

Economy and Enterprise Overview and Scrutiny Committee

23 February 2017



Digital Durham Programme and related projects update.

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Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with an update on the progress of the Digital Durham Programme and related projects.

Background

- 2 The Economy and Enterprise Overview and Scrutiny Committee has received several updates on the progress of the Digital Durham Programme with the last update provided to committee on the 23 February, 2016 when it was agreed by members that a further update would be included in the 2016/17 committee's work programme. It has been requested by members that the update includes detail of work undertaken to improve broadband availability to the business sector, particularly the rural business sector in the county.
- 3 In addition, as part of the skills development scrutiny review project, members of the Economy and Enterprise skills development review group were informed of Durham County Council's ICT Apprenticeship Hub Programme and requested that they be updated on the progress of the programme.
- 4 Arrangements have been made for Phil Jackman, Head of ICT to attend the Economy and Enterprise Overview and Scrutiny Committee on the 23 February, 2017 to provide a presentation focusing on:
 - a. Digital Durham including mobile coverage
 - b. Skills agenda
 - c. Open data

Digital Durham Programme

- 5 Durham County Council leads the fixed broadband programme on behalf of nine other North East local authorities:
 - a. Darlington Borough Council
 - b. Gateshead Council
 - c. Hartlepool Borough Council
 - d. Middlesbrough Council

- e. North Tyneside Council
 - f. Redcar and Cleveland Borough Council
 - g. South Tyneside Council
 - h. Stockton-On-Tees Borough Council
 - i. Sunderland City Council
- 6 Contract 1 was signed in April 2013 with BT and Contract 2 in February 2015. The two contracts are valued at approximately £35m. Each council has provisioned different levels of funding into the programme based on their individual Broadband Development UK (BDUK) grant allocations and ability to match the amount.
 - 7 Contract 1: The delivery of Contract 1 ran from April 2014 until June 2016.
 - 8 490 fibre structures were installed, providing fibre infrastructure to approximately 105k premises.
 - 9 At the end of the contract it was estimated that 94% of properties in the programme area have access to a superfast broadband service in excess of 24Mbps download speeds. In Durham this percentage is slightly higher at 96%.
 - 10 A minimum target of 20% was set for the first contractual take-up review point in December 2016, however, the programme aimed to achieve a 30% take-up level in line with BT's gain share review. Currently 31.4% of premises who can access a fibre-based broadband within the programme area have upgraded to the service.
 - 11 BDUK currently estimate that the current take-up trajectory will reach 40%, potentially recouping over £5M into the gain share (clawback) investment fund by the end of the contractual term in September 2023. Local authorities involved in the programme may draw on their proportion of the funds at the end of the term.
 - 12 The programme is working with BT and BDUK to close Contract 1. The process includes completion of a BDUK checklist to ensure the necessary assurance is undertaken prior to contract close down. It includes checks such as the volumes of white premises passed, speed target achievement, and State Aid compliancy.
 - 13 BDUK estimates a minimum budgetary underspend of £7M for Contract 1 which can be attributed to the effective management of the programme. Plans are being made to reinvest these funds into extending coverage further again.
 - 14 BT carried out a financial assessment of all 44 Phase 1 programmes with the agreement of BDUK. As a consequence an early gain share offer was made to high performing programmes, allowing a proportion of the clawback investment fund to be released to further extend the fibre network. £2.343M was offered to the programme, of which £1.668M relates to Durham. The preference is to leave this fund and utilise the remaining underspend budget.
 - 15 Better Broadband Subsidy Scheme: Following the Government's commitment to provide access to a minimum of 2 megabits per second (Mbps) download speeds, the Better Broadband Subsidy Scheme was launched on 16 December 2015. The scheme is administrated by Digital Durham for residents within the programme area.

