

<b>Title of Report:</b>	<b>Superfast Broadband in Berkshire</b>
<b>Report to be considered by:</b>	Executive
<b>Date of Meeting:</b>	15 December 2011
<b>Forward Plan Ref:</b>	EX2356

**Purpose of Report:** To provide an overview of the Superfast Berkshire initiative and how it will be funded and delivered.

**Recommended Action:** To underwrite West Berkshire Council's financial commitment to this programme subject to ;

- securing at least £230k of investment from West Berkshire Parishes and Businesses.
- Securing necessary investment from other Berkshire unitaries.

**Reason for decision to be taken:** Improving broadband across Berkshire represents a key social and economic development opportunity for all of the Berkshire Unitaries. By securing a £1.43 million contribution to the programme across Berkshire we can expect an inward investment of £4.29 million from Government grant funding and communications provider investment. (Total Improvement Budget £5.72million)

**Other options considered:** Decline the BDUK grant and leave broadband improvement to normal market forces.

**Key background documentation:** BDUK Bidding Guidance  
[http://www.culture.gov.uk/images/publications/BDUK\\_bidding\\_guide.pdf](http://www.culture.gov.uk/images/publications/BDUK_bidding_guide.pdf)  
 McKinsey Global Institute: "Internet Matters"  
[http://www.mckinsey.com/mgi/publications/internet\\_matters/index.asp](http://www.mckinsey.com/mgi/publications/internet_matters/index.asp)

The proposals contained in this report will help to achieve the following Council Plan Priority(ies):

- CPP1 – Support our communities through the economic downturn** – to alleviate the impact on different communities and individuals who find themselves out of work and/or disadvantaged
- CPP2 – Raise levels of educational achievement** – improving school performance levels

The proposals will also help achieve the following Council Plan Theme(s):

- CPT2 - Thriving Town Centres**
- CPT5 - Cleaner and Greener**
- CPT6 - Vibrant Villages**
- CPT7 - Safer and Stronger Communities**
- CPT9 - Successful Schools and Learning**
- CPT10 - Promoting Independence**
- CPT11 - Protecting Vulnerable People**

- CPT12 - Including Everyone
- CPT13 - Value for Money
- CPT14 - Effective People
- CPT15 - Putting Customers First

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Improving Broadband provision across the whole of Berkshire, particularly in those rural areas currently very poorly served.

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor David Betts
<b>E-mail Address:</b>	DBetts@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	Approved by Pamela Bale on 30 <sup>th</sup> September 2011

Contact Officer Details	
<b>Name:</b>	Kevin Griffin
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## Implications

### Policy:

### Financial:

This programme will require a provision in the Council's Capital Programme in financial years 2012/13, 2013/14 and 2014/15. If we are successful in securing Government funding and contributions from other Berkshire Unitary Councils it is proposed that West Berkshire Council will act as treasurer for this programme.

### Personnel:

### Legal/Procurement:

The solution to deliver superfast broadband across Berkshire will be procured through the framework established by dcms BDUK, which will be compliant with EU procurement and state aid rules.

### Property:

### Risk Management:

### Equalities Impact Assessment:

<b>Is this item subject to call-in?</b>	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
<p>If not subject to call-in please put a cross in the appropriate box:</p> <p>The item is due to be referred to Council for final approval <input type="checkbox"/></p> <p>Delays in implementation could have serious financial implications for the Council <input type="checkbox"/></p> <p>Delays in implementation could compromise the Council's position <input type="checkbox"/></p> <p>Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months <input type="checkbox"/></p> <p>Item is Urgent Key Decision <input type="checkbox"/></p>		

# Executive Report

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## 1. Introduction

- 1.1 Broadband Internet access is now frequently referred to as “The 4th Utility” and over the last decade use of the Internet has transformed our daily lives, with many of us routinely accessing information, sending and receiving emails, downloading music tracks, booking holidays and purchasing items online. However, for people who live in areas where there is no broadband provision or where broadband is slow, these modern conveniences are frustratingly inaccessible. Large areas of Berkshire encompassing a significant number of Berkshire addresses, both residential and business, cannot get a reliable or cost-effective broadband service, or can only receive broadband at speeds below 2Mbit per second.
- 1.2 Normal market forces are ensuring significant ongoing investment in UK broadband services. BT has announced £2.5 Billion of investment into its Next Generation Access (NGA) “Infinity” programme which will enhance broadband speeds using Fibre to the Cabinet (FTTC) technology. The Fujitsu/Virgin Media partnership is investing £1.0 Billion into Fibre to the Premise (FTTP) technology. However these broadband improvements will be delivered where the service providers will achieve maximum returns through increased revenues and are likely to bypass many of those rural communities that currently have poor broadband coverage.

