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Faster broadband for Herefordshire and Gloucestershire

Fastershire
Phase 2 Update
19/6/17

Agenda

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- **Part 1**
  - Broadband - the Basics
  - Fastershire Background & Strategy
  - What's been achieved & contracted to date
  - Responses to advanced Questions
- **Part 2**
  - What if we're still not covered?
    - ERDF
    - EAFRD
    - Contract Extensions

What’s the Problem?

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- Fast, reliable and resilient internet access increasingly important for business and society
- Growing number of commercial and service interactions delivered exclusively On-Line
- Greater need to run multiple applications across the same connection
- Data consumption increasing c. 30% Per year
- Increased need to access fast upload potential particularly for some business sectors

Broadband – The Basics

- **Infrastructure**
  - High bandwidth internet access
  - Superfast = Infrastructure capable of supporting download speeds >30Mbps
  - Different technologies can provide access but not all are comparable
- **Services**
  - 30Mbps (minimum bandwidth for ‘Superfast’ or ‘Next Generation Access’)
  - Download vs Upload – Can be Symmetric / Asymmetric
  - Many suppliers offer different products and services via the infrastructure
  - ‘Speed’ is never guaranteed and can vary by provider, time of day, location etc.
  - The advertising of retail services is governed by the Ofcom and ASA

Public Funding

- All public subsidy is subject to State Aid approval
- Market Failure must be proven
  - Suppliers can be intentionally opaque and protective of their data
  - What will not become viable in the next 3 years
  - Suppliers not obliged to deliver on their claims
- We can only intervene to ensure Premises achieve either >2Mbps (USC) or >30Mbps (NGA) capability.
- We can't fund incremental improvements regardless of the benefit those improvements could have
- We can only invest in Infrastructure that enables multiple ISPs to offer retail services to consumers

Lies, Damned Lies & Broadband Data

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- The data is incomplete, inaccurate & inconsistent
- Most suppliers use their own proprietary data
- Matching different data is complex with no common identifier
- Speed data is often 'modelled' and not measured
- Independent validation does not stand up to scrutiny
- Consumer experience rarely reflects line capability
- We try to present the most accurate picture we see but this is only as good as what we get from suppliers

Fastershire Background

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- Partnership between Herefordshire & Gloucestershire Councils Established 2011
- Conduit for Public funding to overcome market failure to provide **superfast** broadband
- Also focused on encouraging adoption and exploitation

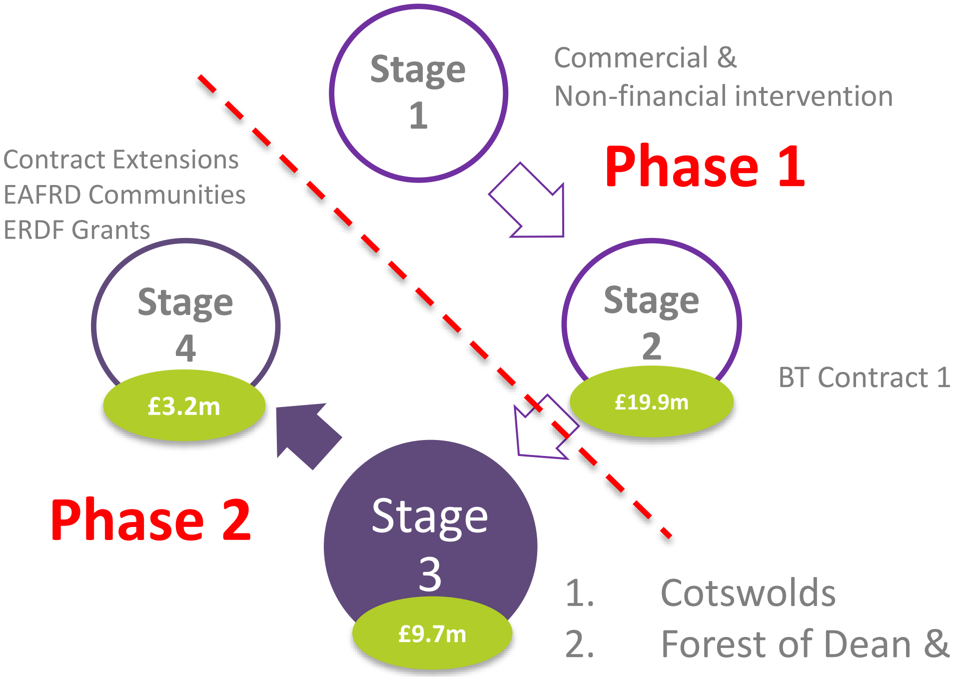
fasterbusiness

fasterwomen fasterfarmers

The Challenge

- NGA Broadband (and for the most part Fibre) viewed as <u>the</u> future proofed solution
- Commercial Deployment to date has only extended into the more urban areas of the UK but not solely a rural / urban divide
- Market Failure to provide universal infrastructure
- Viability in rural Herefordshire and parts of Gloucestershire some of the lowest in the UK
- Like peeling the proverbial onion

Fastershire Broadband Strategy



Adopted December 2015

"by the end of 2018 everyone in Herefordshire and Gloucestershire will be able to order the broadband service they need".

Lots

1. Cotswolds
2. Forest of Dean & Golden Valley
3. Residual Gloucestershire & C. Herefordshire
   - 3a Cheltenham & Gloucester
   - 3b Hereford
   - 3c Severn & Wye
   - 3d North Gloucestershire
   - 3e. South Gloucestershire
4. Residual Herefordshire

All Premises

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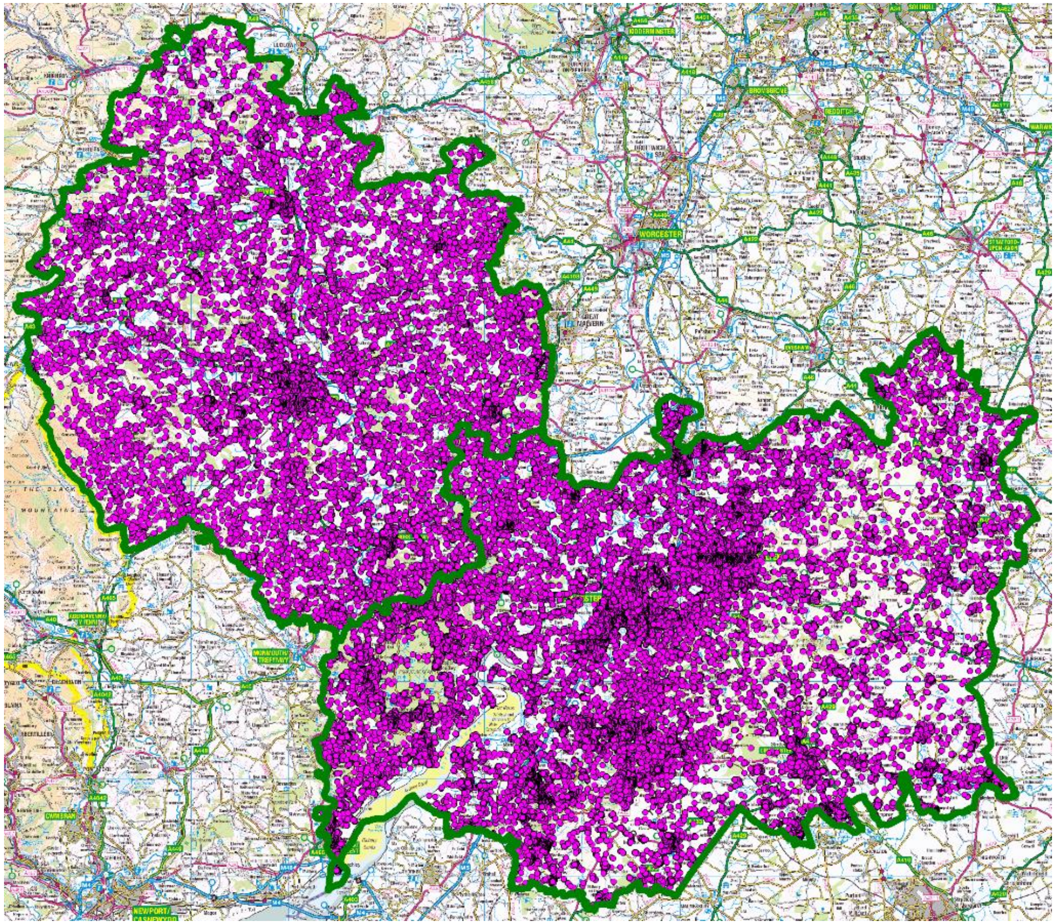

	Total Properties
Gloucestershire	334,614
Herefordshire	86,826

Phase 1

Stage 1 Commercial Provision

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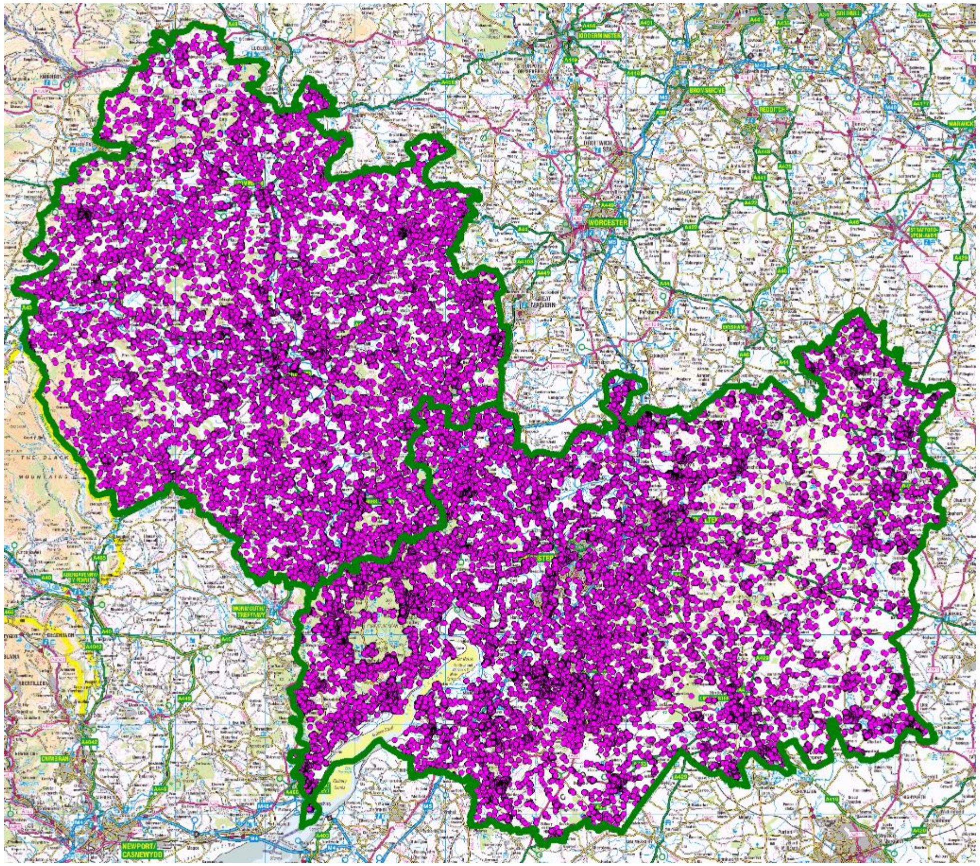

