

ANGUS COUNCIL

STRATEGIC POLICY COMMITTEE – 15 OCTOBER 2013

BROADBAND ROLL-OUT IN ANGUS

REPORT BY THE CHIEF EXECUTIVE

Abstract: As recommended in Committee Report 279/13 this report provides the committee with an update on the signing of the Minute of Agreement and the Call off Contract between Angus Council and the Scottish Government in regards to our contribution for the uplift of broadband provision across Angus.

1 RECOMMENDATION

1.1 It is recommended that the Committee:

- (i) note that the Minute of Agreement between Scottish Ministers and Angus Council relating to Step Change 2015 (Rest of Scotland) Project was duly signed (Appendix I)
- (ii) Note the current status of the Scottish Governments broadband roll-out contract and its projected benefits to Angus; and
- (iii) Note the additional information contained in the report on complimentary communication projects

2. BACKGROUND

2.1 With reference to Article 7 of the minutes of meeting of the Strategic Policy Committee of 30 April 2013, there was submitted Report No 279/13 by the Chief Executive. This report updated the Council on the current situation regarding the Scottish Governments proposal for Next Generation Access across Scotland and proposed that Angus Council contribute towards this project.

The Committee agreed to approve the recommendations:

- (i) note that the local priorities agreed by members in Report 724/12 cannot be assured given the nature of how this project is to be procured and agree that in light of this the Council's priority be to target 85% coverage from its financial contribution;
- (ii) Agree to make a formal commitment of £2 million to the Scottish Government towards maximising broadband capacity in Angus towards achieving a target of 85% coverage;
- (iii) agree that this contribution will be on the condition that a minimum level of 75% Next Generation Access coverage has been achieved within the local authority area from National Funding;
- (iv) authorise the Head of Legal and Democratic Services
 - (a) to confirm to the Scottish Government that the Council agrees to the terms of the proposed Minute of Agreement between the Scottish Government and the Council, subject to the Council's interests being satisfactorily protected following completion of the Scottish Government's procurement with BT; and
 - (b) following consultation with the Chief Executive and Strategic Director - Communities and being satisfied that the Council's interest is satisfactorily protected to sign the Minute of Agreement with the Scottish Government by 27 June 2013; and

- (v) Note that a further report will be brought to the appropriate Committee to update on the signing of the Minute of Agreement and the Call of Contract.

3. PROGRESS

- 3.1 Angus Council's Head of Legal and Democratic Services signed the Minutes of Agreement between The Scottish Ministers and Angus Council relating to Step Change 2015 (Rest of Scotland) Project on 26 July 2013. A copy of this agreement is included in Appendix I
- 3.2 As a result of this agreement Angus Council agreed to provide an Additional Local Subsidy of £2m (as defined in Appendix I) for the project which was:
To increase the Network (as defined in the Call of Contract) to provide Next Generation Access (NGA) to the greatest percentage of premises possible beyond those premises which are delivered using Scottish Ministers' subsidy to achieve its objective of 75% NGA coverage in the Council's constituency/boundary area, having regard to the requirements of the overall Project

4. PROGRESS ON SCOTTISH GOVERNMENT PROCUREMENT

4.1 General

- The Scottish Government has concluded a contract worth £264.3m for the extension of superfast broadband across 27 Local Authorities referred to as the Rest of Scotland. This project will combine with that already announced and being undertaken by Highland & Islands Enterprise (HIE).
- The project is funded by the Scottish Government, BT and 14 of the Local Authorities, as investment partners, with additional money from Broadband development UK (BDUK) and European Regional Development Fund (ERDF).
- It is anticipated that 85 per cent of homes and businesses across Scotland will receive fibre broadband by the end of 2015, rising to around 95 per cent by the end of 2017 when all existing plans are complete. This includes all commercial deployments and public sector partnerships.
- It will transform digital capabilities across rural Scotland and provide a platform for future economic development and regeneration.
- The new fibre network will reach the majority of premises in every local authority area.
- A study by Analysys Mason estimates that a project to provide 85% fibre broadband coverage in Scotland would deliver £2 billion in economic benefits over 15 years. These include increased productivity, and health and environmental benefits. This study estimated an increase of 14,000 new jobs induced by the deployment, with a significant number being high value, knowledge economy positions.

4.2 Deployment

- Scotland has the UK's most complex and challenging rural broadband projects ever instigated. The geography and disparate population present major challenges.
- A multi million pound engineering operation on this scale cannot be completed overnight. During the first few months, BT will mobilise the engineering teams and move into detailed planning.
- Every mile of the route needs to be surveyed – taking account of factors such as sites of historic, scientific and natural importance and features such as rail tracks, road crossings and bridges and geology – before work starts on deployment.
- The joint programme team will work closely with local authorities and bodies such as Historic Scotland and National Parks during this initial activity.