## 2. Government Broadband Access Targets

- 2.1 The Government through the Department of Culture Media and Sport (dcms) is aiming that the United Kingdom will, by the end of the current Parliament in 2015, have the best broadband network in Europe.



*"The Government has the objective of stimulating private sector investment to deliver the best superfast broadband network in Europe together with increased coverage across the UK by 2015."*

- 2.2 To this end it has established a body called Broadband Delivery UK (BDUK) and has set aside £530 million of grant funding to help realise these objectives. This money will be allocated regionally through Local Authorities or through Local Enterprise Partnerships. The funding is designed to address the broadband ‘market failure’ issues highlighted in paragraph 1.2 above. Under this scheme Berkshire has been allocated £1.43 million.

2.3 Berkshire's £1.43 million grant allocation has been calculated by BDUK based upon the percentage of Berkshire premises that are located in "White Areas". BDUK has come up with 3 area designations; White, Grey and Black as follows:-

- **Black Area** - Already well served by existing superfast broadband infrastructure.
- **Grey Area** – Not currently well served with superfast broadband but where communication providers have plans to install superfast broadband by the end of the current Parliament ie by 2015.
- **White Area** – Little or no superfast broadband provision and where communication providers have no plans to invest in superfast broadband before 2015.

State Aid or grant funding can only be applied in White Areas. The distribution of White/Grey/Black Areas across Berkshire is shown on the map at Appendix A.

**Note:** Appendix A is commercially sensitive and is covered by a non-disclosure agreement (NDA), it should not be shared outside of the 6 Berkshire Unitary Councils.

### 3. Funding Requirements

3.1 The table below illustrates how much capital expenditure may be required to deliver superfast broadband to 90% of premises across Berkshire (The minimum BDUK requirement) and illustrates the relative costs for each individual Unitary Council in Berkshire.

Berkshire Unitary Authority (West to East)	Anticipated Broadband Coverage by 2015 (Commercial Market Forces)	Estimated Total Investment Required to Achieve Improved Levels of Broadband Coverage	
		To achieve 90%	To achieve 95%
West Berkshire	75%	£1.5million	£2.6million
Reading	94%	£0	£600k
Wokingham	81%	£600k	£1.4million
Bracknell	78%	£600k	£1.4million
RB Windsor and Maidenhead	65%	£1.4million	£2million
Slough	74%	£600k	£1.7million
<b>Investment Required (Capital over 3-years)</b>		<b>£4.7million</b>	<b>£9.9million</b>

## 4. Funding Proposals

4.1 In order to receive this funding an eligible body, either a Local Authority, or a Local Enterprise Partnership (LEP);

- must prepare a *Local Broadband Plan* setting out how it will improve broadband across its region which must be at County level or larger geographic area.
- must be prepared to at least match fund the £1.43 million award provided by BDUK.

If this can be achieved Berkshire can expect to secure an additional £2.86 million investment from communications providers, giving a programme budget of £5.72 million in total, thus enabling superfast broadband coverage across Berkshire of between 90-95%. The solution required to achieve this will be procured through an EU approved framework currently being established by BDUK and anticipated to be in place for procurements from May 2012.

4.2 The apportionment of costs across the 6 Berkshire Unitary Councils could be constructed in a number of ways, namely;

- In equal shares 1/6 of the cost each (Not considered politically viable from early discussions with other unitaries)
- In proportion to the number of beneficiaries (Premises in White areas)
- In proportion to the estimated costs of enabling superfast broadband in each area

The table below illustrates the capital cost, which can be spread over 3 financial years, to each council based upon each of these three options.

	West Berkshire	Reading	Wokingham	Bracknell Forest	RBWM	Slough
Total Premises	67614	68159	64082	47754	63960	52974
Residential Premises	64393	65277	62043	46237	60689	50857
Business Premises	3221	2882	2039	1517	3271	2117
Total Premises White Areas	22443	1123	5202	1598	5516	1590
Residential Premises White Areas	21280	1082	4955	1474	5150	1175
Business Premises White Areas	1163	41	247	124	366	415
<b>Funding Options</b>						
Equal Shares	£238,333	£238,333	£238,333	£238,333	£238,333	£238,333
In Proportion to Estimated Costs	£456,383	£0	£182,553	£182,553	£425,957	£182,553
In Proportion to White Area Premises	£856,466	£42,856	£198,518	£60,983	£210,501	£60,677

4.3 The fairest and most equitable cost apportionment is the proportion of the estimated improvement costs, although this Could result in Reading making no contribution to the total required. This would require West Berkshire Council to find £456,383 over 3 years 2012/13, 2013/14 and 2014/15.

