

Cabinet (Resources) Panel

16 January 2018

Report title	Achieving our Broadband Vision	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor John Reynolds City Economy	
Corporate Plan priority	Place - Stronger Economy	
Key decision	Yes	
In forward plan	Yes	
Wards affected	(All Wards);	
Accountable Director	Tim Johnson, Strategic Director, Place	
Originating service	City Economy	
Accountable employee	Heather Clark	Service Development Manager
	Tel	01902 555614
	Email	heather.clark2@wolverhampton.gov.uk
Report to be/has been considered by	Place Leadership Team/Corporate Leadership Team	27 November 2017
	Place Leadership Team	11 December 2017
	Strategic Executive Board	3 January 2018

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the submission of a bid to the Local Full Fibre Network to improve connectivity in the city centre subject to the final signoff by the Cabinet Member for City Economy and Section 151 Officer.
2. Agree that the Council act as a grant recipient for the Local Full Fibre Network bid, if successful.
3. Delegate authority to Cabinet Members for City Economy and Resources, in consultation with the Strategic Director, Place and the Director of Finance to enter into a funding agreement and to approve the procurement exercise if the bid is successful.
4. Approve engagement with UK Government's Barrier Removal Taskforce in relation to adopting a local approach to highways, planning, wayleaves that optimises the local environment to improve digital infrastructure.
5. Authorise employees to explore the use of a concession agreement to enable public WiFi.

1.0 Purpose

- 1.1 To seek approval to submit a bid to the Local Full Fibre Network fund to improve connectivity in the City of Wolverhampton.

2.0 Background

Broadband

- 2.1 For every £1 invested in broadband, the UK economy benefits from £20. Ultra-fast broadband provides businesses with the opportunity to innovate, restructure businesses processes and improve productivity, improves the quality of life for residents and makes an area more attractive for investment. High speed connectivity is particularly important in key growth sectors such as the professional, business, knowledge and digital economic sectors. As a result, ultrafast connectivity is a key priority for the city's Economic Growth Board.
- 2.2 Across the whole city, Wolverhampton has relatively good superfast broadband coverage. Gaps in superfast broadband coverage outside the city centre have been addressed through the Broadband Delivery UK (BDUK) funded Local Broadband Plan which is funding the rollout of fibre broadband infrastructure across the Black Country. The Black Country has ambitions to achieve 100% superfast broadband coverage by 2020.
- 2.3 However there are some significant gaps in coverage in Wolverhampton city centre. It has not been possible to improve this coverage using the BDUK Local Broadband Plan and so work has been undertaken to recommend options to resolve the lack of broadband provision in the city centre.
- 2.4 In 2017, the Council and Black Country LEP commissioned Analysis Mason to undertake a broadband review for Wolverhampton city centre to identify the reasons for the lack of investment in infrastructure and recommend options to resolve the problems. This work included discussions with the key fibre operators within Wolverhampton where it was reported that at present the city centre is not considered commercially viable to invest in. In response, the Council has developed a broadband action plan. Submitting a bid to the Local Full Fibre Network is part of this work to address the gap in superfast broadband coverage.

Wifi Connectivity

- 2.5 In 2014, the Council explored offering a concession to the market to secure commercial rights to use Council owned street furniture to deploy small cell technology enhancing mobile coverage for business and residents within the City of Wolverhampton. In addition to enabling the rollout of the next generation of mobile services, concession agreements on back of infrastructure could enable free WiFi. However following soft market testing at that point, the model was no longer considered commercially viable.

2.6 However recently the Council has been contacted by two companies who would now be interested in providing this model on the back of a pure concession agreement. It is therefore proposed to issue an invitation to tender to use street furniture for next generation mobile and public WiFi, to further improve connectivity in the city.