Herefordshire Coverage **43%**

	Total Properties without Superfast
Gloucestershire	124,196
Herefordshire	49,441

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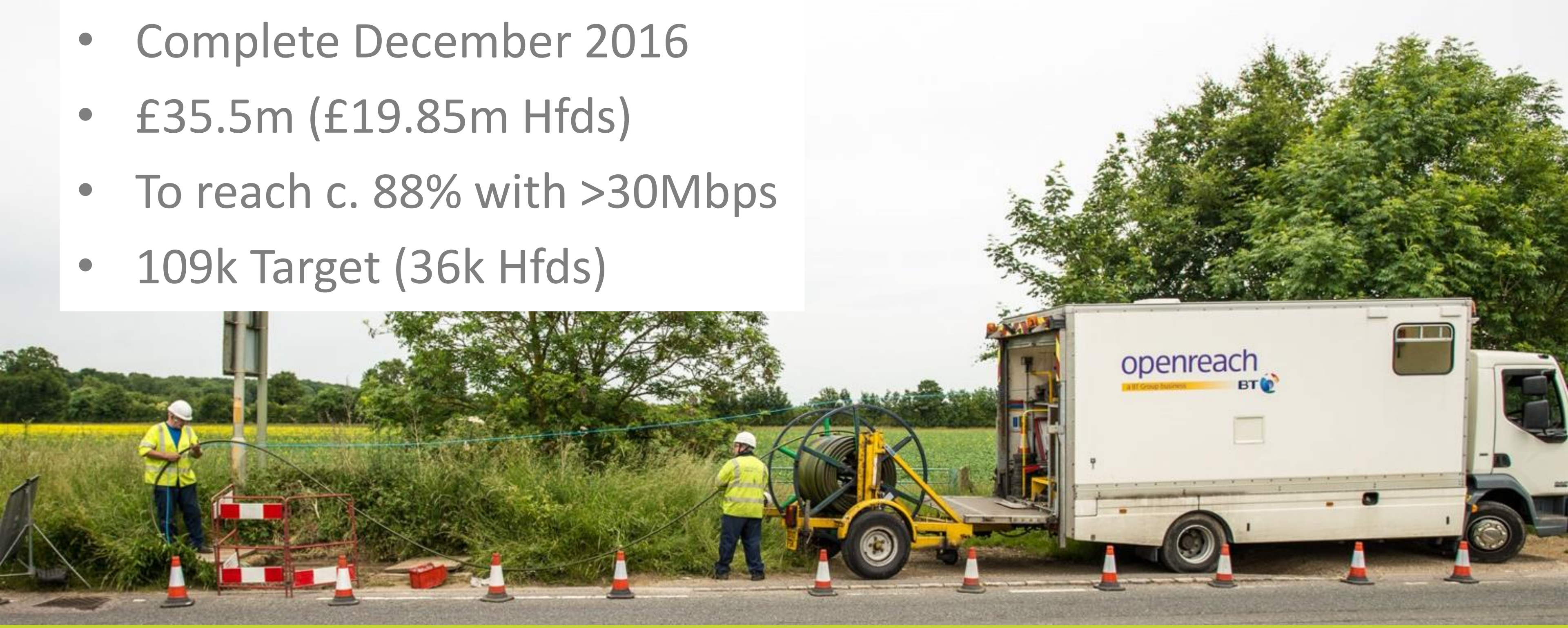
Phase 1

Stage 2 BT Contract

- Signed December 2012
- Complete December 2016
- £35.5m (£19.85m Hfds)
- To reach c. 88% with >30Mbps
- 109k Target (36k Hfds)



BT

Herefordshire Council

Gloucestershire County Council

Department for Culture Media & Sport

Connect with us on:

BT Fibre Technology

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Fibre To The Cabinet (FTTC)

The fibre connection goes to a powered cabinet in the street. The final connection to premises is on copper.

Up to 80Mbps

Fibre To The Premise (FTTP)

The fibre connection goes all the way from the main network to the premises.

Up to 330Mbps

Phase 1

Stage 2 BT contract

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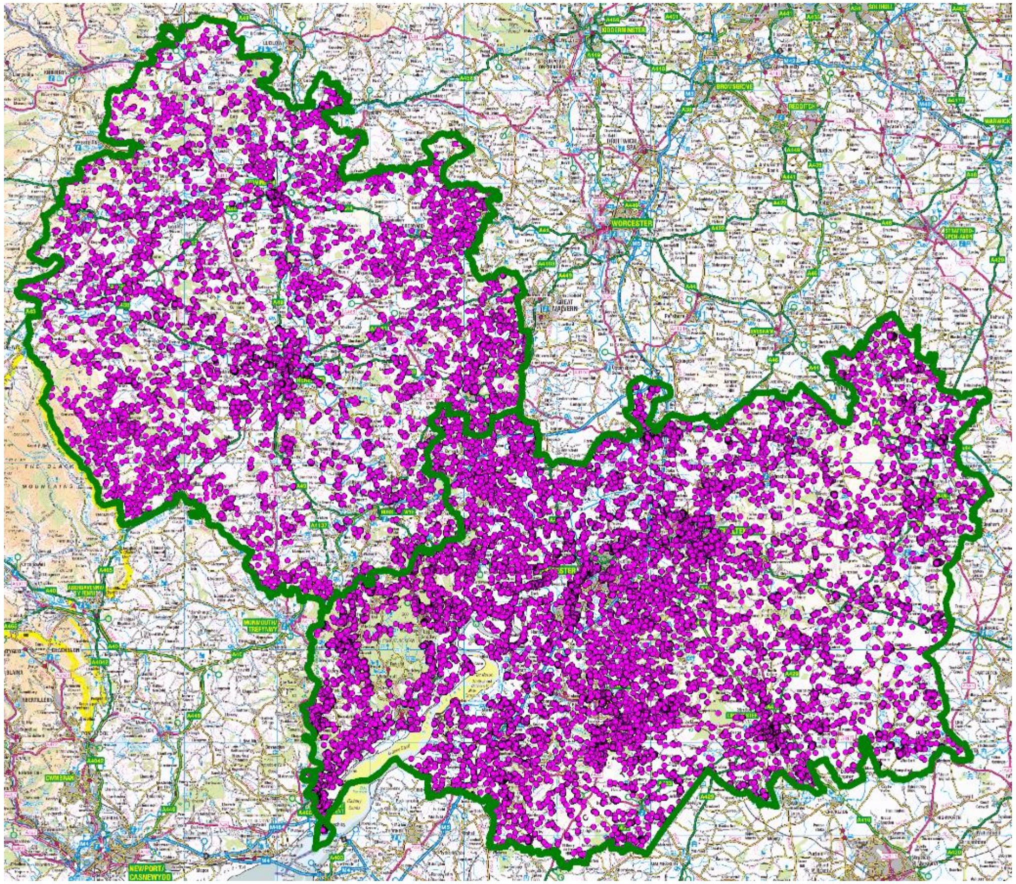

Herefordshire Coverage **83%**

	Total Properties without Superfast
Gloucestershire	48,189
Herefordshire	14,974

Phase 2

Stage 3 New Lot procurements

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- C. 15,000 Premises remain <30Mbps
- Exponentially more difficult to reach
- Nearing the limits of BT's capabilities

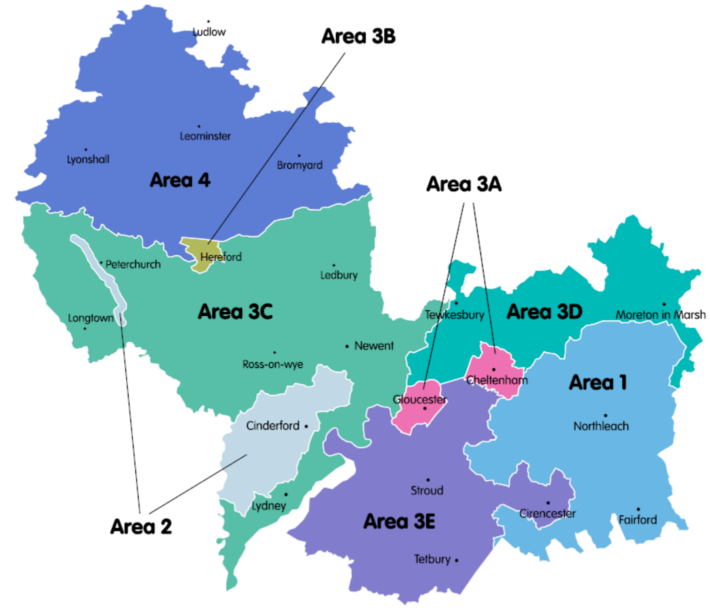
BUT

- New market entrants
- Lot approach increasing potential supplier pool
- Procurements now complete

Phase 2 Roll-out

The next phase of rollout comprises premises that were not covered by Phase 1 or commercial rollout and is based around the following areas:

- Area 1: The Cotswolds
- Area 2: The Forest of Dean
- Area 3A: Cheltenham and Gloucester
- Area 3B: Hereford
- Area 3C: South Herefordshire and Gloucestershire (west of the Severn)
- Area 3D: North Gloucestershire
- Area 3E: South Gloucestershire
- Area 4: North Herefordshire



BT | Herefordshire Council | Gloucestershire County Council | Department for Culture Media & Sport | Gigaclear Ultrafast Fibre Broadband

Connect with us on:

Lot 1 Gigaclear

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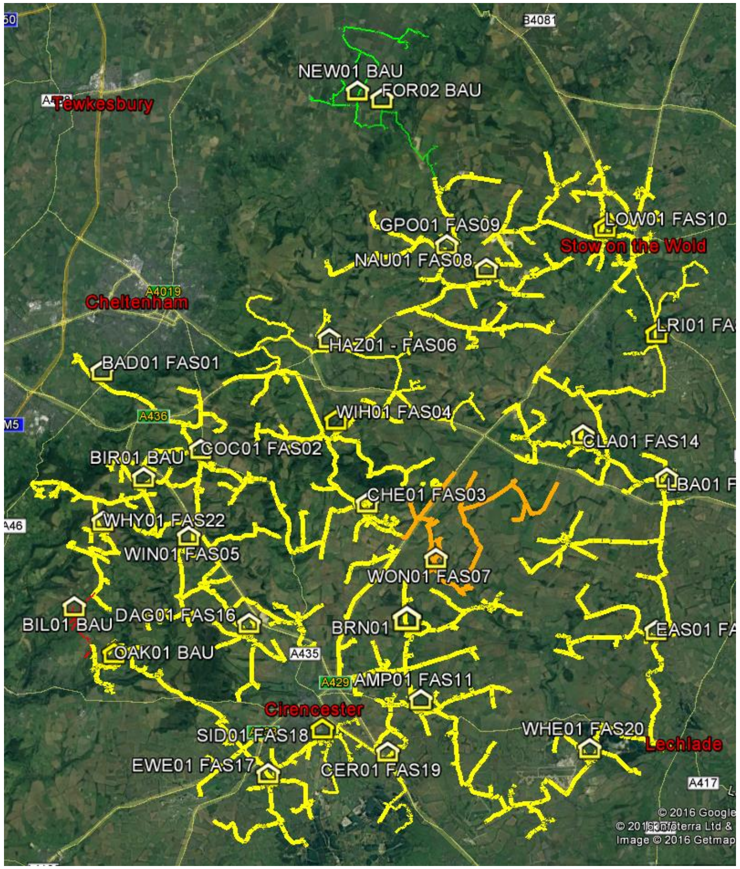
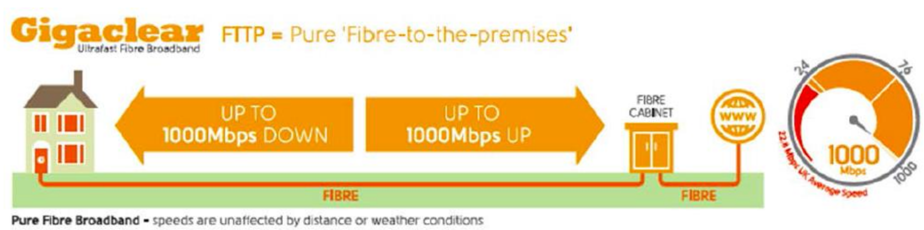


- First non BT contract of its scale
- Awarded in 2015 before expiration of previous state aid regime
- 6,500 FTTP 1Gb Synchronous
- >5,000 prems passed to date
- On track to complete in the summer
- Enables commercial expansion
- Gigaclear now awarded all rural Lots



How do they build it?

- High level design
- Detailed design
- Build out from a Backhaul point
- Cabinet Build
- Incremental activation
- Cabinets include Diverse routing

Phase 2

Stage 3 Gigaclear (& BT) contract

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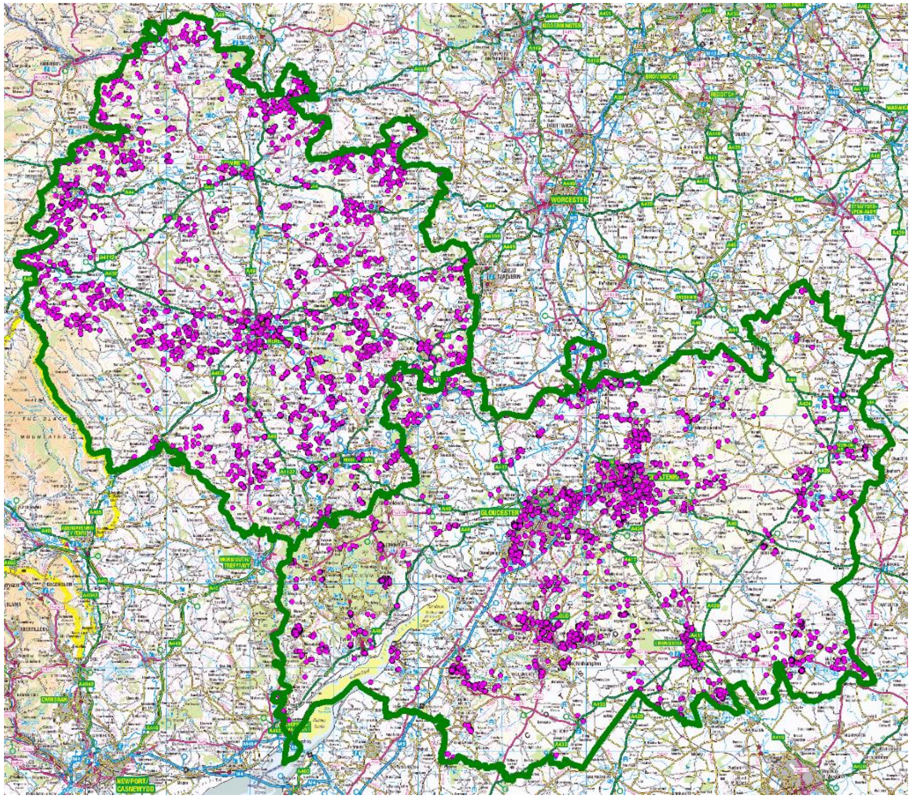


Herefordshire Coverage 93%

	Total Properties without Superfast
Gloucestershire	9,460
Herefordshire	4,015

Phase 2

Stage 3 Gigaclear Scheduling

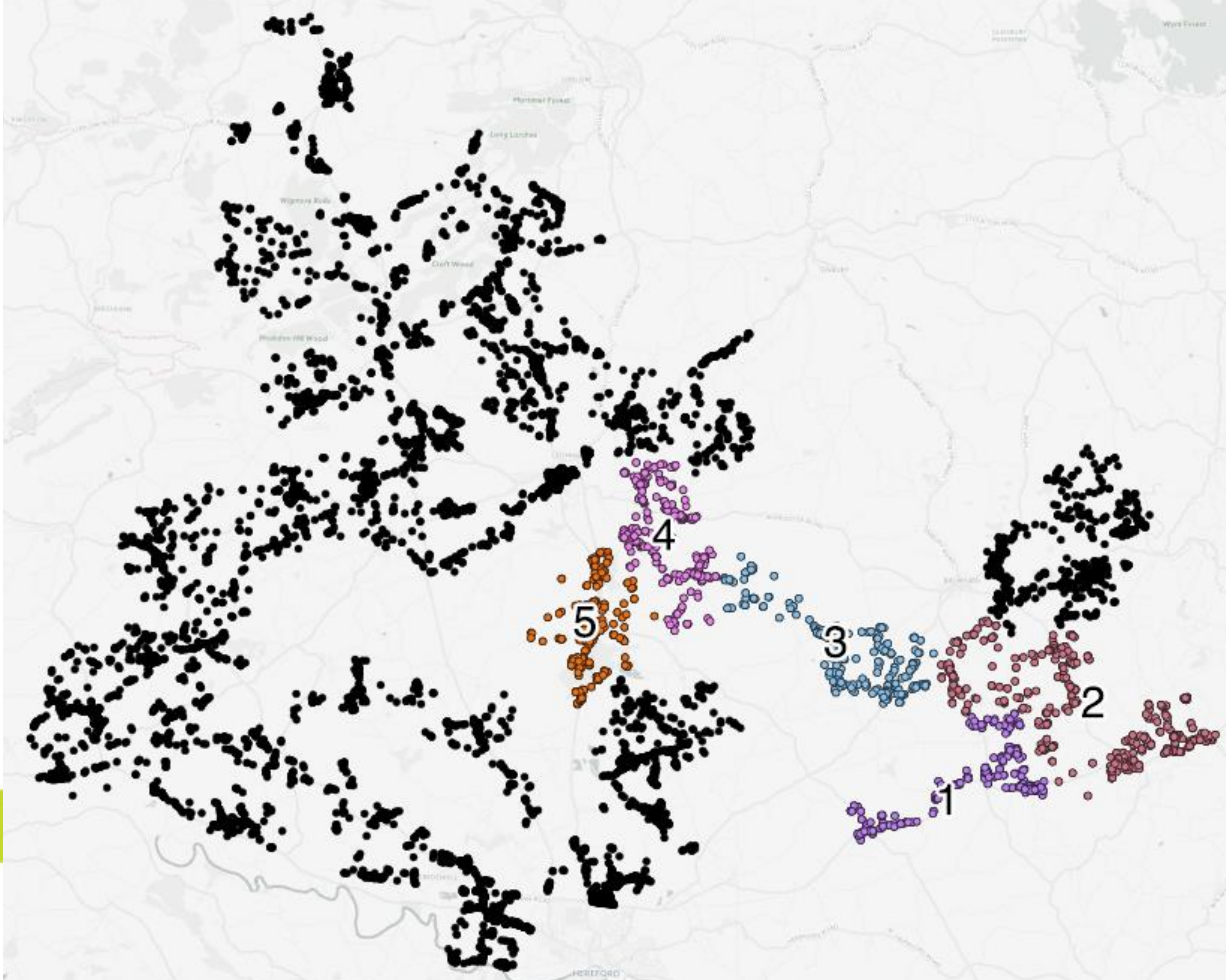
Network	Lot	Start	Complete
Bishops Frome	Lot 4	06/10/2017	09/02/2018
Evesbatch	Lot 4	20/10/2017	23/02/2018
Pencombe	Lot 4	20/11/2017	23/03/2018
Stoke Prior	Lot 4	20/11/2017	23/03/2018
Hope Under Dinmore	Lot 4	27/11/2017	06/04/2018
Welsh Newton	Lot 2 3c	21/06/2018	07/12/2018
Golden Valley North	Lot 2 3c	05/07/2018	21/12/2018
Golden Valley South	Lot 2 3c	19/07/2018	04/01/2019
Abbey Dore	Lot 2 3c	02/08/2018	18/01/2019
Garway	Lot 2 3c	16/08/2018	01/02/2019