4.4 Capital Strategy Group has already allowed a provision of £225,000 (£75k p.a.) in the Council's Capital Programme, leaving a local shortfall of £231,383. It is proposed that this additional funding be secured by;

- Approaching those West Berkshire parishes where more than 50% of properties are in White Areas for a contribution towards the programme. It will be left to each individual parish whether they contribute and how the money is provided/collected but WBC will suggest parish precepts as an option.

- Approaching businesses in White Areas for direct contributions. This may be financially viable for organisations that are currently relying on expensive broadband provision, such as satellite.

4.5 The map at Appendix B illustrates how many premises, residential and business, are in each West Berkshire parish and which of these parishes include White Areas.

4.6 The table at Appendix C shows proposed financial contributions for each parish based on the proportion of properties within White Areas.

## **5. Quantifiable Benefits of Broadband Improvements**

Set out below are some of the benefits that will be derived from improving the availability of Superfast Broadband in Berkshire.

### **5.1 Channel Shift for Council Services**

Most local authorities have recognised the cost saving opportunities presented by moving transactional activities online. Typically online transactions cost 17p compared to £4 via telephone or £8 face-to-face. This channel shift extends beyond the traditional services such as event booking, bill paying etc. to include things such as Telecare and Telemedicine which can be used to reduce adult social care costs. It is important therefore that our customers have good access to the online channels that will become our preferred delivery mechanism.

### **5.2 Digital Inclusion**

As more and more services are delivered via online means it is important that sections of the community are not excluded through non availability of affordable and reliable broadband services where they live and work. This can be as simple as being able to shop for groceries online in a rural area for people unable to regular travel to shops.

### **5.3 Educational Development/Attainment**

Digital literacy is now an important life skill and online learning resources are now an intrinsic part of most students' lives. School pupils can research their study topics from approved and verified online resources, access and submit their homework online whilst parents can check their children's attainment, attendance etc. It is important that everyone has ready access to these resources both when at their school, or other learning establishment, and when they are at home.

## 5.4 Economic Development

The Internet is a major driver for economic growth particularly for small and medium sized enterprises SMEs. A recent report by the McKinsey Global Institute “Internet Matters” provides some key economic growth statistics;

- In 2009 the Internet contributed directly to 5.4% of UK GDP.
- SMEs see a 10% increase in productivity from Internet usage.
- SMEs using web technologies grow and export at twice the rate of others.
- 75% of Internet related growth arises in traditional industries.

## 6. Conclusions and Recommendations

- 6.1 Although Councils across Berkshire are facing difficult financial decisions it would be unwise not to seize the opportunity to secure the Government grant funding and private sector investment that is available if we can fund Berkshire’s £1.43 million share of this £5.72 million programme. As previously proposed West Berkshire’s share of the £1.43 million would be £456,383 over 3 financial years 2012/13, 2013/14 and 2014/15 and this funding would be made up of £225,000 from the Council’s Capital Programme and £231,000 that we would seek to collect from Parishes.
- 6.2 The idea of Parishes contributing was discussed at the District Parish Conference on 18<sup>th</sup> October, where there was broad agreement. Subsequently the Council has written to 49 parishes requesting a contribution and setting out how much this would cost each household if collected by precept
- 6.3 A viable 21<sup>st</sup> century infrastructure will be vital to the continued prosperity of Berkshire and the wellbeing of its population and it is recommended that Members back the funding proposals set out in this report so that we can move to the next stage of preparing our Local Broadband Plan.

## Appendices

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Appendix A – Current and Projected Broadband Coverage in Berkshire (White/Grey/Black Areas)

Appendix B – West Berkshire Parishes Premises Statistics

Appendix C – Parish Financial Contribution Requested for Berkshire Superfast Broadband

## Consultees

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**Local Stakeholders:** Capital Strategy Group, ICT Strategy Board, Members of the Berkshire Broadband Working Group (Rep’s from all 6 Berkshire Unitaries and the Local Enterprise Partnership (LEP))

