

Economy and Enterprise Overview and Scrutiny Committee

5 April 2018



Digital Durham Programme and Related Projects

Joint report of Lorraine O'Donnell, Director of Transformation and Partnerships and John Hewitt, Corporate Director Resources

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with detail of 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 2017 when it was agreed by members that a further update would be included in the 2017/18 committee's work programme. The progress reports have focused on providing detail of work undertaken to improve broadband availability to the business sector, including 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 Steve Hodgson, Strategic Manager, Applications and Infrastructure to attend the Economy and Enterprise Overview and Scrutiny Committee on the 5 April 2018 to provide a presentation focusing on Digital Durham and the business sector.

Digital Durham Programme

- 5 The current aim of the Digital Durham programme is to maximise the amount of fibre broadband coverage to properties not included in any commercial plans with the funding available.
- 6 Durham County Council leads the Digital Durham 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

Contract 1

- 7 The delivery of Contract 1 ran from April 2014 until June 2016.
- 8 504 fibre structures were installed, providing fibre infrastructure to approximately 105,000 premises, 89,000 of which have access to superfast broadband with speeds of at least 24Mbps.
- 9 Based on the Open Market Review (OMR) completed with broadband infrastructure providers in 2012, at the end of the contract it was estimated that 94% of properties in the programme area would have access to a superfast broadband service in excess of 24Mbps download speeds. In Durham this percentage was 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 more than 44% of properties that can access fibre-based broadband within the programme area have upgraded to the service.
- 11 BDUK currently estimate that achieving a take up level of 40% will potentially recoup over £5million into the gainshare (clawback) investment fund at the end of the contractual term in September 2023. Contractually, local authorities involved in the programme may draw on their proportion of the funds at the end of the term. However, due to the high levels of take up, there may be the opportunity to obtain £1.55million worth of early gainshare funding in 2018 on the stipulation it is invested into increasing coverage under Phase 3 which would be an extension to Contract 2.
- 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, State Aid compliancy and a review of all funding expenditure in line with the contractual terms.
- 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 a proportion of this funding into extending coverage further again under Phase 3 of the programme.

Contract 2

- 14 Contract 2 is currently in delivery and began in July 2016.
- 15 The delivery of Contract 2 has been brought forward to September 2018 from December 2018 thanks to accelerated deployment.
- 16 Contract 2 will extend the access to fibre infrastructure to almost 28,000 more properties.

- 17 Based on the Open Market Review data compiled in 2014, 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%.

Future phases

- 18 Consideration is being given as to how to maximise coverage for the remaining residents without access to superfast broadband services using the available underspend funding and potential early gainshare. BT are in the process of completing a 'modelling' exercise to define any additional fibre coverage for a potential Phase 3. Due to the size and complexities of the programme are, this work is being undertaken over two separate exercises, the outcome of which is estimated to be known later in the year.
- 19 The Digital Durham Team is developing a bid to the Government's Local Full Fibre Network (LFFN) Programme. This programme seeks to use innovative methods to improve access to high speed broadband services. These initiatives include use of council networks and assets and establishment of public sector infrastructure providers.
- 20 In order to establish whether any part of the Digital Durham area is eligible for Rural Development Programme for England (RDPE) Growth Programme funding, a new Open Market Review (OMR) must be completed with broadband network infrastructure providers. The aim of the OMR is to identify properties that do not already have access to superfast broadband download speeds of 30 Megabits per second (Mbps) or above, and that will not be included in any future commercial plans. The OMR is expected to launch before the end of March 2018, and will run for one calendar month. The OMR results will then be published for public consultation, and will be utilised as part of a potential funding bid for the RDPE Growth Fund.
- 21 The results of the OMR may also result in a soft market test to understand other potential providers and solutions using any residual Contract 1 underspend funding.

Better Broadband Subsidy Scheme

- 22 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.
- 23 The scheme allows residents to apply for up to £350 towards the hardware and installation costs to get connected to 4G, fixed wireless or satellite broadband. Eligible residents will still be required to pay any additional costs such as the monthly service charge.
- 24 Residents are eligible if they receive less than 2Mbps download speeds and will not be upgraded to fibre broadband in the next 12 months.

Mobile coverage

- 25 The council has recently awarded its mobile phone contract to Vodafone. Several meetings have taken place 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.

Recommendation

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

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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.

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