Note

1st 5 areas in each Lot

Network names relate to general location and may change

Lot 2/3c Later due to backhaul access



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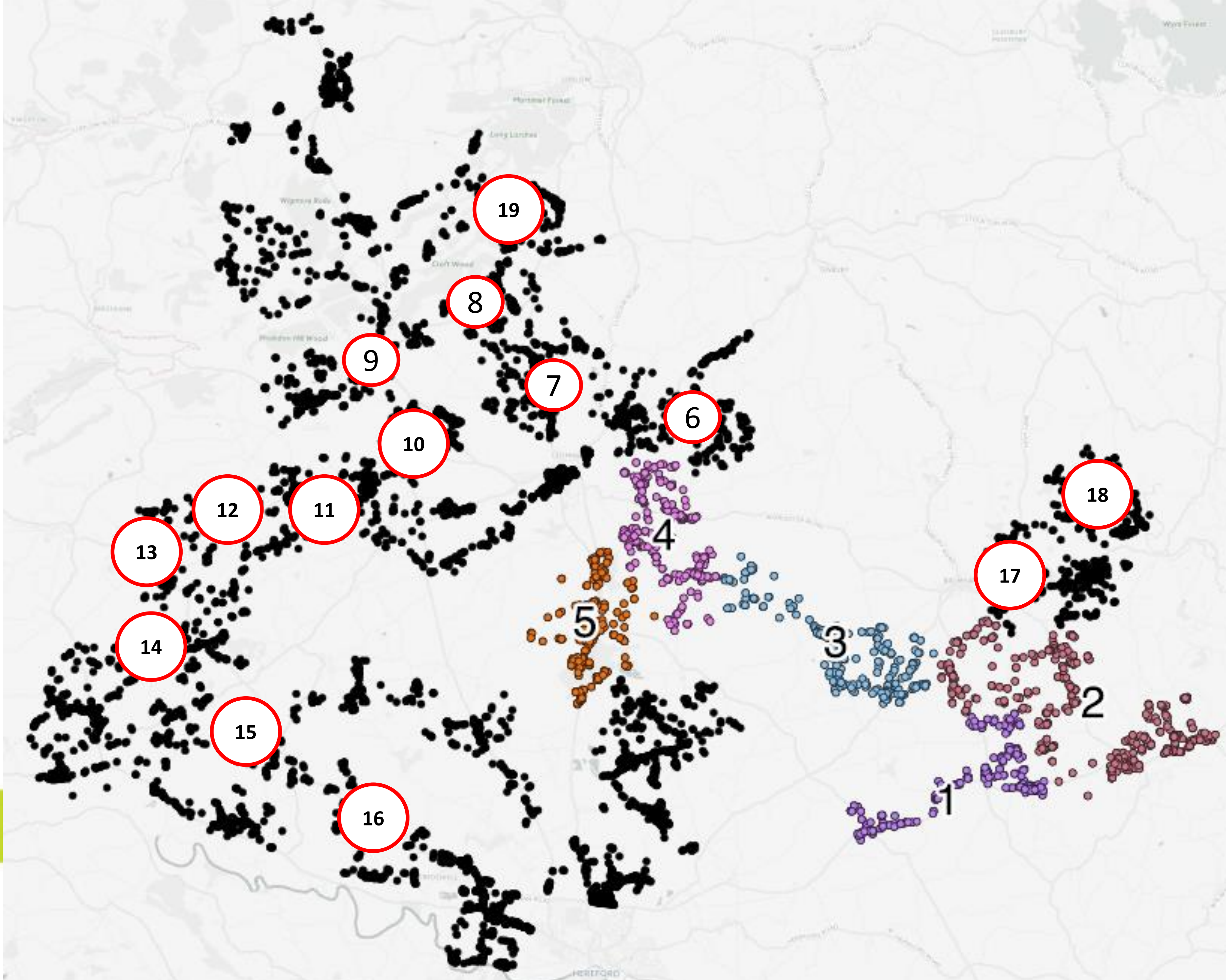
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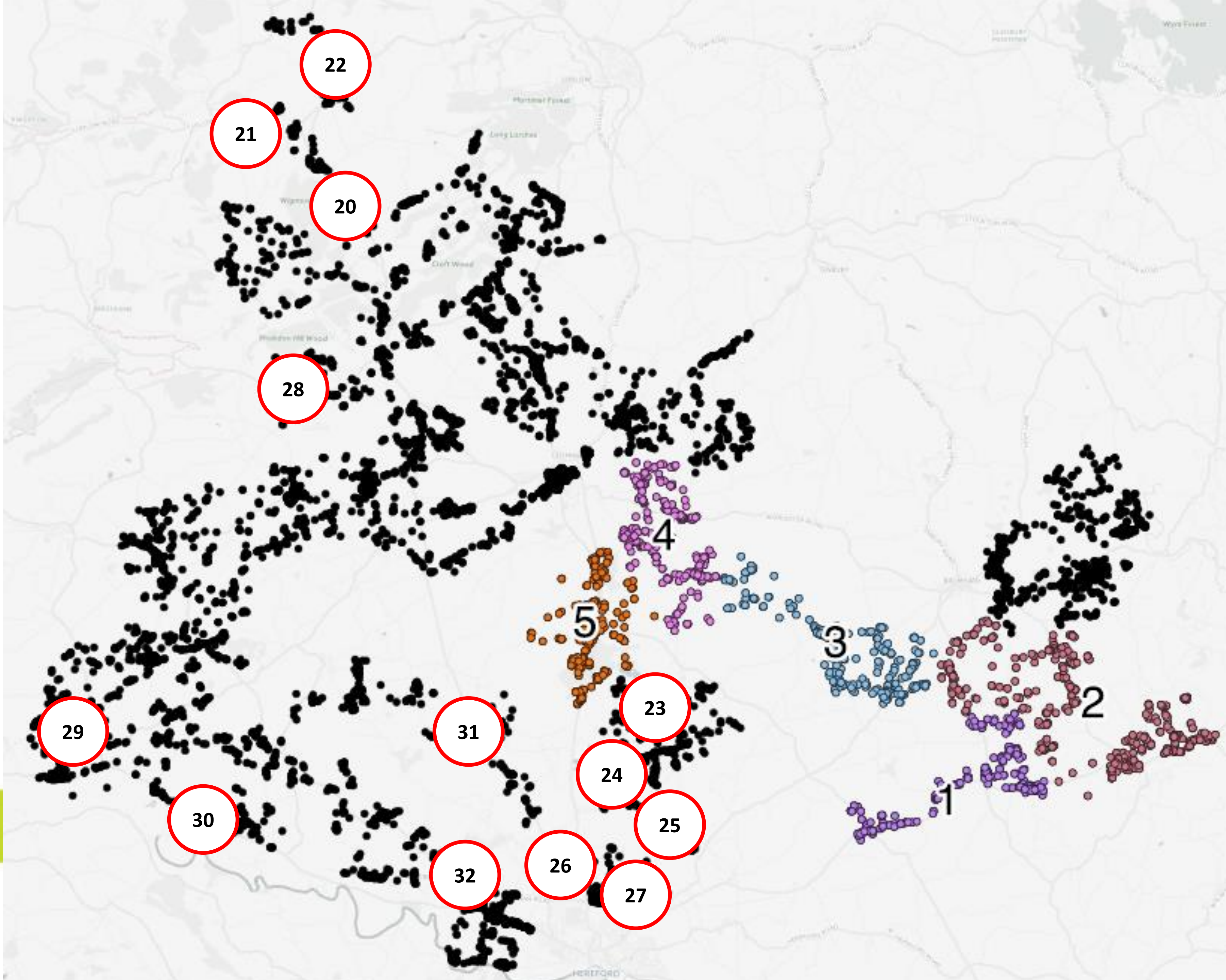