3.0 Local Full Fibre Network

3.1 The Local Full Fibre Network Programme is a government initiative aimed at stimulating commercial investment in full fibre networks across the UK. This includes a government capital grant programme of up to £200 million, which aims to bring fibre closer to the premise using a range of mechanisms driven by the public sector. Bids are to be submitted to the Department of Digital, Culture, Media and Sport (DCMS) by 26 January 2018. Their preference is for cross-border initiatives that support different approaches to stimulating investment in full fibre networks including projects combining approaches and those that involve a broad range of public sector partners.

3.2 The Black Country Consortium on behalf of the Black Country Local Enterprise Partnership submitted an expression of interest for Local Full Fibre Network funding on 24 August 2017. The first call for projects has been issued now requires the submission of a detailed business case by 26 January 2018. Funding is available for capital costs only.

3.3 The bidding round is likely to be very competitive with only an estimated 15 bids that will be approved from the 133 Expressions of Interest that were submitted. Bids will be evaluated against the following criteria:

Criteria	Commentary
20% - Strategic context	This includes setting out the digital plan, scope of works and collaboration approach. It is proposed that Wolverhampton will work collaboratively across the Black Country. The Black Country has ambitions to achieve 100% superfast broadband coverage by 2020.
30% - Economic case	A study to demonstrate the economic impact of 'full fibre' investment on our existing Gigabit cities is underway. It is anticipated that ultrafast broadband for the city centre will lead to significant improvements in productivity and job creation.
12.5% - Commercial case	Final costings need to be agreed however the Council may also wish to include other infrastructure such as CCTV.
12.5% - Financial case	This will include exploring the opportunity to capitalise current spend on infrastructure over the next 20 years to contribute to the 'full fibre' infrastructure DCMS are offering to subsidise.
25% - Management	DCMS will expect that the investment in 'full fibre' infrastructure has been supported strategically. This includes support from across the council and that any funding allocated will be utilised and deployed by 2021. Letters of support have been received from the Economic Growth Board, College and Chamber of

	Commerce and are being requested from key partners such as the University, Wolverhampton Council for Voluntary Services and West Midlands Mayor.
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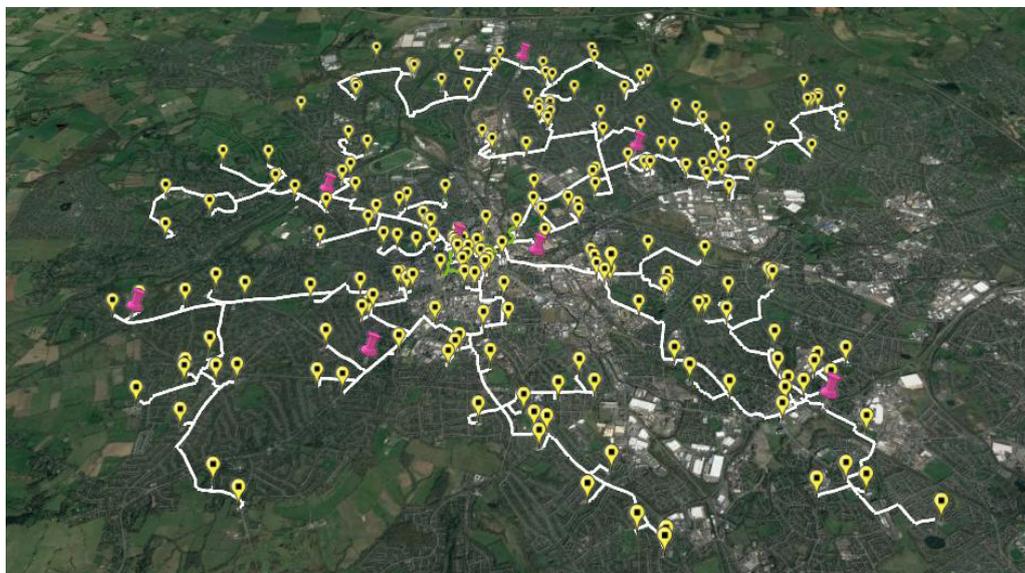
4.0 Evaluation of options

4.1 An analysis of the options for bringing fibre closer to premises has been undertaken in developing the bid. This includes:

