

CCN Report

Assessing the Superfast Broadband Rollout in Counties

March 2015

Executive summary

The Superfast Broadband Rollout has had a measurably positive impact for broadband connectivity in county areas.

Challenges remain however, regarding the implementation process and in connecting the final 5% of UK communities. Counties need to see measures introduced to increase the transparency of the process, provide greater flexibility to work with local delivery partners to target our unconnected communities and greater support for county businesses to use Superfast Broadband as a spur for economic growth.

Recommendations:

- 1. BT and BDUK should work to simplify managerial relationships and create stronger linkages between the local and national broadband initiatives, with the aim of eventually creating a single point of engagement.*
- 2. BDUK, working with BT, should find methods of providing greater contractual disclosure regarding the details of local broadband delivery processes.*
- 3. Government should devolve their funding and programmes of follow on work from the Superfast Broadband Delivery process to Counties.*

- 4. BDUK should roll out the city based Broadband Connectivity Voucher scheme to businesses and social enterprises in county areas.*

Introduction

The UK Government has recognised that increasing the speed and accessibility of broadband as crucial for overcoming geographic barriers to economic growth and ensuring the UK can compete in the 21st century's knowledge based economy.

The availability of Superfast Broadband in the United Kingdom (UK) increased from 60% to 78% from 2011-2014. The rural nature of the majority of Counties means that connectivity for many of our communities is significantly lower than the average.

Though definitions vary, Superfast Broadband is generally taken to mean a network connected to your home or business that can provide speeds of at least 24Mbps, at reasonable cost.

The UK is lagging behind world leaders in superfast broadband such as South Korea and Japan. In addition to this the European Commission has set a stretching target for all member states to supply all residents with 30 Mbps download speeds

by 2020.¹ Germany has gone further than this and set out their intention to supply all residents, even those in rural areas, with 50 Mbps broadband connections by 2018. The Government's recently announced ambition to connect nearly every home in the county to ultrafast broadband (100Mbps) and increase the Universal Service Obligation to 5Mbps are positive moves, though we await further details of how this will be delivered.

County Context

The Superfast Broadband Programme is one of three programmes initiated by the Government and administered by Broadband Delivery UK (BDUK) to achieve a 'transformation in broadband in the UK by 2017'. However, the delivery date has been altered on a number of occasions by Government. Initially the transformation date was set for 2012, with subsequent revisions by Government to 2015 and 2016.

Similarly, the Government's original objective of rolling out superfast broadband to cover 90% of premises by 2015 has been altered to 95% of premises by 2017.

There are a range of technical solutions for providing 24 Mbps plus speeds but a key factor making many unviable for both domestic consumers and businesses is cost. For example, in the North-East a new rural network has been established supplying speeds of up to 20Mbps at a cost of approximately £30-£40 a month to residents, with a one off connection fee of between £375-575. Businesses will be charged an installation fee of over £500 with monthly charges between £60 and

£471 depending on the speeds and the period of the contract.²

BDUK stated they were working to ensure access to basic broadband infrastructure was not unaffordable for virtually all communities.³

Alongside schemes targeting specifically cities and mobile broadband, The Superfast Broadband programme was designed to boost the connectivity infrastructure for the rest of the UK, including county areas.

The programme is being delivered in three phases:

- Phase 1 aimed to provide superfast broadband to 90% of premises in the UK
- Phase 2 is seeking to further extend coverage to 95% of the UK
- Phase 3 will test options to rollout superfast broadband beyond 95%.

From the start of the process there was recognition that broadband access and speeds in rural areas were poor compared to urban areas. In 2011 Ofcom noted that rural speeds were approximately a third of those of urban areas while no county receive a score higher than 3 (of 5 grades) for connectivity. Later they noted that this situation was improving, with speeds in rural areas improving significantly faster than those in urban areas, though rural areas started from a lower base. Given the nature of county geographies and the cost of installing high

² [Broadband switch-off looms for rural Teesdale, Cable.co.uk, 6 March 2015.](#)

³ [Broadband Delivery Programme: Delivery Model UK, Department for Culture, Media and Sport, September 2011](#)

¹ [Fast and Ultra-Fast Internet Access, Europe 2020 Strategy, European Commission.](#)

speed infrastructure across large distances, it is unsurprising that urban areas generally experienced higher speeds and greater access; commercial providers could more readily make a profit from servicing these areas. Competition was a key factor in driving down costs for urban communities.

The Superfast Broadband Programme was designed to incentivise private sector providers to target areas not seen as commercially viable. BT was awarded all 44 contracts available under the £1.2bn scheme. BDUK, who directed the contracting process, allowed for various commercially sensitive aspects of the contracts to remain confidential.