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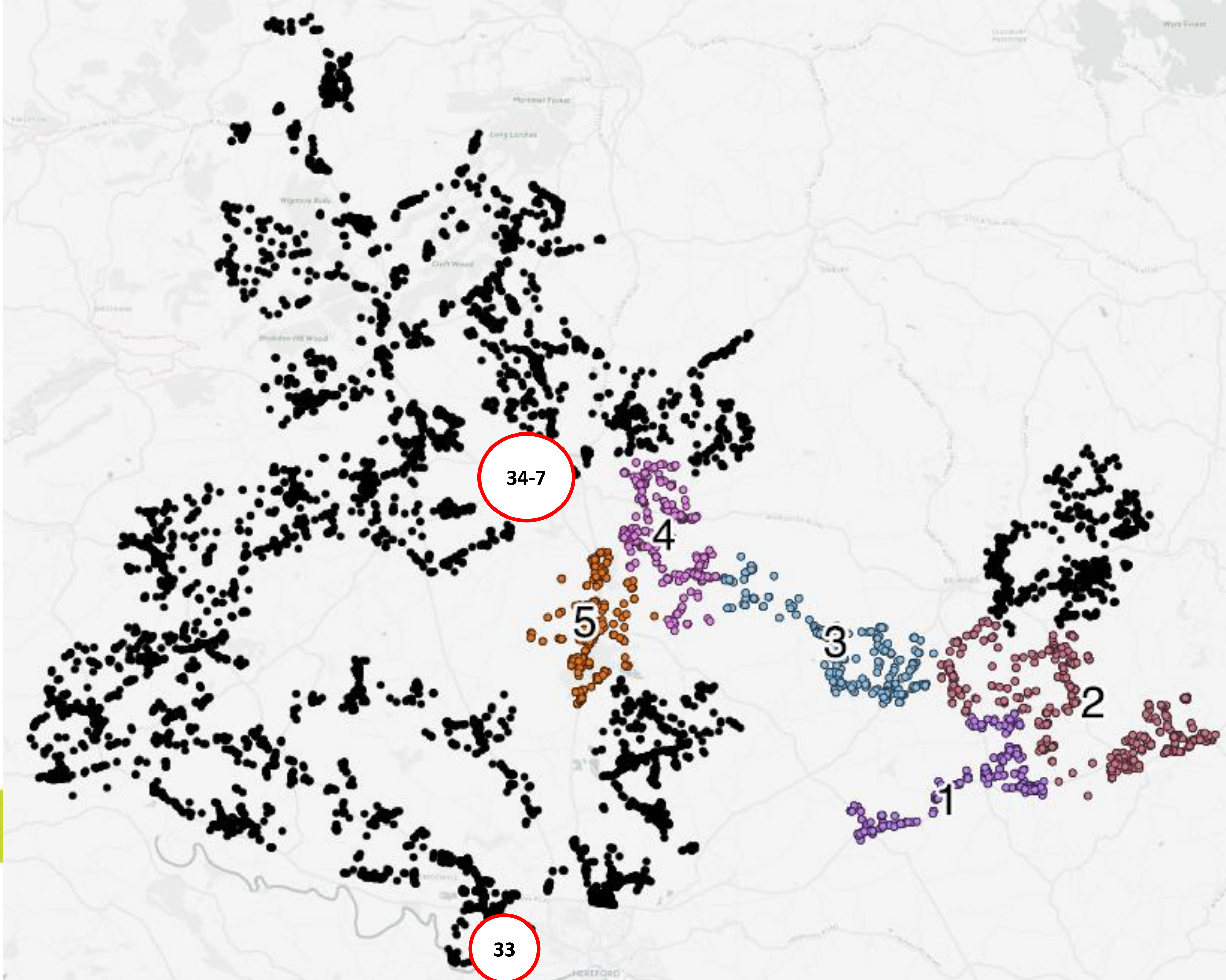
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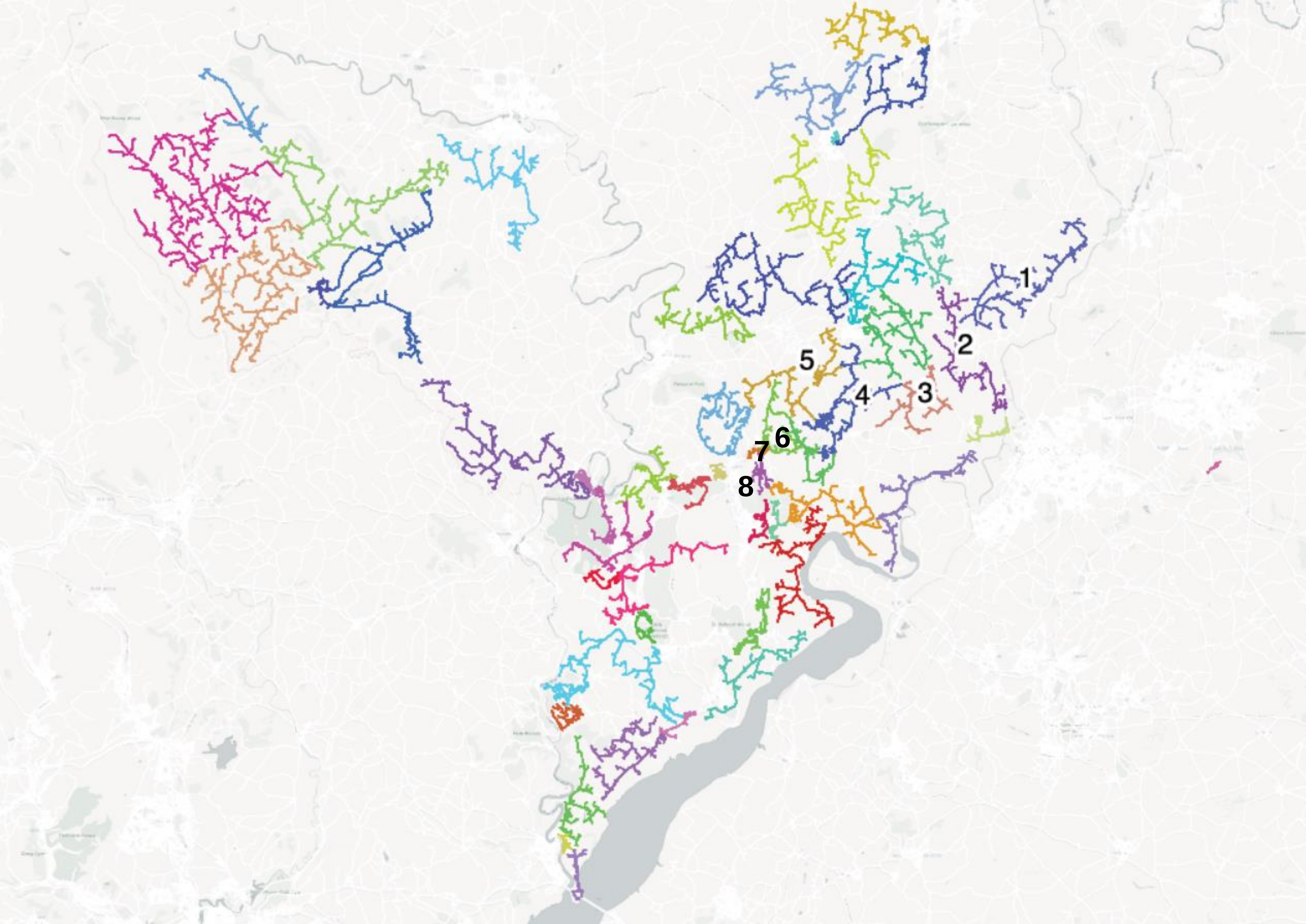
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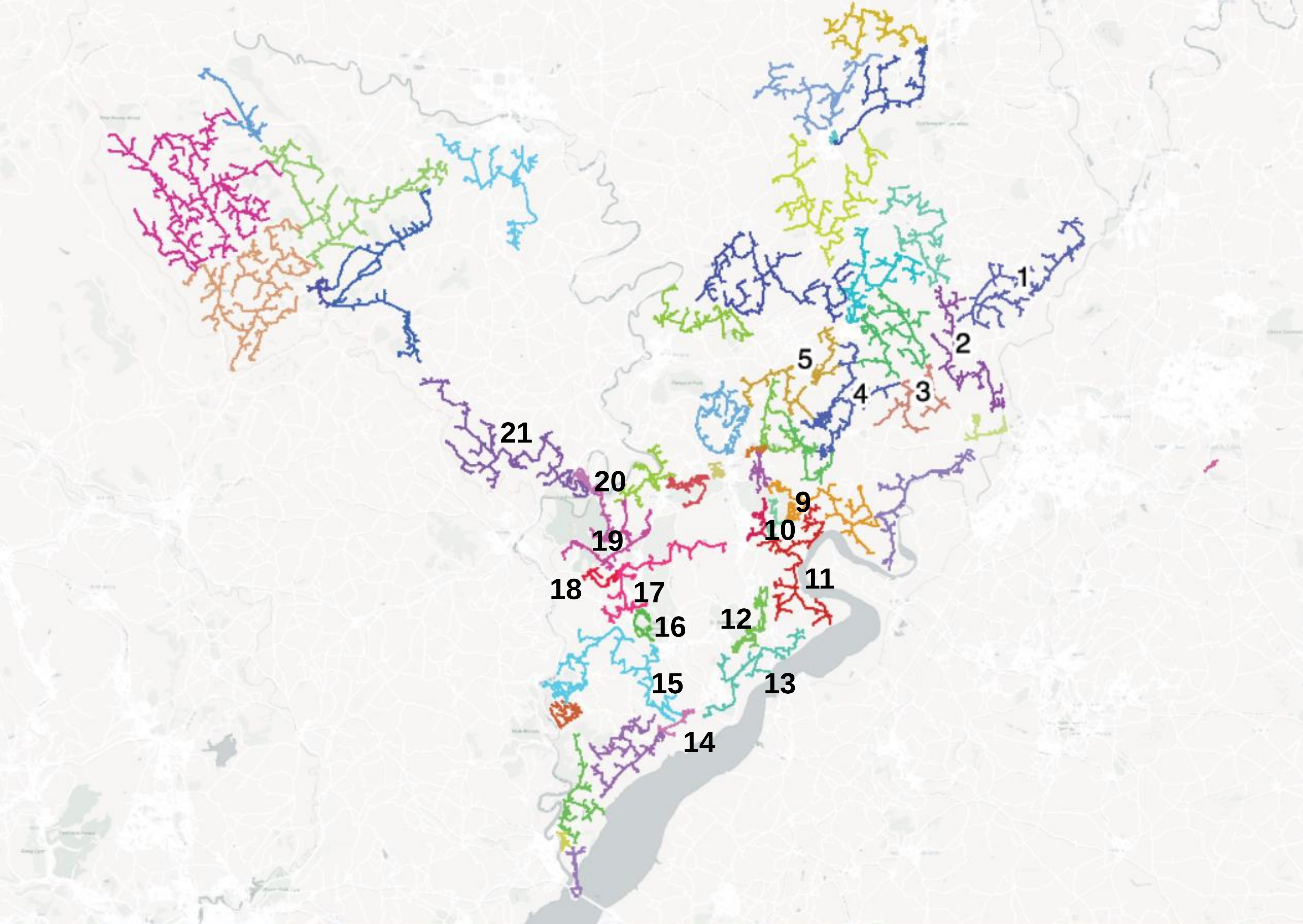
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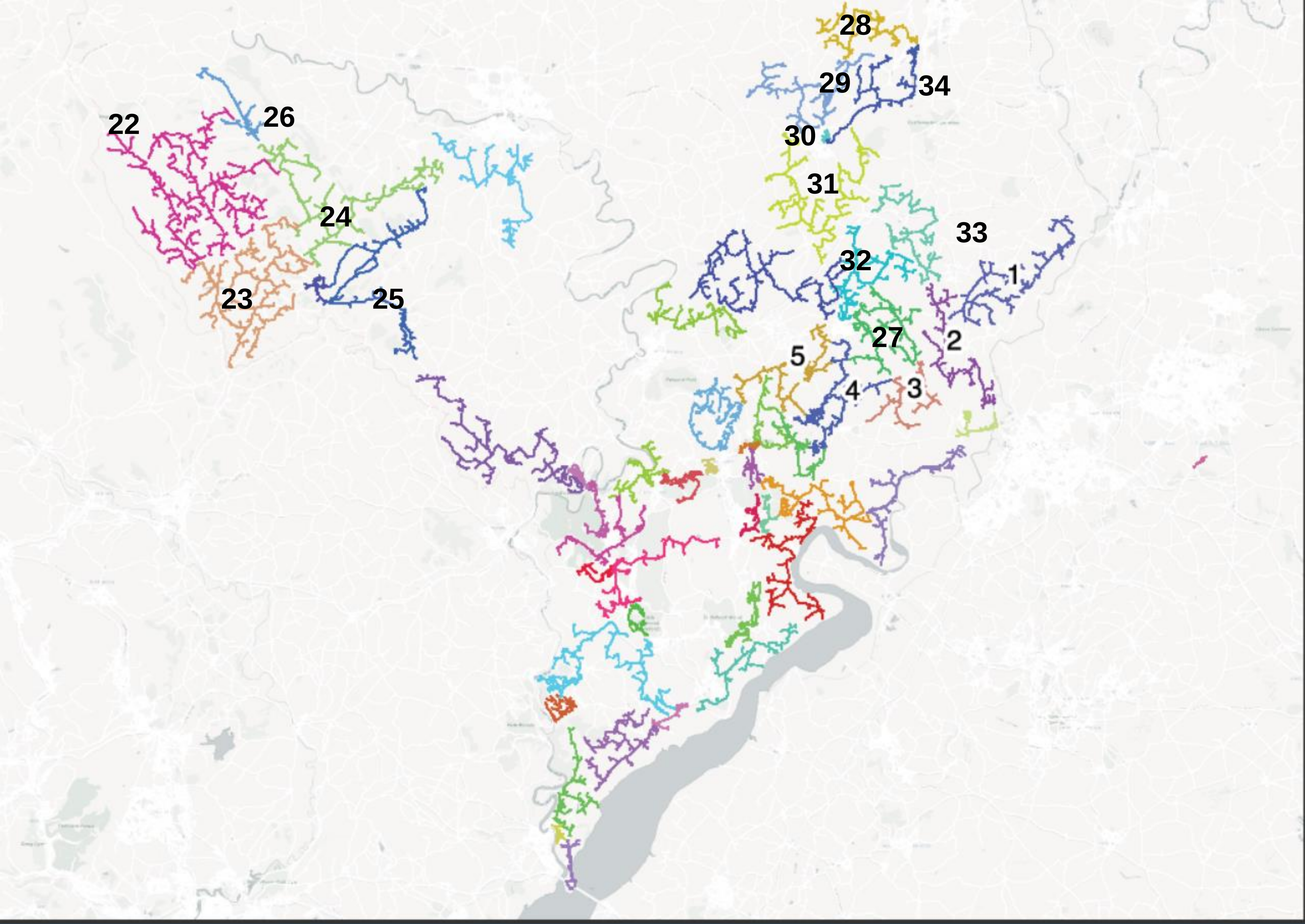
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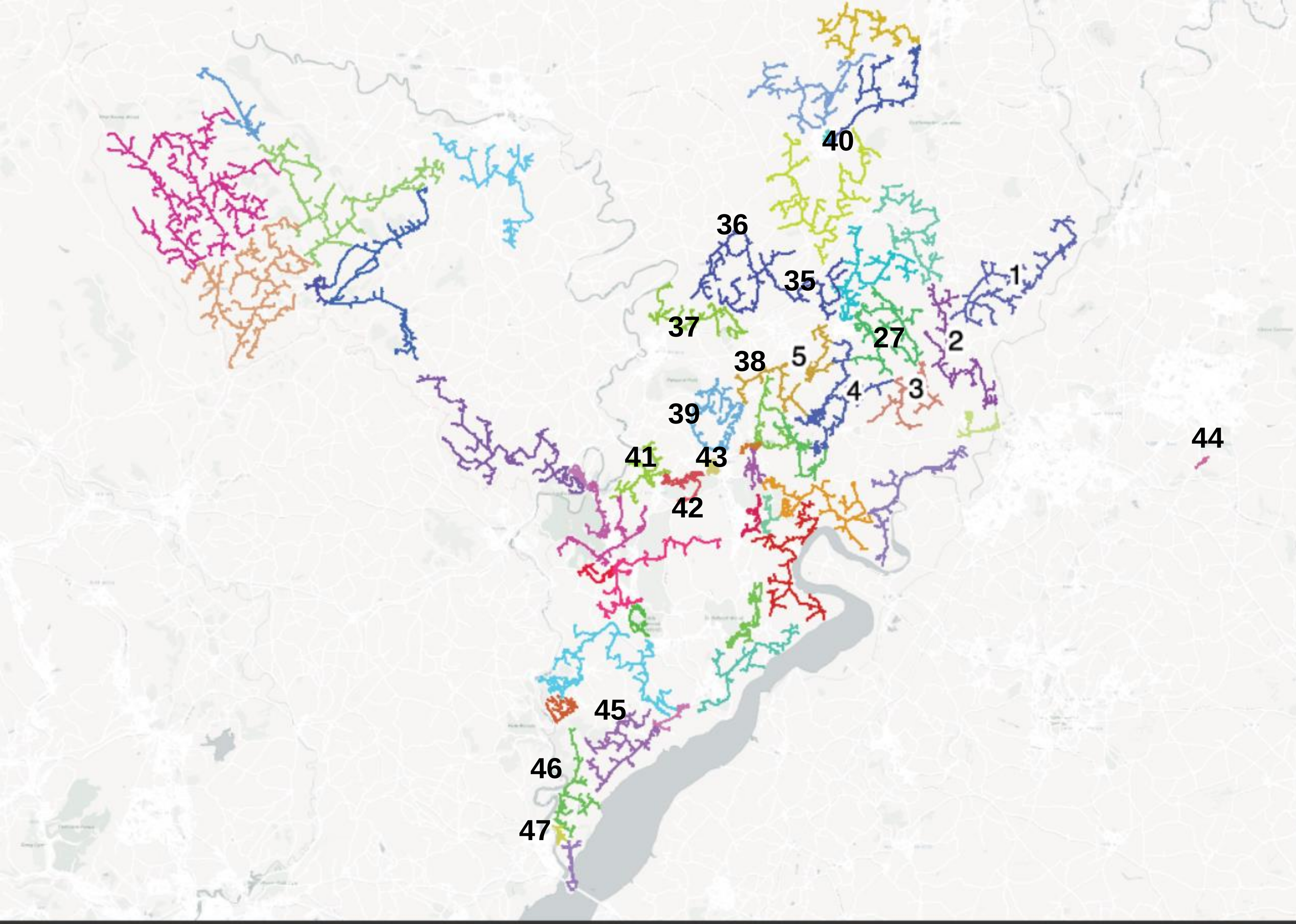
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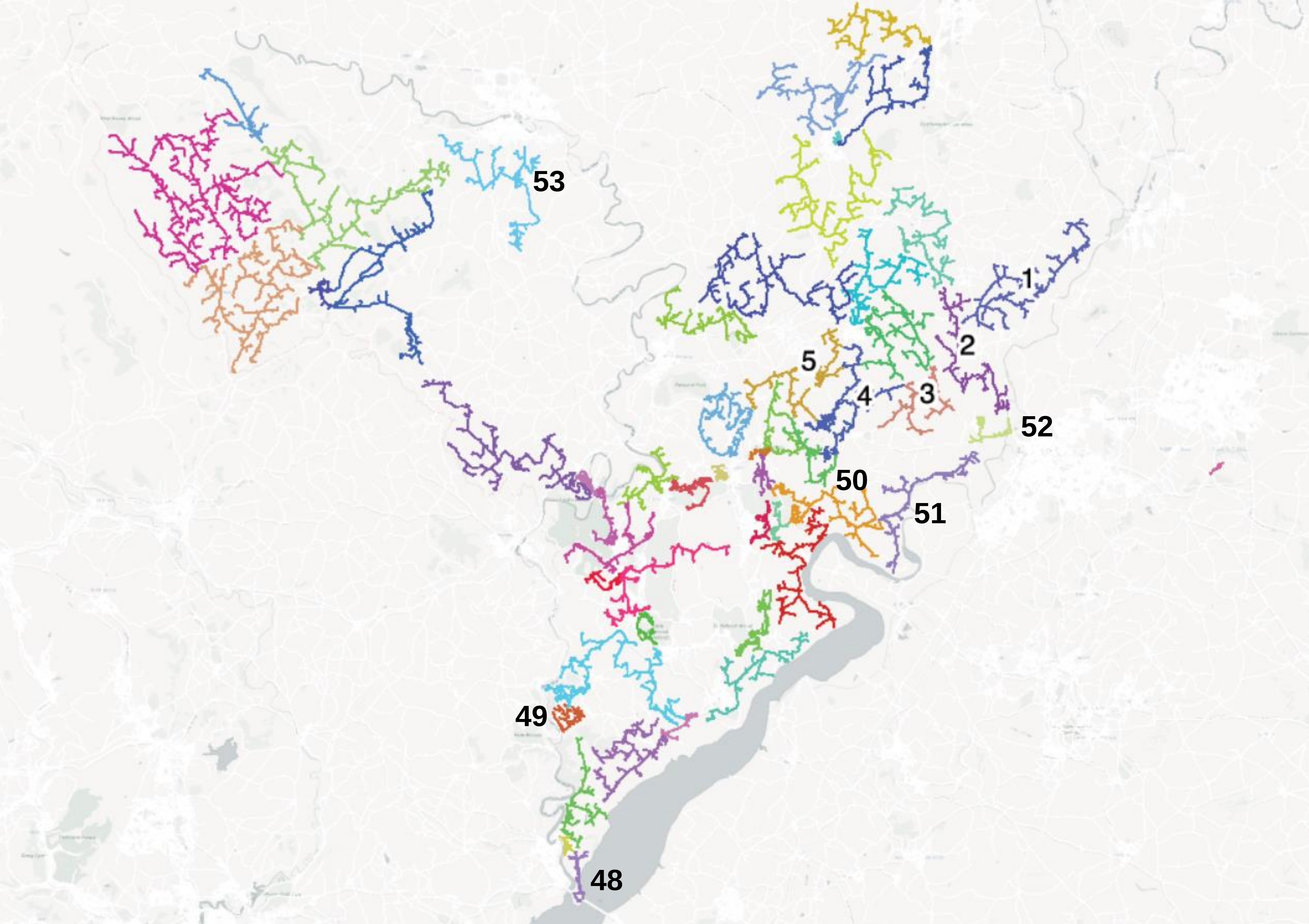
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How will people know?