**Officers Consulted:** Nick Carter, Members of Capital Strategy Group

**Trade Union:** \*

## Appendix C – Parish Financial Contribution Requested for Berkshire Superfast Broadband

Parish	Premises				Precepts required			Council tax charge at band D
	Residential (Total)	Residential (White Areas)	Business (Total)	Business (White Areas)	Year1	Year2	Year3	
Aldermaston	559	326	186	51	£2,790	£2,790	£2,790	£6.36
Aldworth	113	113	3	3	£434	£434	£434	£3.24
Ashampstead	150	150	5	5	£580	£580	£580	£3.15
Basildon	680	680	15	15	£2,603	£2,603	£2,603	£2.86
Beech Hill	130	3	11	1	£0	£0	£0	£0.00
Beedon	186	186	11	11	£738	£738	£738	£3.70
Beenham	472	472	24	24	£1,857	£1,857	£1,857	£3.59
Boxford	194	194	8	8	£756	£756	£756	£3.22
Bradfield	626	626	30	30	£2,456	£2,456	£2,456	£3.03
Brightwalton	142	142	4	4	£547	£547	£547	£3.32
Brimpton	241	189	13	12	£951	£951	£951	£3.22
Bucklebury	838	375	17	5	£0	£0	£0	£0.00
Burghfield	2303	2205	86	68	£8,946	£8,946	£8,946	£3.78
Catmore	15	15	1	1	£60	£60	£60	£4.37
Chaddleworth	203	203	9	9	£794	£794	£794	£3.98
Chieveley	977	974	44	43	£3,823	£3,823	£3,823	£3.81
Cold Ash	1355	218	32	16	£0	£0	£0	£0.00
Combe	19	19	0	0	£71	£71	£71	£3.19
Compton	616	616	26	26	£2,404	£2,404	£2,404	£3.88
East Garston	241	241	7	7	£929	£929	£929	£3.43
East Ilsley	235	235	11	11	£921	£921	£921	£3.60
Enborne	271	103	6	5	£0	£0	£0	£0.00
Englefield	120	120	11	11	£491	£491	£491	£3.98
Farnborough	43	43	0	0	£161	£161	£161	£3.59
Fawley	60	60	4	4	£240	£240	£240	£3.20
Frilsham	136	136	7	7	£535	£535	£535	£3.20
Great Shefford	411	411	15	15	£1,595	£1,595	£1,595	£3.81
Greenham	1471	124	172	42	£0	£0	£0	£0.00
Hampstead Norreys	333	333	6	6	£1,269	£1,269	£1,269	£3.65
Hamstead Marshall	113	105	5	5	£442	£442	£442	£3.05
Hermitage	724	724	14	14	£2,764	£2,764	£2,764	£3.28
Holybrook	2846	0	12	0	£0	£0	£0	£0.00
Hungerford	2738	90	225	6	£0	£0	£0	£0.00
Inkpen	364	364	12	12	£1,408	£1,408	£1,408	£3.29
Kintbury	1100	1085	25	23	£4,213	£4,213	£4,213	£3.76
Lambourn	1848	1848	127	127	£7,396	£7,396	£7,396	£4.08
Leckhampstead	149	149	2	2	£565	£565	£565	£3.41
Midgham	131	131	15	12	£547	£547	£547	£3.30
Newbury	14260	229	1009	37	£0	£0	£0	£0.00
Padworth	343	343	22	22	£1,367	£1,367	£1,367	£3.90
Pangbourne	1273	1209	123	123	£5,227	£5,227	£5,227	£3.59
Peasemore	126	126	7	7	£498	£498	£498	£3.36
Purley on Thames	1733	226	16	4	£0	£0	£0	£0.00
Shaw Cum Donnington	761	125	16	2	£0	£0	£0	£0.00
Speen	1123	219	25	15	£0	£0	£0	£0.00
Stanford Dingley	83	83	2	2	£318	£318	£318	£2.93
Stratfield Mortimer	1681	1630	66	64	£6,542	£6,542	£6,542	£3.85
Streatley	399	399	12	12	£1,539	£1,539	£1,539	£2.80
Sulham	36	36	1	1	£139	£139	£139	£3.06
Sulhamstead	611	611	8	8	£2,318	£2,318	£2,318	£4.00
Thatcham	10254	225	357	12	£0	£0	£0	£0.00
Theale	1336	236	199	113	£0	£0	£0	£0.00
Tidmarsh	188	188	3	3	£715	£715	£715	£2.84
Tilehurst	5732	89	72	15	£0	£0	£0	£0.00
Ufton Nervet	119	119	5	5	£464	£464	£464	£3.41
Wasing	26	26	4	4	£112	£112	£112	£4.60
Welford	218	215	18	18	£884	£884	£884	£3.97
West Ilsley	144	144	4	4	£554	£554	£554	£3.58
West Woodhay	52	52	4	4	£210	£210	£210	£3.81
Winterbourne	80	80	5	5	£318	£318	£318	£3.46
Wokefield	122	122	17	17	£521	£521	£521	£3.91
Woolhampton	372	372	15	15	£1,449	£1,449	£1,449	£3.71
Yattendon	168	168	10	10	£667	£667	£667	£3.84
<b>Total</b>	<b>64393</b>	<b>21280</b>	<b>3221</b>	<b>1163</b>	<b>£77,128</b>	<b>£77,128</b>	<b>£77,128</b>	
				<b>Grand Total</b>	<b>£231,383</b>			