1 million from the project's £150 million three-year budget has been spent and am concerned there will be a significant underspend when the project completes in March 2016. In light of this, I would encourage Government to reallocate any underspend to future efforts focussed on improving mobile connectivity in not-spot areas. I would also recommend the Government carries out a full assessment of the MIP to capture any learning and data from the last three years. The LGA would be happy to disseminate such learning to councils to ensure any achievements to date can be built on.

Finally, you kindly offered to revisit the People and Places Board at a later date to discuss the MIP in more detail. I would like to invite you to the next Board on Monday 14 March 2016. Please feel free to contact [Daniel.shamplin-hall@local.gov.uk](mailto:Daniel.shamplin-hall@local.gov.uk) to discuss this further.

Thank you again for your presentation and I look forward to engaging with you further over my term as Chair of the LGA People and Places Board to achieve our shared objectives.

Yours sincerely,



Councillor Mark Hawthorne MBE  
Chairman of the LGA People and Places Board



## Annex C



### **Extending Superfast Broadband to the final five per cent**

17 March 2016 Congress Centre  
28 Great Russell St London WC1B 3LS

Extending superfast broadband coverage to as close to 100 per cent of residents as possible is vital if we are to achieve local growth, increase productivity, and increasingly deliver more local services online.

The Local Government Association and Broadband Delivery UK are hosting a joint conference for officers and councillors to discuss the next stage of extending SFB provision to the hardest to reach areas. The event will be an opportunity for attendees to:

- hear directly from Government on the findings from the Phase 3 market test pilots;
- discover more about the efforts of alternative network suppliers and community-funded schemes to extend digital infrastructure to the final 5 per cent;
- share learning on the benefits and challenges of procuring solutions at a smaller scale;
- hear from councils on their efforts to raise awareness of the availability of SFB and increase the digital skills of residents, and from communities themselves procuring their own solutions.

**RSVP** – [Rachel.duke@local.gov.uk](mailto:Rachel.duke@local.gov.uk)

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09.45	Registration and refreshments
10.30	<b>Opening Remarks</b> <b>Cllr Mark Hawthorne</b> , Chair of LGA People and Places Board
10.45	<b>Matt Agar – BDUK</b> An update on Phase 1 and 2 and the findings from the Phase 3 pilots
11.00	<b>Case studies - technologies for extending provision to the hardest to reach rural communities</b> <ul style="list-style-type: none"><li>• <b>Daniel Heery, Cybermoor</b></li><li>• <b>Neil Tucker, AB Internet</b></li></ul>
11.35	Refreshments
11.50	<b>Technologies for extending provision to the hardest to reach rural communities</b> <b>Chaired by Cllr Hawthorne</b> <ul style="list-style-type: none"><li>• <b>David Hamson, BDUK</b> The capacity for alt-nets to compete in the broadband infrastructure market</li><li>• <b>Malcolm Corbett, Independent Networks Co-operative Association (INCA)</b> A sector-wide perspective on alt-net capacity to deliver solutions at scale</li><li>• <b>Liz Harrison, Kent County Council</b></li></ul>

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The effectiveness of alt-network delivery – a council officer’s perspective

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12.50 **Lunch**

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13:45 **How should local government procure new ways to reach the final five percent?**

**Chaired by Cllr Hawthorne**

- **Matt Agar, BDUK**  
An overview of the Government’s newly drafted National Procurement Framework
  - **Matt Smith, Herefordshire Council/Gloucestershire County Council**  
Experience of procuring outside the NPF – an officer’s perspective
  - **Cllr Penny Channer, Essex County Council**  
Procuring outside the NPF – a councillor’s perspective
- 

14:45 **Workshops**

**Workshop 1**

**Increasing take up and digital skills**

Councils are working hard to increase take up in local areas to benefit residents and secure value for money through clawback. Two speakers will share their experiences of increasing awareness/raising digital skills.

- **Oliver Sheldrick, Go On UK**  
The [digital heatmap](#)
  - **Andrew Arditti, Connecting Cheshire Partnership**
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**Workshop 2**

**Communities building their own infrastructure**

Some communities not covered by the Superfast Broadband Programme have developed their own community funded initiatives; this workshop will showcase examples.

- **Barry Forde, B4RN (Broadband for the Rural North)**
  - **Dave Hollings, Co-operative and Mutual Solutions**
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15.35 **Workshops repeat**  
(refreshments served in workshops)

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16.25 **Close**

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