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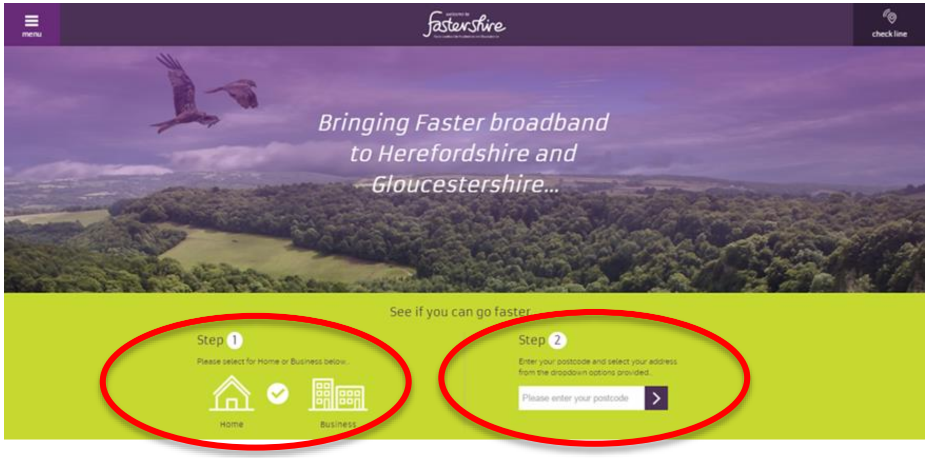
- Still have to physically order
- General Marketing
- Postcards
- New Website
  - now driven by our data
  - personalized ‘call to action’ (CTA)

New Website

The website now provides a personalised 'call to action' (CTA) based on the address data. This allows us to simplifying the way a user navigates the site and improving the communication process.