4.3 Access Deployment

- This solution has been designed to deliver an open access, fibre network to approximately 604,000 premises. Another 1.4 million premises served by 166 exchanges are being upgraded as part of BT's £2.5bn commercial programme in the Rest of Scotland area which is already in deployment and will be completed by the end of Spring 2014.
- Locations to be upgraded will be announced in phases as the project progresses. It is expected to make the first locations public early in 2014. Further locations will be announced each quarter as the programme rolls out.
- The reason for a phased approach is to ensure that the information made public is as accurate as possible to provide a higher degree of certainty.
- In a civil engineering project of this size and complexity, forward looking plans are subject to change. Final, detailed local surveys will be carried out shortly before deployment begins.

- It is expected to see the first homes and businesses connecting to the network over Q1 2014/2015.

4.4 Technology

- BT will deploy widespread Fibre to the Cabinet, which offers Wholesale broadband speeds of up to 80Mbps. Engineers will also lay some Fibre to the Premises, which offers speeds of up to 300Mbps.
- BT is also continuing to develop and test new solutions which will continue to push baseline speeds and resolve current deployment challenges.

4.5 Reaching the Final Few per cent

- At the moment, there are some parts of remote Scotland that are beyond the reach of existing next generation broadband technologies.
- BT and the Scottish Government will be assessing new and emerging technology solutions with a view to extending faster broadband to the most remote places.
- The Scottish Government has launched Community Broadband Scotland (CBS) – a £5 million initiative that is delivering support to rural and remote communities to help them deliver their own broadband solutions. CBS has been designed as a one-stop-shop to provide community groups with advice and information.
- A start-up fund is also available to support delivery of demonstrator projects. These will act as case studies and generate learning, showcasing technical solutions and business models that can be replicated across Scotland.
- Further info is available at www.communitybroadbandscotland.org

4.6 Finances

- The public sector is investing £157.6m through the Scottish Government.
- That incorporates funding from BDUK, ERDF and includes up to £50.7m from Local Authority top up funds.
- BT is investing an additional £106.7m -- £54m of Capex and £52.7m of Opex funding -- in the project, on top of its existing commercial roll-out.
- The 14 Local Authorities contributing to the project as investment partners are – Aberdeenshire, Angus, Clackmannanshire, Dumfries & Galloway, East Ayrshire, Fife, Midlothian, North Ayrshire, North Lanarkshire, Perth & Kinross, Scottish Borders, South Ayrshire, Stirling and West Lothian.

5. **ANGUS STATUS**

5.1 Angus Council is investing £2 million in the Step Change Project with an emphasis on maximising the number of premises that can access fibre broadband. The combined investment is expected to take overall fibre coverage in Angus to over 93% of premises from a starting point of less than 70%. Nearly half of Angus' deployment is expected to be delivered within the initial phases of the project, giving many rural homes and businesses an early opportunity to take advantage of high speed broadband. In addition at least 2Mbps will be delivered to areas with no basic broadband, although how this will be delivered has not yet been confirmed. It is anticipated that such areas may be enhanced in the future with the roll out of new technologies and stimulation of demand, which will increase investment viability.

5.2 Angus Council's "Additional Local Subsidy" will be made to the Scottish Ministers for the Step Change Project by contributions of £1 million in financial year 2014/2015 and £1 million in financial year 2015/2016.

6. **RELATED PROJECTS**

6.1 Mobile Infrastructure Project (MIP)

On 3 October 2012, the UK Government announced up to £150m funding to improve mobile coverage and quality across the UK – known as the Mobile Infrastructure Project (MIP). This project is led by the Department for Culture, Media & Sport (DCMS). This is intended to improve mobile phone coverage through building additional mobile phone masts in currently uncovered areas, whilst ensuring technical solutions are compatible with future technological developments.

There are areas of the UK (parts of Angus included) where no mobile coverage is provided by any Mobile Network Operator (MNO) and other areas where there is low quality coverage which results in a poor level of customer experience. In certain areas of the UK, particularly rural areas, there is a limited commercial case for market-driven private investment to

improve such coverage. In the twenty years or so during which mobile networks have been in place the private sector have demonstrably not invested in these areas.

On 17 April a presentation was given by DCMS to Angus Council Officers, to give an insight into the project and to request support in delivering the project. As requested, a Non Disclosure document was duly completed.

On 12 May 2013 it was announced that the contract to deliver the MIP project was awarded to the telecoms company Arqiva <http://arqiva.com/mobile-and-telecoms/>. A stakeholders meeting was subsequently held with all of the relevant Authorities (including representatives of Angus Council) and Devolved Administrations to meet with Arqiva to get an insight into the process covering Technical Considerations, Planning, Stakeholder Engagement and the National Radio Plan.