Concerns were raised by the Public Accounts Committee and others around the monopolist appearance of BT being awarded all contracts, with the recommendation being made for higher standards of transparency to ensure that contracts were competitively priced.

The contracting process was defended by those who asserted that BT was the only body with the capacity to service the contracts.

The Superfast Extension Programme (SEP), which was announced in 2014 and includes a new phase of procurement, is the next step in the Government's programme. SEP represents a further £250 million investment with an ambition to extend Superfast Broadband to the hardest to reach rural areas.

Counties in some areas are working with partners to develop solutions to connect these hard to reach rural areas. For example, the partners bidding to form the N2 Combined Authority are discussing the development of a broadband strategy for the area. This strategy will set out their

collective aspirations and commitments to delivering Superfast broadband access, likely to be defined at 30 Mbps, to 100% of premises by 2020.

Survey Findings

CCN investigated the progress of the Superfast Broadband scheme and the general state of the broadband in county areas. Though there remains a clear demarcation between broadband speed and access available in rural and urban areas, significant gains have been achieved by Counties.

The predicted average Superfast broadband coverage now anticipated from the initial investment is **91.4% across CCN members**. This represents approximately **42,000 'premises passed' by the broadband rollout for the average CCN member**. The median initial County contribution to this process was £5.65m, with additional payments for subsequent rounds.

This success is seen in the confidence from county areas that they are catching up with traditional broadband centres in urban areas. In total **81% of respondents agreed** with the statement that the gap was closing with cities.

The Superfast Broadband programme objectives are also seen as achievable: **55% of respondents were Confident or Very Confident** they could meet the 95% connectivity target by 2017.

The involvement of community partners, including parish councils, in initiatives designed to take advantage of the SEP and connect the final 5% of communities was seen as vital. This was illustrated by the fact that **67%** of respondents stated they were important or very important. Correspondently, **59%** of Counties cited

their delivery partnership's community engagement with local partners as successful or very successful.

Respondents acknowledged the existing concerns regarding competitiveness. **Only 29% thought the market and delivery process were sufficiently competitive**, with 44% disagreeing or strongly disagreeing. Many noted the inherent difficulty in attracting bodies able to enter the market and provide Superfast broadband services;

"By definition two major network providers do not equate to the most competitive market around... I believe the packages on offer are favourable when compared to other countries."

Regarding the potential for commercial confidentiality preventing best value being realised in the contracting process, **65% agreed or partially agree**, though there were many who were content with the arrangements or who thought confidentiality was a secondary factor compared to the lack of other bidders.

Several respondents felt frustration regarding being unable to offer full transparency to their residents and the level of information sharing permissible in BDUK contracts, one stated;

"The contract is actually completely transparent... Commercial Confidentiality has hindered to a degree, our ability to answer residents' questions."

Despite these frustrations 89% would rate the effectiveness of their working relationships with their delivery partners as **Good or Very Good**.

Feedback from respondents suggested that there are particularly strong and open working relationships at the local level,

with much praise for local BT teams. The situation was more mixed at the national level, one respondent noted

"There is a difference between Openreach and BT group, but critically there is a difference between local delivery and national engagement with BT and BDUK, where the engagement is not as effective."

Recommendations

The results of our survey showed widespread support for the Superfast Broadband Delivery process and appetite to increase connectivity for county areas. There was also widespread recognition of operational challenges that served as barriers to achieving an optimal working relationship with delivery partners and reaching isolated areas. To remove these barriers CCN recommends;

Recommendation One:

BT and BDUK should work to simplify managerial relationships and create stronger linkages between the local and national broadband initiatives, with the aim of eventually creating a single point of engagement.

Recommendation Two:

BDUK, working with BT, should find methods of providing greater contractual disclosure regarding the details of local broadband delivery processes. This would allow Counties to provide greater transparency to their residents and support local authorities in achieving best value for their investments in broadband infrastructure.

Recommendation Three:

Government should fully fund their commitment and devolve programmes of follow on work from the Superfast Broadband Delivery

process to Counties. This would better support effective community based solutions to connect isolated areas that remain commercially unviable and tie broadband development into local economic priorities.

Recommendation Four:

To ensure the connectivity gap continues to close between rural and urban areas, ***BDUK should roll out the city based Broadband Connectivity Voucher scheme to businesses and social enterprises in county areas.***

Methodology

The survey was sent to the Leaders of the 37 county councils and county Unitary authorities in England in CCN membership. In total CCN received 27 responses from CCN members, representing a response rate of **73%**. We also received background information from a range of stakeholder groups. The survey was completed by those most responsible for directing the Broadband delivery process. The survey was primarily an online multiple-choice questionnaire, with certain question invited respondents to provide comments or additional information. The survey was conducted via an online survey tool.