User journey – Example 1

User selects 'Home' or 'Business' before entering their postcode and selecting their address from drop down menu



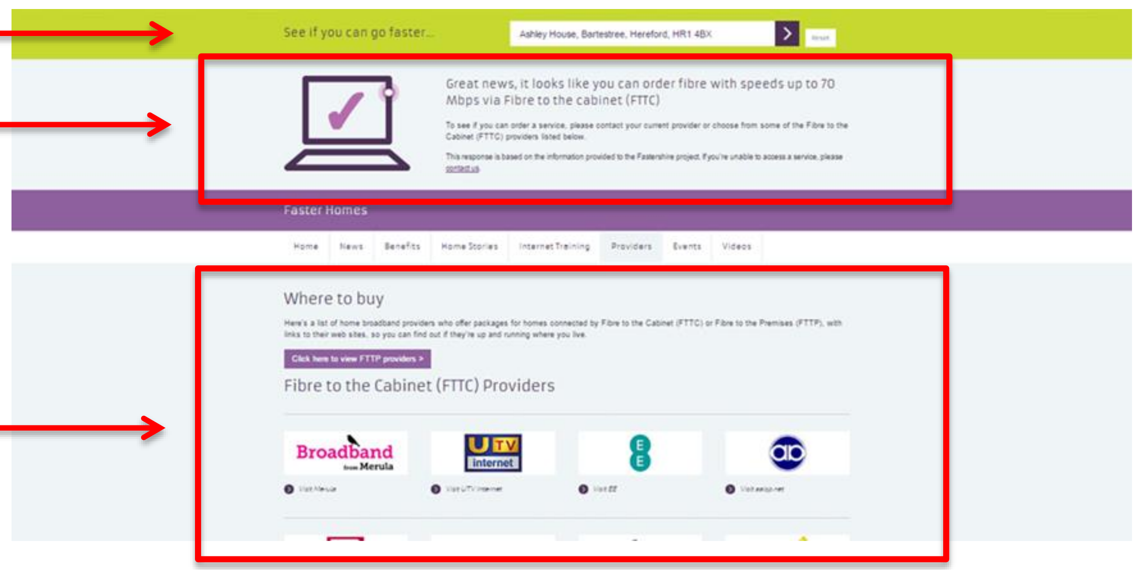
New Website

User journey – Example 1

User's Address

Response: Fibre Enabled
Website generates response based on address data.

CTA: Where to buy
Website generates call to action based on address data.



Keep up to date…

Go to www.fastershire.com to:-

- Register your details to receive our newsletter and we'll be in touch when it's available to you
- Find out the latest on the project
- Future phases go to http://www.fastershire.com/where-when/strategy

Connect with us on:

How can you help?

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- Spread the word - Direct people to the website
- Help set expectations
- Wayleaves
- Signpost businesses & groups interested in training

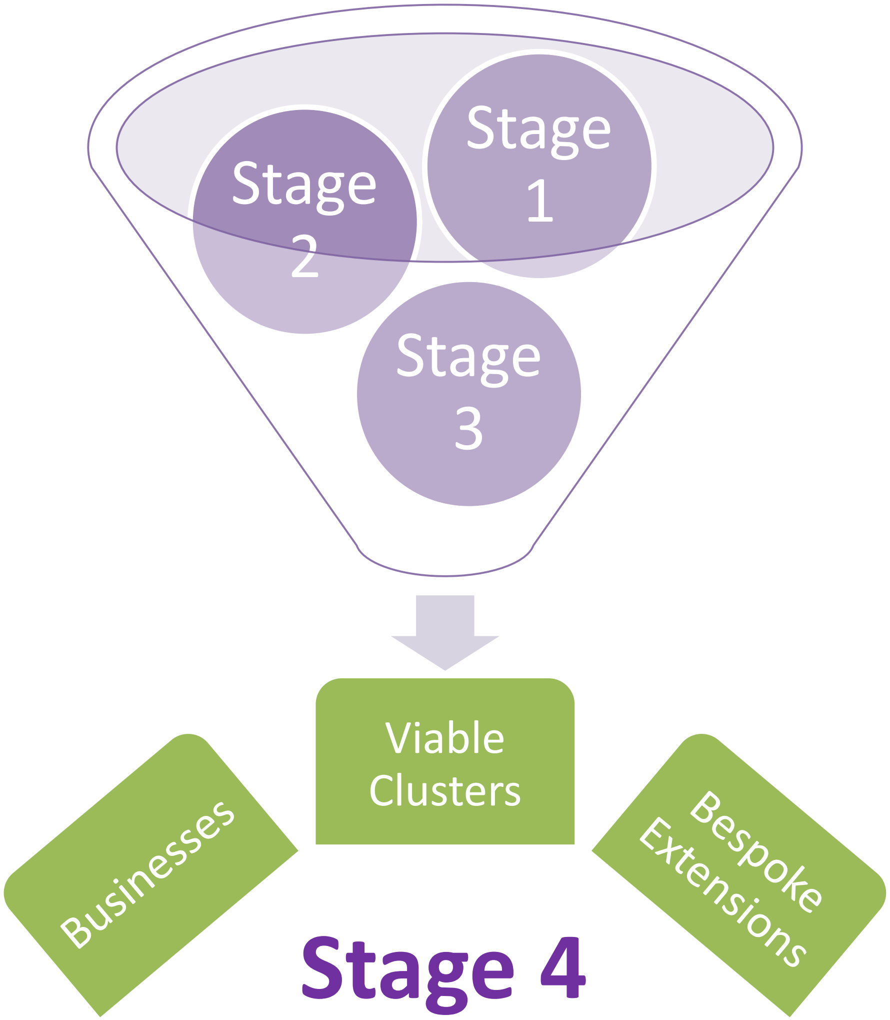
Q&A

- Which other service providers operate over the Gigaclear infrastructure?
- Will households need extra or upgraded equipment from their Broadband provider to take advantage of fibre optic?
- Where fibre is available, why is it some residents, even in the same street, have difficulty connecting to the service while others do not?
- When will it be coming to
  - Pencombe
  - Ridgehill
  - Walterstone Common

Parish	Stage 1 Ass BT		Stage 1 BT Conf BT	Stage 1 HCN	Stage 1 WarwickNet		Stage 2	Stage 2 BT 330 FTTP	Stage 2 BT Over 30		Stage 3 BT	Stage 3 GC	Stage 3 GC - CR		Still to do		Grand Total
Acton Beauchamp CP	27	28%	1			29%	35			36%		34		35%		0%	97
Allensmore CP	19	7%	5		1	9%	109			39%			138	49%	9	3%	281
Birley with Upper Hill CP	34	21%	1			22%	84			52%		2		1%	40	25%	161
Bosbury CP	65	16%	3			17%	218		1	54%		47	28	18%	45	11%	407
Brampton Abbotts CP	17	10%				10%	61			37%			84	51%	3	2%	165
Callow CP	3	8%		12		41%	5			14%			16	43%	1	3%	37
Canon Pyon CP	64	21%	4			22%	209			68%		29		9%	1	0%	307
Coddington CP	5	10%				10%				0%		37	9	90%		0%	51
Eggleton CP	7	23%				23%	1			3%		7		23%	15	50%	30
Foy CP	20	18%				18%	24			22%			34	31%	32	29%	110
Hatfield and Newhampton CP	20	22%	1			24%	56		1	64%				0%	11	12%	89
Haywood CP	27	21%	6	19		40%				0%			72	56%	5	4%	129
Kinnersley CP	42	34%				34%	2			2%		81		65%		0%	125
Longtown CP	29	9%				9%	144			45%			145	45%	1	0%	319
Lower Bullingham CP	313	26%	675			81%	157			13%			70	6%	8	1%	1223
Marden CP	107	16%	22			19%	353			51%		205		30%		0%	687
Pembridge CP	141	22%	2			22%	324			50%		140		22%	35	5%	642
Pencombe with Grendon Warren CP	31	18%	2			19%	87			49%		34		19%	22	13%	176
Pixley CP	43	41%				41%	51		2	50%				0%	9	9%	105
Pudlestone CP	24	22%				22%	6			6%		78		72%	1	1%	109
Richards Castle (Hereford) CP	34	22%				22%	102		8	71%		4		3%	8	5%	156
Titley CP	27	24%	2			26%	48			43%				0%	34	31%	111
Wellington Heath CP	38	14%				14%	12			4%		181	44	82%	1	0%	276

Phase 2
Stage 4
The next layer of the Onion

- Clear from Day 1 who is not covered
- We have moved beyond sequential stages and can start deploying alternative solutions immediately
- Therefore we can deliver Stage 4 over a similar timeframe as Stage 3



Businesses
ERDF

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- Marches & Gloucestershire Business Broadband Grant
- £1.3m exclusively for Herefordshire
- Up to £25k per business of up front capital funding
- NGA / Business Grade Broadband to individual SMEs
- Can be aggregated
- Beneficiaries will need to demonstrate economic benefit
- Managed through an Online Portal that allows eligible SMEs to illustrate their requirements and receive compliant quotes in a timely manner
- 20+ suppliers registered
- www.mgbroadbandgrants.com

