Abstract: This paper gives an outline of the potential implications associated with the rollout of broadband in Angus. It provides a background from a UK and Scottish Government perspective, the potential sources of funding and the financial implications for Angus.

1. RECOMMENDATION(S)

1.1 It is recommended that the Committee:

a) Note the importance to the local economy and community wellbeing of improving broadband capacity in Angus.

b) note that a contract for an audit to determine current strengths and weaknesses in Broadband provision and to provide budget estimates for roll out of Broadband within Angus has been awarded under delegated authority;

c) to instruct the Director of Infrastructure Services to report back to Committee on the completion of the consultancy work.

2. BACKGROUND

2.1 The UK Government has a target to increase broadband coverage to 100% by 2017 at the latest and to improve broadband quality towards Next Generation Broadband by 2020 as stated in its strategy ‘Britain Superfast Broadband Future’. Broadband Delivery UK (BDUK) is the key funding programme to achieve this aim. In March 2011 the Scottish Government created ‘Scotland’s Digital Future: A Strategy for Scotland’ which sets out how they intend to achieve their digital ambition covering the four key areas of:- public service delivery, the digital economy, digital participation and broadband connectivity. This set out an aspiration for next generation broadband to be delivered to the whole of Scotland by 2020 with significant progress being made by 2015. The broadband roll out aims to deliver next generation broadband to all by 2020 with significant progress being made by 2015, it also aims to ensure uptake in Scotland is at or higher than the UK average by 2013 and the highest among UK nations by 2015.

3. BENEFITS

3.1 There will be significant advantages in the implementation of Next Generation Broadband to:

a) Ensure that Angus businesses can benefit from first class broadband that allows them to thrive in markets both at home and abroad.

b) Help improve delivery of public services to the community in areas such as Healthcare, Education plus improved access to Local and National Government for information and interaction.

c) Increase digital participation
d) Encourage home working and rural business uptake which is also integral to the transition to a low carbon economy.

e) Contribute towards community wellbeing by improving communication capacity.

4. POTENTIAL SOURCES OF FUNDING

4.1 There are a number of funding options available for these projects as outlined below:

- Broadband Delivery UK (BDUK) – a team within the Department for Culture, Media and Sport (DCMS) set up to deliver the Government’s broadband strategy, bringing super fast broadband to all parts of the UK. BDUK is distributing £530m of funding to bring super fast broadband to UK homes and businesses which will not be served by the commercial market. On 16 August 2011, the UK Government announced that it was allocating £68.8 million of BDUK monies to the Scottish Government as was stated in their Spending Review in September 2011.

- The Lowlands and Uplands Scotland (LUPS), Programme has £21.1 million of ERDF funding potentially available. The Scottish Government is seeking confirmation from the EU that such funds can be used as part of the implementation of Regional Broadband Plans. In theory the funds should be targeted at the implementation of information and communications technologies in SME’s, but given the EU's desire to improve digital connectivity throughout Europe, some relaxation of this constraint may be given.

- The Scottish Government has proposed additional funds of up to £50million over four years

4.2 The process for obtaining these funds is still unclear. We have been informed by the East of Scotland European Consortium that the Scottish Government submitted a proposal on 15 July to the European Commission to amend the ERDF programme to make funding for rural broadband infrastructure more accessible.

4.3 The Scottish Government intends to use any funding allocation from BDUK and Scottish Government funds as match funding for the ERDF monies. A decision on the ERDF proposal is awaited.

4.4 The Scottish Government is also reviewing their “regional strategy” approach. Preliminary meetings have been held with Scottish Futures Trust and Scottish Enterprise. Scottish Enterprise has indicated that it may be willing to play a similar role to HIE, which will be as the coordinating body for a regional broadband project covering the Scottish Enterprise network area.

4.5 The implications of 4.3 and 4.4. are that there is already considerable slippage on the timescales originally set out by the Scottish Government. The latest information from the Scottish Government is that by the end December 2011 they will produce a “Strategic Direction for Next Generation Broadband” report. This will collate data on

- Baseline information/Public Sector status/Demand analysis
- Clarification of the digital ambition outcomes
- Identify options available to deliver ambition

In March 2012 the Scottish Government will set out the Next Generation Broadband Infrastructure Plan which will indicate the funding proposals. Once this plan has been published it is expected that funding submissions will be requested.
It has been strongly intimated that the ERDF/BDUK and Sector funding will be ring fenced for rural areas which are less viable investment prospects for suppliers and therefore funding for city based broadband development is unlikely to come from this fund.

Work on delivering Broadband rollout requirements has already or is being undertaken by a number of Local Authorities including Perth & Kinross and Aberdeen/Aberdeenshire. We are in discussion with these neighbouring authorities about the prospects for collaboration.

If the council is to submit a bid to secure funding, there will be a need for substantial up front investment in more detailed planning for the broadband roll out to provide the information required for contract documentation to be prepared. Based on information from Mott McDonald the consultants appointed by Aberdeen City & Shire an indicative cost for this work in Angus will be in the region of £200,000 to £500,000. It is not yet confirmed what funding could potentially be drawn against this cost and there may well be other partners involved so this full cost burden would be unlikely to fall to the Council. It should however be noted that no specific funding provision exists to meet the council’s share of these upfront costs.