Option	Commentary
Public Sector Anchor tenancy – Council agree to taking certain level of capacity and in response, provider will create fibre network.	This would enable the creation of a fibre network for Wolverhampton city centre. The Council would procure flexible gigabit connectivity services to its estate, which can include ownership or long-term right of use to dark fibre. A key expectation of is that those suppliers then make additional capacity available to other network operators and service providers to invest in and sell more full fibre networks in the area.
Gigabit Voucher scheme – voucher scheme for local businesses to upgrade their connectivity.	This would enable businesses to fibre up to the premise and would include targeting multiple businesses within buildings as they could pool their vouchers and upgrade the whole building.
Full Fibre Upgrades for public sector sites – e.g. tactical upgrades for public sector sites whose footprint is extended to surround premises	This could be explored as part of a pilot approach round the proposed City Learning Quarter in Wolverhampton city centre, supporting rolling out to surrounding areas
Reuse of Public sector infrastructure assets such as CCTV, Urban Traffic System (UTC) or Local Authority fibre assets to run a fibre network to premises.	Preliminary work required around infrastructure and gaps: <ul style="list-style-type: none"> • UTC is the only system that has capacity • CCTV needs upgrade – approx. cost £400k • Council and University own some dark fibre in the city centre. Others rented primarily from Virgin • Opportunity through public realm work to install infrastructure as part of Connected Places strategy

5.0 Reasons for decisions, Risks and Issues

- 5.1 There are strong economic benefits to improving the connectivity of the city centre – including improved productivity and making the city a more attractive place to invest in. It is therefore recommended that Cabinet (Resources) Panel supports the submission of a bid to the Local Full Fibre Network. Following consideration of the various options, the preferred option for the bid is a combination of:
- public sector anchor tenancy to enable an improved the fibre network across Wolverhampton, with particular benefits to the city centre
 - gigabit vouchers to enable local businesses to link to the fibre network (across the Black Country).
- 5.2 Public sector anchor tenancy was considered in 2014, however was discounted at the time due to the cost and period of commitment required. However this model is now recommended for the bid to government as it is the only option that allows full coverage of the city centre, a key economic priority. Gigabit vouchers would also allow businesses to connect to the fibre infrastructure when in place (and would be available across the Black Country).
- 5.3 Full fibre updates to public sector sites may be considered if the timescale for the City Learning Quarter allows. The reuse of public sector infrastructure assets was discounted due to the limited coverage in terms of fibre and ducting within the city centre, although we have ambitions to increase the capacity to enable smart technology.
- 5.4 Should the bid be successful this would require the Council to commit to a 20-year contract to supply dark fibre to Council and other public sector buildings. It is anticipated that this would result in immediate costs savings around annual line rentals for connectivity. It would also have the benefit of improving connectivity in the city centre, as the length of the contract de-risks the investment by the procured company to provide a fibre network to surrounding premises, for businesses and residents. Based on 211 public sector premises, the potential coverage across the city is shown below. Yellow dots are premises, and pink dots exchanges or ‘ends’:



- 5.5 Technology changes very swiftly and contracts would need to be written to ensure that the network does not preclude the Council from investing in future technologies or capitalising on other smart city opportunities. The length of contract would also need to be reviewed with appropriate break clauses, in order to future proof the
- 5.6 Grant recipient risks would be minimised through the appointment of a dedicated Programme Manager, costed into the bid and experienced in managing large capital projects, including risk management. Effective governance would be in place – the governance of the bidding process will sit within City Economy and if the bid is successful, the ongoing approach will be led by ICT.
- 5.7 Should the bid be successful but the full cost of installation not be covered, we could reduce the number of public sector premises connected. This would mean that the savings from the annual rental will be less.
- 5.8 Should the bid not be successful we would need to continue to explore alternative options for enabling ultrafast broadband coverage of the city centre.