European Union
European Regional Development Fund

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Eligibility

Beneficiary

- <€50m T/O
- <250 FTE
- Balance sheet <€43m
- De Minimis <€200k/3Yrs
- Operating on a predominantly Business to Business basis
- Operating within an eligible sector

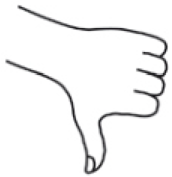
Location

- Pre-defined List
- Others rendered eligible by exception
- <30Mbps & not in plan

Services

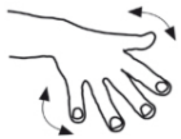
- NGA
- Business Grade
- Capital Costs Only

Farms involved only with primary production
Steel Manufacturing
Retail
Warehousing & storage
Transport
Accommodation
Financial services
Real estate
Travel agents
Residential care
Public services
Betting shops



ADSL

Satellite
Point to Multi Point



Viable Clusters
EAFRD

- Marches & Gloucestershire
  Deep Rural Broadband Project
- EAFRD Programme launched end of June
- £850k allocated to Herefordshire - could be more
- We aim to be the 1st area to respond
- Objective identification of clusters that remain which could be viable for an alternative solution
- Using businesses as the anchor for each cluster to demonstrate the economic potential

The European Agricultural Fund for Rural Development: Europe investing in rural areas

EAFRD Approach

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- Final attempt to engage supplier/s to deliver extensively
- Among the most technically hard to reach locations in the county
- Divergence from a £/premise measure of value
  - So £ per NGA premise > any other previous activity &
  - The cheapest clusters may not be selected
- Clusters ranked in order of the latent economic potential
- 100% Funding
- Suppliers to bid which communities they can serve >95% of the cluster for the £ available in order of rank
- No technical or social capacity required in the communities to sustain the solution

Step 1 Identify Clusters

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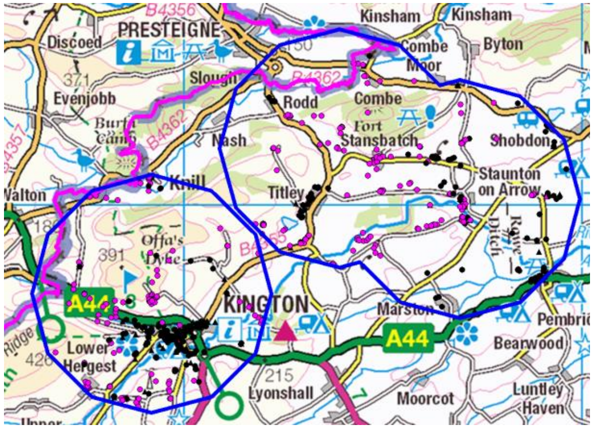
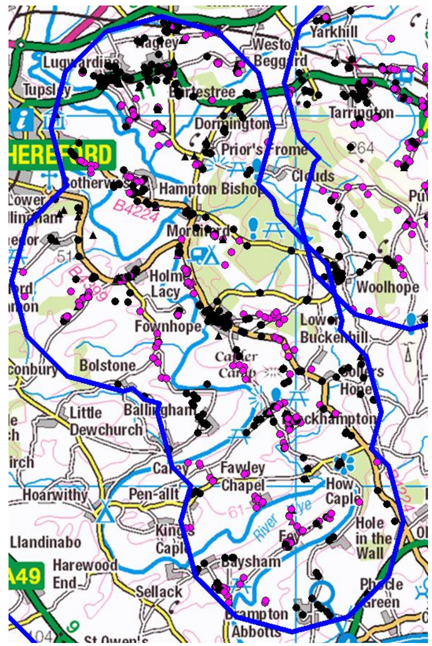
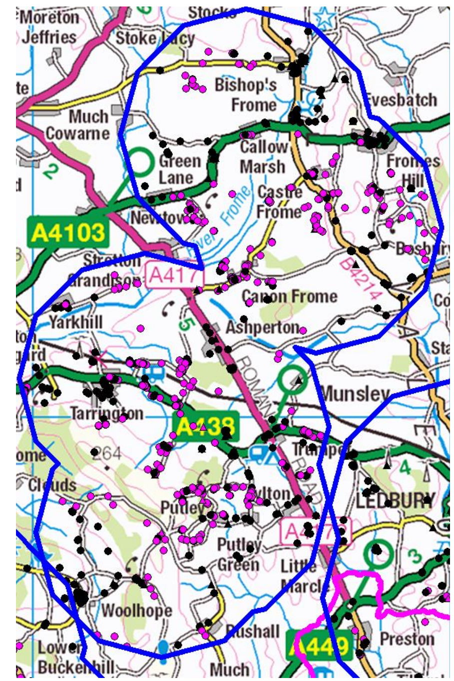
- Physical extent the only meaningful definition
  - not address
  - or parish
  - or any other boundary
- Important that geographical clusters are well defined for the procurement
- Requires objective process that evades mission creep and cost escalation
- Identification to be complete by end of July

NB these areas are indicative, could change & others could be considered based on objective evidence







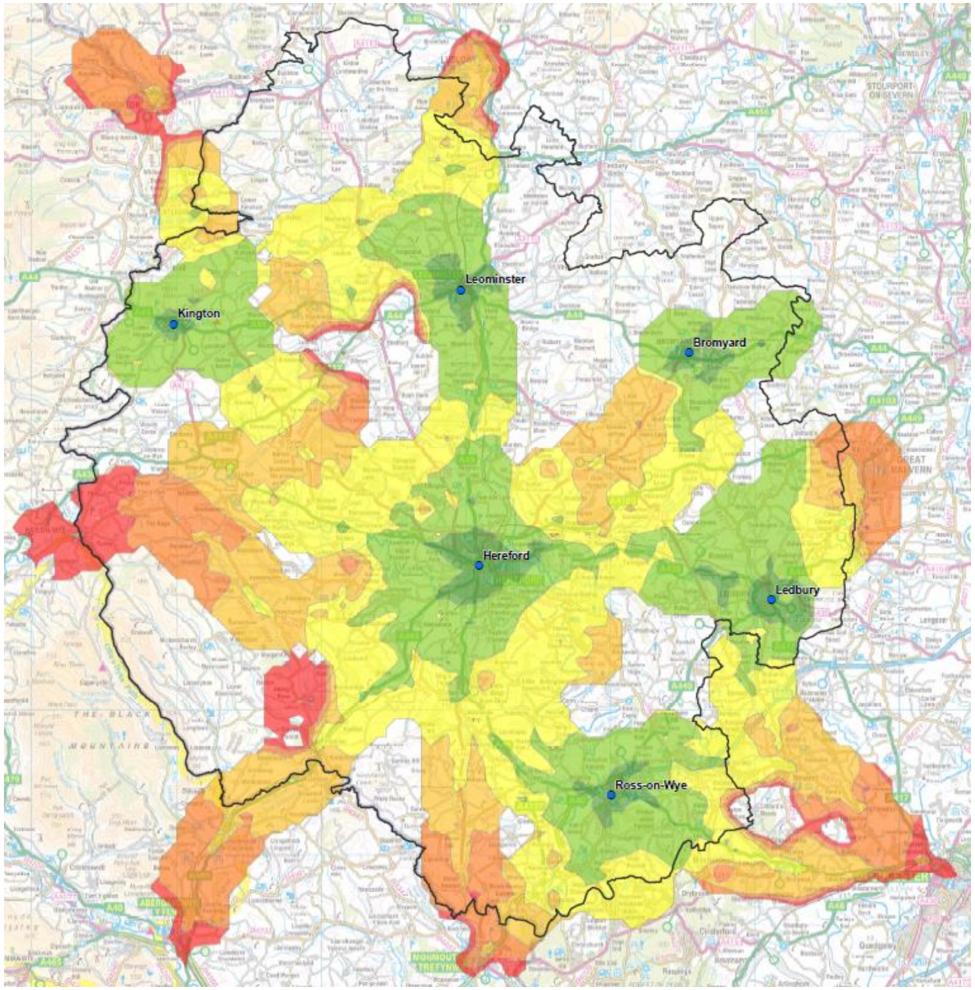
Department for Culture Media & Sport

Step 2 Prioritise Clusters

Principles for Community Prioritisation

- Funding driven by economic potential
- Important to use existing information
- Business data paramount but others will be used
- Likelihood of community support and adoption also key

		Rank amongst Eligible Clusters	Weighting
Viability	Total Premises in Cluster	(largest) X-0 (smallest)	1
	Most Common Mosaic Type within the cluster	Scores 10 if = to the most likely type and 5 if the 2nd	1
Economic Potential	Total known Businesses in Cluster	(largest) X-0 (smallest)	5
	Total Number of Jobs identified in Business Reviews that could result from IT related opportunities	(largest) X-0 (smallest)	10
	Turnover of total known businesses in cluster	(largest) X-0 (smallest)	5
	Number of registered Faster Business / Women / Farmers / Communities Trainees ÷ Total premises In the cluster	(largest) X-0 (smallest)	3
Demand	Total Businesses & Residents responding positively within the survey	(largest) X-0 (smallest)	3
	Number of Website searches from Eligible premises	(largest) X-0 (smallest)	2
Service Potential	If premises in the cluster predominantly sit in one of the bottom quintile LSOAs for the IMD Geographical Barriers to services	Scores 10 if Y 0 if No	1
	% of premises in the cluster which are in the lowest banding of Public Transport isolation		



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Step 3 Procure solutions

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Example scenario

Priority Community	Shropshire	Bidder Cost £k	Contracted	Herefordshire	Bidder Cost £k	Contracted	Telford & Wrekin	Bidder Cost £k	Contracted	Gloucestershire	Bidder Cost £k	Contracted
Community 1	High Hill	200	Y	High Point	400	Y	Up Down	100	Y	North Bank	406	Y
Community 2	Much-a-Do	175	Y	Low Point	300	Y	Down Up	57	N	Chipping Street	224	Y
Community 3	Greater Hope	500	Y	Never End	460	N	Plumpton	37	N	Fossebury	314	Y
Community 4	Lesser Hope	50	Y	Why Bother	100	N	Everworth	356	N	Underdale	56	Y
Community 5	Long wait	400	N	Not Close	346	N	Near Far	200	N	Severndale	134	N

Contract Extensions

- C. £500k retained for contract extensions
- This will be used to periodically bring outlying premises into the existing contracts
- This will be discretional and based on a cost / benefit assessment

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