Following on from the Stakeholders meeting DCMS requested information from each Authority on key officer contacts, plus information on Community Councils, Landowners etc., this was duly submitted on 26 June

It is expected that in September 2013 as the project moves into the implementation stages, Local Planning Authorities will be engaged on site specific options and designs - this will be through Harlequin the appointed acquisition and planning consultants working with Arqiva.

Internally a working group has been set up chaired by Mark Armstrong (Strategic Director Resources) with the aim to be proactive in preparing for the roll-out i.e. promoting the benefits, mapping likely mast locations, identifying site constraints, liaising with Community Councils/ Landowners etc.

It should be noted that the UK Governments investment is to deliver 2G capacity to avoid breaching State Aid regulations. This will only facilitate improved voice communication. It is however anticipated that suppliers will wish to future proof their own investments in this project where practical.

6.2 European Regional Development Fund (ERDF)

A stage one ERDF application for "Improving Rural Communications in Angus" has been submitted and a decision on this application is awaited. The proposal is to use existing facility provision in rural Angus to improve connectivity in areas unlikely to benefit in the near future from other broadband roll out programmes. Liaison will be required with the Scottish Government contract to ensure added value associated with this application. The proposal involves using 15 schools, 1 nursery and 1 village hall in 16 of the most remote communities of Angus to provide fast broadband (min of 10mbit) and facilitate Bring Your Own Device (BYOD) wireless infrastructure for business and community benefit. The enhanced wireless capability will offer the potential for direct connection to the internet to enhance business competitiveness, encourage business start up and entrepreneurship, sustaining and supporting small businesses and improve the sustainability of fragile remote communities, by providing much needed digital services. Rural schools are in many cases the only available infrastructure in these communities and therefore serve to provide small business and community benefits. The improved connectivity will also enhance access to education, skills development and on line learning, for all ages of people living in the area e.g. young people accessing further education and skills development and older people wishing to re-skill and/or improve learning. It will also address barriers to inclusion, such as access to learning, lack of transport to large towns and centres of learning and remoteness, often leading to outward migration particularly of young people from rural communities.

This project will provide the core infrastructure with the potential to connect more village halls and businesses via Point to Point (PnP) wireless. In three of the communities the project will entail unbundling 3 BT exchanges giving the opportunity for faster and cheaper broadband due to competition now being available on the services provided at these exchanges.

7. FINANCIAL IMPLICATIONS

- 7.1 Angus Council's Additional Local Subsidy of £2 million towards the project will be by means of agreed reduction in the General Capital Grant paid to the Council in the following call off, £1 million in financial year 2014/2015 and £1 million in financial year 2015/2016.
- 7.2 A report will be brought to the appropriate committee on the "Improving Rural Communications in Angus" project in the event that the stage one ERDF application is approved.

8. RISKS

- There is a risk that it will not prove possible to supply all premises with the anticipated minimum supply capacity of 2mbs particularly in the most remote locations. Community expectations in relation to digital connectivity will be raised by these various investments but the supply is unlikely to meet all expectations.
- There is potential for duplication between the Scottish Government Broadband Roll-out contract and the Council led "Improving Rural Communities in Angus" initiative. A clear division between the two will need to be determined and be fully articulated for audit purposes to avoid such duplication otherwise ERDF grant repayment could become an issue.
- The Scottish Government contract will enable delivery of Next Generation Broadband to around 93% of Angus premises but it will be up to individual businesses, agencies and residents to buy into this capacity through a supplier. To ensure continuity of delivery beyond the 10 year commitment associated with the contract, demand is likely to have to be sufficient to justify continued investment in maintaining / improving supply.
- The proposed location for Mobile Infrastructure Masts may not be acceptable to the local community or raise Planning issues that cannot be addressed. Where no suitable alternative deliverable sites can be identified quickly, it is unlikely that the investment in that location will proceed.

9. HUMAN RIGHTS IMPLICATIONS

- 9.1 There are no Human Rights implications arising from this report.

10. EQUALITIES IMPLICATIONS

- 10.1 The issues dealt with in 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 2013-2016:
- Communities that are prosperous and fair
 - Communities that are learning and supportive
 - Communities that are caring and Healthy
 - Communities that are sustainable.

12. CONSULTATION

- 12.1 The Strategic Director - Communities, Strategic Director – People, Strategic Director - Resources, the Head of Legal & Democratic Services, the Head of Corporate Improvement and Finance and the Head of Information Technology have been consulted in the preparation of this report.

12. CONCLUSION

- 12.1 These ambitious projects will connect communities across Angus and will provide a platform for future economic development and regeneration. They will enable businesses to compete on an international stage and have the potential to enhance education, health and social care across the County.

**RICHARD STIFF
CHIEF EXECUTIVE**

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/NP/GO/FM

26 August 2013