The final stage is implementation of the broadband roll-out. Again indications from Mott McDonald suggest that to cover Angus the cost would be in the region of £30m. Councils in England who have led successful bids from BDUK – Norfolk County, Lincolnshire and Cumbria Councils, advised that the funding model in England is 1/3 BDUK, 1/3 private sector and 1/3 public sector participants (which could include ERDF and Scottish Government contribution). The public sector across Angus could involve the Council and it’s Community Planning Partners. Only after the Scottish Government has published its strategic direction will it be possible to get a clearer indication of funding and rollout implications. Again, no funding provision currently exists to meet the council’s share of the implementation costs.

5. PROPOSALS

Prior to considering any potential bid for funding, it is essential to understand the current capacity to deliver Broadband in Angus and to identify what investment is required to meet the UK and Scottish Government objectives for roll out. This requires; i) an audit of existing broadband capacity and investment needs across Angus and ii) a plan identifying technology options and indicative budget required to deliver improved broadband accessibility and speeds. This essential first stage provides the information required to decide whether a funding bid should be made and to allow this to be done (whether that be independently or collaboratively) but does not commit the Council beyond the information gathering stage. Therefore a contract in the amount of £9,500 has been awarded to carry out these assessments.

<table>
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<tr>
<th>Timescales for audit and plan</th>
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<tr>
<td>Invitation to Quote submitted</td>
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<tr>
<td>Contract awarded</td>
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<tr>
<td>Audit of existing broadband delivery</td>
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<tr>
<td>Plan of Cost models &amp; funding delivery</td>
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The two studies will enable the Council to fully assess the potential for the roll out of broadband and the wider partnership options which will be reported to committee when completed. This will allow the Council to assess the viability of broadband roll out in Angus and allow the full financial implications for the Council to be assessed prior to committing to any funding bid.
6. JUSTIFICATION

6.1 Digital connectivity enables innovation and wealth creation; it stimulates inward investment and entrepreneurship. It also provides new tools for increasing equality of opportunity in health and education, and for reducing the costs of the public sector. However, the gap between affluence and disadvantage can also be exacerbated by a digital divide. Many of the poorest in society and those living in remote and rural communities are unable to take advantage of the new economy and the new society made possible by digital communication.

6.2 Commissioning this study will enable the creation of a Broadband Strategy for Angus and allow a submission for funding but also contributes directly to delivering on key National Outcomes and Local Strategies.

6.3 The Economic Development Strategy for Angus “Towards Sustainable Prosperity” indicates the Strategic Objectives.

- Support the competitiveness of Angus businesses, particularly through adoption of sustainable principles and technologies.
- Enhance physical infrastructure which supports economic activity with due regard to the environment.
- Encourage research and technological developments relating to sustainable best practice.

7 FINANCIAL IMPLICATIONS

7.1 In the first instance, prior to any bid for funding being considered we will need to produce a local strategy. This will be in two parts firstly an audit of the current broadband status in the county and secondly a roll out plan to draw up cost estimates and financing models, including potential sources of funding. The approved contract for these works was submitted by FarrPoint at a total cost of £9,500. This cost can be met from the 2011/12 Infrastructure Services Economic Development Revenue budget.

7.2 It should be noted that pursuit of this first stage does not commit the Council beyond the £9,500.

7.3 Only after this initial work has been completed and clarity has been provided on the mechanism for accessing funding etc has been received can the financial implications for the council of entering in a broadband roll out project be fully determined. A further report will be brought back to this committee setting out the findings of the initial work at which time it is anticipated that full costing information will be available for consideration.

8 RISKS

8.1 The risks directly associated with this report, which at this stage asks the Council to note the decision taken under delegated authority to undertake an audit and indicative development plan for the roll out of Broadband, are minimal. A greater risk in not pursuing this study, is that the Council and potential partners would be unable to bid for funding with the risk that Angus would not benefit from the proposed significant Broadband investment in Scotland.

8.2 If a funding bid is submitted, public expectations for an improvement in Broadband capacity in Angus will be raised. The Council and potential partners will be under significant pressure to prioritise spending over the next 3 to 4 years to release budget to contribute towards this initiative.
9 HUMAN RIGHTS IMPLICATIONS
9.1 There are no Human Rights implications arising from this report.

10 EQUALITIES IMPLICATIONS
10.1 The issues dealt within this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

11 ANGUS COMMUNITY PLAN AND SINGLE OUTCOME AGREEMENT
11.1 This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2011-2014:

National Outcome 1 – We live in a Scotland that is the most attractive place for doing business in Europe

National Outcome 2 – We realise our full economic potential with more and better employment opportunities for our people.

National Outcome 3 - We are better educated, more skilled and more successful, renowned for our research and innovation.

12 CONSULTATION
12.1 The Chief Executive, Director of Corporate Services, Head of Law & Administration, Head of Finance and Head of Information Technology have been consulted in the preparation of this report.

13 CONCLUSION
13.1 In conclusion we need to consider the following:

- Recognise we have to keep pace with both the UK and Scottish Governments broadband ambition to ensure that businesses and the public sector across Angus are not disadvantaged.

- It is clear that there is still uncertainty on how the roll-out strategy from the Scottish Government will develop. However considering there are funding opportunities fast approaching, we need to undertake the study and roll-out plan to allow Angus to develop a broadband strategy. Once the roll-out model becomes clear we can then determine how best to go forward.

ERIC S LOWSON
DIRECTOR OF INFRASTRUCTURE SERVICES

NOTE
No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

ECDEV/DV/GO/FM
18 October 2011