Document Purpose:

Defines the Local Broadband Strategy for the Connecting Shropshire Broadband Delivery Programme. The content is only current at the time of issue.

Version History

Version	Issue Date	Brief Summary of Change	Author
1	July 2013	Issued	C. Taylor
2	Nov 2013	Amendment	C. Taylor
3	August 2014	Amended to reflect Phase 2 procurement	C. Taylor
4	Sept. 2014	Signed off by Portfolio Holder and CS Programme Executive	C. Taylor
5	June 2015	Amendment Post Phase 2 Procurement	C. Taylor
6	May 2016	Amended to reflect Pre Phase 2b Procurement	C. Taylor
7	June 2016	Final comments approved by Portfolio Holder and CS Programme Exec	C. Taylor
8	June 2016	FINAL (2) – Formatting post BDUK approval	C. Taylor
9	June 2016	FINAL (3) – Final Formatting	B. Walker
10	June 2016	FINAL Renamed Local Broadband Plan Shropshire 2016-2020	C. Taylor

Connecting Shropshire Broadband Delivery Programme
Shropshire Local Broadband Plan

Introduction

To support our communities' aspirations for ubiquitous digital connectivity, broadband needs to be reliable, available and fast. All communities and businesses now expect fast, open access networks that provide competition and choice, at an affordable price, with capacity to grow and improve.

There is an essential economic and social need to provide Superfast[1] Broadband (SFBB) to all premises in the Shropshire Council area to avoid a digital imbalance both locally, and nationally.

Providing SFBB to all premises in the Shropshire Council area remains challenging, especially in a financial climate that threatens the ongoing sustainability of key public services.

Shropshire Council recognizes the opportunities for digital communities and remains committed to pursuing its broadband aspiration of providing all premises with access to SFBB by 2020.

Shropshire Council's broadband aspirations are not influenced by the Government's recent USO (Universal Service Obligation) announcement as part of the 2016 Digital Economy Bill. The Government has committed to introduce a USO by 2020. This will give every household in the UK the legal right to request a fast internet connection. The communications regulator, Ofcom, conducted a public consultation on the USO which concluded on 23rd June, 2016. Shropshire Council sees the USO as complementary to the aims of this strategy but not a substitute for it.

Improving infrastructure to provide 'Next Generation Access' (NGA[2]) broadband is a key strategic and priority programme for Shropshire Council. It remains a key enabler of service transformation, supports our local and LEP (Local Enterprise Partnership) business economy, and is no longer deemed a luxury, but a necessity that all our communities expect to have access to:

- 'We will design the infrastructure for the future needs of Shropshire Council and other commissioners looking to work in radically different ways. This will enable swift take up of the best systems and most efficient and well-designed business processes'- **extract Shropshire Business Plan and Financial Strategy 2014 – 2017**;

- 'Digital connectivity is critical to our businesses and communities. Whilst the most urban parts of the Marches are well served by broadband provision, poor connectivity remains a key barrier to investment in some of the rural areas of the Marches where many SME's operate' - **extract Marches LEP Strategic Economic Plan**;

- 'Given our rurality, the latest technological changes are extremely important to how we will communicate and trade both at home and abroad in the future, so we need to ensure that mobile phone and broadband provision across Shropshire supports our aspirations for

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[1] Superfast - defined as download speeds of 24 Megabits per second or above.

[2] NGA - capable of delivering 30 Megabits per second.

growth and the way we choose to live and work' - **extract Shropshire Economic Growth Strategy**;

- 'Poor quality broadband infrastructure especially in more sparsely populated rural areas. We need fast efficient broadband services across the whole of the Marches, enabling 100%of our businesses to operate and communicate within a competitive, international market place' - **extract Marches LEP Our Strategy for Growth 2013-2022**.

What have we done so far?
It is acknowledged that the market, under normal conditions, would not deliver SFBB broadband to 100% of Shropshire premises because it is commercially unattractive for service providers to invest (insufficient long term revenues to justify capital investment). Public investment was therefore deemed necessary to address the market imbalance that exists.

In 2012, the Government committed central funding to provide SFBB to the commercially unattractive gap areas nationally. The key objective was to provide 90% of all UK premises with access to SFBB by 2015. Local Authorities were subsequently asked to match fund available grants to secure capital investment. Shropshire Council, under the brand of 'Connecting Shropshire' (CS), invested £8.2m capital towards this delivery commitment. This was defined nationally as **Phase 1**.

Following a procurement process a contract with BT Plc was subsequently awarded to deliver NGA to 61,780 premises (with 51,792 projected to have access to SFBB) by the end of winter 2016. As part of **Phase 1** all premises in the Connecting Shropshire area were assured access to a Universal Service Commitment (USC) of 2 Megabits per second (known as basic broadband).

When **Phase 1** is combined with the commercial market projections, 93% of premises in the Shropshire Council area are projected to have access to NGA by the end of winter 2016, with 87% having access to SFBB.

In 2014, Shropshire Council was allocated £11.38m to deliver to the Government's revised SFBB target of 95% of UK premises nationally, and 90% locally by 2017. This was defined nationally as **Phase 2**.

Shropshire Council launched a second procurement in December 2014. Following evaluation a contract was awarded to BT Plc. **Phase 2** is projected to connect an additional 4,254 premises to NGA with 3,735 premises getting access to SFBB. When added to the commercial market projections we have as part of the pre-procurement process we believe of 92% premises will have access to SFBB by the end of **Phase 2** in winter 2017.