6.0 Financial implications

- 6.1 The bid will seek funding of around £5.3 million for the installation of a full fibre network covering 211 sites across Wolverhampton, inclusive of programme management costs. Funding is only available for capital costs. It is anticipated at this stage that the ongoing revenue cost of annual line rentals will reduce significantly under the preferred delivery model. Should the bid prove successful further work will be undertaken to detail the scheme budget and assess the reduction in line rental costs before any recommendation to approve a procurement exercise.
[GE/21122107/U]

7.0 Legal implications

- 7.1 Using state resources to intervene in the market can amount to unlawful State Aid which is prohibited by the EU treaty. It is understood that in general terms Central Government has obtained the necessary EU approval to the state funding of broadband services where the commercial market will not provide them.
- 7.2 If Local Full Fibre Network funding was secured, the Council would need to procure a fibre network provider through open competition. This approach is also understood not to require state aid approval. It will however be necessary to further investigate and confirm that all processes and documentation meet EU requirements and ensure there are no state aid implications, at the relevant time.
- 7.3 The Local Full Fibre Network bid is in keeping with other key initiatives such as the ERDF funding for the 'Digital Passport' project which aims at supporting small and medium sized businesses to improve their digital knowledge. The University of Wolverhampton, as accountable body for the Digital Passport project, have entered into a Partner Agreement with the Council setting out our roles and responsibilities. [RB/11122017/W]

8.0 Equalities implications

- 8.1 Smart technology enabled through ultrafast broadband can have positive equalities implications, for example residents with health problems can stay at home longer due to smart technology. An equalities analysis will be undertaken as part of the development of the Smart City Strategy.

9.0 Environmental implications

- 9.1 Faster broadband enables agile working such as homeworking and so has positive longer term environmental implications. Although initially, installation of the fibre would involve digging up the roads and so would have short term negative environmental implications.

10.0 Human resources implications

- 10.1 The cost of project management is included in the Local Full Fibre Network bid.

11.0 Corporate landlord implications

- 11.1 The option would require the Council to commit to getting their broadband from the procured provider for a period of 20 years in order to de-risk the investment for the provider to fibre up the city.
- 11.2 A condition of the bid is that the Council engage with the UK Government's Barrier Removal Taskforce to reduce barriers to commercial investment such as our approach to highways, planning, wayleaves and commitment to optimising the local environment to improve digital infrastructure.
- 11.2 Whether the bid is successful or not, it is important to remove barriers to investment to improve digital infrastructure in the city. This will help with other initiatives such as a recent proposal from Wolverhampton Homes, who require wayleaves in order to enable a commercial provider to install superfast broadband in social housing areas (see Appendix 1).

12.0 Schedule of background papers

None

Appendix 1: Wolverhampton Homes Tenant Broadband Proposal

The tenant Broadband proposal is for the building of a new fibre broadband network connecting all Wolverhampton Homes social housing properties. The network would use the latest Fibre to the Property (FTTP) technology. The funding for the new network, estimated at £10 million, will be raised by the supplier through private investment. Once installed tenants will be offered cost-effective broadband service comparable to the likes of Virgin and BT and it would enable the supplier to offer high speed broadband services (up to 1 Gigabit) to, not only tenants, but to owner occupiers within the estates.

The proposal depends on providing permission to installing the network (granting of wayleaves) needed to attract the private investment to fund the fibre network. If the proposal is agreed, a detailed implementation plan will be developed and commercial discussions started to discuss details of broadband services that will be offered.

Wolverhampton Homes have stated to the supplier their wish to provide for tenants that currently do not need or cannot afford high speed broadband. Taking in to account that the proposition from Future-Fibre needs to be commercial viable to succeed and that in the UK telecoms services including broadband is regulated by Ofcom. The suggestion is that a basic cheap broadband service be offered and that the service tracks the offerings from the other mainstream suppliers to guarantee a cost-effective service for our tenants. The full potential of follow-on services will be discussed with the supplier once the proposal is agreed.

The implementation of a full-fibre network supplying domestic homes would complement our Smart City agenda by ensuring that some of the most deprived areas of the city have access to affordable fast broadband.