- 16 The scheme allows residents to apply for up to £350 towards the hardware and installation costs to get connected to broadband. Eligible residents will still be required to pay any additional costs such as the monthly service charge.
- 17 Residents are eligible if they receive less than 2Mbps download speeds and will not be upgraded to fibre broadband in the next 12 months.
- 18 Contract 2: Contract 2 is currently in delivery and began in July 2016.
- 19 The delivery of Contract 2 has been brought forward to September 2018 from December 2018 thanks to accelerated deployment.
- 20 Contract 2 will extend the access to fibre infrastructure to almost 28k properties.
- 21 On completion of both contracts, approximately 97% of premises in the programme area will be able to access a superfast broadband service. In Durham this percentage is estimated to be 98%.
- 22 Future phases: Investigations are currently underway to fully confirm the remaining areas without commercial or public sector plans that can potentially be invested in under Phase 3 of the programme.
- 23 Consideration is also being given as to how to maximise coverage for the remaining residents without access to superfast broadband services using the available underspend funding. This may result in BT completing a 'modelling' exercise to define the potential additional fibre coverage; as well as a soft market test to understand other potential providers and solutions.
- 24 Mobile coverage: The council has recently awarded its mobile phone contract to Vodafone. A preliminary meeting has been made with them to explore the possibilities of improved coverage across the County. Vodafone already has extensive plans to increase 3G and 4G coverage yet there are issues of cold spots and consistency to address. ICT Services will work with Vodafone and other providers to improve coverage.
- 25 The North East Combined Authority Digital Leads Group, which is chaired by the Head of ICT Services in Durham, is working on developing a massive 5G test bed across the region using Nexus' fibre ring and Service Direct Newco's telco expertise. A bid has been made for £26 million funding from central government as part of its commitment to 5G.
- 26 NECA was one of three programmes referred to by the National Infrastructure Commission, in its 'Connected Future' report. 5G is a global issue and is a great opportunity to raise Durham's and the region's profile and to bring technical jobs.

Skills agenda

- 27 ICT Apprenticeship Hub Programme: ICT Services has an apprentice loan scheme where apprentices are placed with SMEs to improve their skill set and enhance their CV.
- 28 Of the ten apprentices that ICT Services has, seven have been able to make use of such experience, including at schools, Waterstons, a local technology company and St Cuthbert's Hospice.
- 29 Our current cohort of apprentices is coming to an end and ICT Services is playing a part in the councils' approach to the Apprenticeship Levy. Once the approach to the levy is clear then additional apprentices will be engaged.

- 30 Again the North East Combined Authority Digital Leads Group is involved in this area. Work is underway to map all digital skills initiatives across the region. Nearly 150 have been identified so far with more than 40% taking place in Durham.
- 31 Once this work is complete then it will be used to identify what works well, what is missing and to share expertise across the region.

Open Data

- 32 Our open data project is well underway now with 35 data sets live on Data Mill North. This has taken to be one of the leading players in the region.
- 33 On the back of this we had our first hackathon with the Durham Students Entrepreneur Society, with over 100 students using our data to create ideas around the city. We are working with the students to develop some of the ideas and are planning further events including some regional ones.
- 34 Data is one of the key elements of the work being done by the NECA digital leads group. Work is underway to map all data and Internet of Things (IoT) initiatives across the region. This work is at an early stage.
- 35 We have started two projects to look at improved use of sensors to provide better information across the county are underway, one in Durham and another in Stanley. A Smart Stanley web site has been launched and we are looking to WiFi the front street. These projects are at an early stage.
- 36 Plans are also at an early stage to combine data sets across the north of England.

Recommendation

- 37 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment on the contents of this report and presentation.

Appendix 1: Implications

Finance – Digital Durham is a £35 million programme of which Durham County Council has committed up to £7.9 million in capital. The 5G project has bid for £26 million.

Staffing – N/A

Equality and Diversity – N/A

Accommodation - N/A

Crime and Disorder - N/A

Human Rights - N/A

Consultation – N/A

Procurement – N/A

Disability Discrimination Act - N/A

Legal Implications - N/A