In summary, Shropshire Council has secured and committed the following funding towards improving broadband infrastructure in the Shropshire Council area since 2012:

Summary of Phases and Capital Expenditure

Phase	Start	End	NGA premises	SFBB premises	Contract Value	Public Funding
Phase 1	Spring 2013	Winter 2016	61,780	51,792	£26.0m	£16.0m
Phase 2	Summer 2016	Winter 2017	4,254	3,735	£5.6m	£4.7m
Phase 2b	TBC	TBC	TBC	TBC	TBC	£11.7m

By the end of **Phase 2**, 66,034 premises are expected to have been reengineered with 55,527 getting access to SFBB. All premises will be able to access speeds above the USC of 2Mbps.

Please see the projected deployment map to the end of **Phase 2** on the website (scroll to the bottom of the following page: http://connectingshropshire.co.uk/when-and-where/). This map is adjusted periodically and is intended to provide an illustration of delivery. The map is not intended to be accurate down to a premises level.

What broadband gaps will exist at the end of our current contracts?
Beyond the end of our contract **Phase 2** delivery, which is projected to deliver superfast broadband to 92% of Shropshire premises, our objective is to give 100% of Shropshire's premises access to NGA broadband with as many having access to SFBB by 2020.

We estimate that between 12,000 and 20,000 premises will not have NGA by the end of **Phase 2**.

Connecting Shropshire Programme objectives to the end of 2020

We aim to:

- Deliver NGA broadband to all premises in the Shropshire Council area, with as many as possible having access to SFBB;
- Prioritise future NGA delivery in areas with the slowest download speeds, where it is economically viable;
- Continue to look for central government funding sources to support our overall ambitions to provide all premises in Shropshire with SFBB;
- Support Shropshire businesses and residents in embracing and optimising the use of broadband as part of everyday life;
- Attract additional commercial and competitive NGA infrastructure investment area, which does not require public subsidy, into the Shropshire Council;
- Facilitate stakeholder groups that want to explore community schemes for NGA infrastructure in unserved areas;
- Deliver a structured marketing programme for **Phase 1, 2** & **2b** areas, which will increase take-up of NGA;
- Work with the Mobile Network Provider market to encourage wider exploitation of 4G and 5G data coverage throughout Shropshire to complement broadband infrastructure.

How are we going deliver these aims?

Phase 2b

- Following the conclusion of **Phase 2** a balance of £6.68m (£11.38m BDUK grant minus £4.70m used in **Phase 2**) remained unallocated;
- In addition, the Marches Local Enterprise Partnership's Local Growth Fund allocated Shropshire Council £5.02m towards improving broadband infrastructure;
- In total, £11.7m will be used to undertake a fresh competitive procurement to seek one or more partners to deliver NGA to the remaining premises that are currently not projected to get NGA from either existing commercial commitments in the next 3 years or form part of our delivery in **Phase 1** or **Phase 2** (12,000 to 20,000 premises).
This procurement is referred to as **Phase 2b.**

How will we undertake the procurement of Phase 2b?

As part of the **Phase 2b** procurement process, we will undertake an Open Market Review (OMR) to establish existing and planned commercial coverage of broadband services across the Shropshire Council area by all existing, and any prospective, NGA broadband infrastructure providers.

The results of the OMR will assist us with understanding the NGA broadband infrastructure already in place and where there are plans for investment in such infrastructure in the coming three years. We will support all credible commercial deployment plans that avoid the need for further public subsidy.

Once we have analysed the results of the OMR and de-scoped commercially viable areas, we will consult with the market on the potential procurement area. Then we will conduct a minimum one month State Aid public consultation on the proposed Intervention Area and procurement approach. We propose to launch our Invitation To Tender (ITT) during autumn 2016.

Our procurement objectives for the Shropshire Council area are to:

- Connect as many of the premises without access to at least 15 megabits per second with access to NGA;
- Seek NGA solutions that meet all State Aid principles as directed by the UK Government for as many premises as possible;
- Ensure the procured solutions provide value for money;
- Appoint one or more partner suppliers that provide the best economic return in the most expedient timescale;
- Share information openly to set expectations for the projected **Phase 2b** broadband coverage**.**

What else are we doing beyond Phase 2b?

ERDF Marches Business Grant Scheme

Together with our Marches Local Enterprise Partnership (LEP) partners (Herefordshire Council and Telford & Wrekin Council), a bid has been submitted for a European Regional Development Fund (ERDF) funded project. The objective of the intended project is to target grant funding at individual SME beneficiaries where a return on investment can be measured in terms of economic benefit to the Marches.

The project will aim to support SME's across the Marches to access bespoke high-grade broadband services in areas that are not projected to benefit from any of our phased contracts or procurements.

We anticipate that DCLG (Department for Communities and Local Government) will update us on whether this project will be funded later in the summer 2016.

European Agricultural Fund for Rural Development

As part of the Marches LEP, European Agricultural Fund for Rural Development (EAFRD), funding opportunities are available for rural areas to receive targeted broadband investment. We intend to work with our partners in Herefordshire Council and Telford & Wrekin Council, and the Department for Environment, Food and Rural Affairs (Defra) to explore any opportunities within the developing scheme to address potential SFBB gaps.

Any project would be based on a demand registration exercise that would rank any remaining localities in order of the latent economic potential which could be released through the provision of NGA broadband.

What else does Shropshire Council do to address broadband gaps?

- Hold infrastructure suppliers to account in meeting their obligations as defined in their Open Market Review responses (i.e. their commercial plans). Whilst we have no regulatory or contractual control in making suppliers deliver their own commercial plans we do regularly meet with them to ensure they are planning to deliver to those areas they have committed to upgrade;
- Hold Mobile Network Operators to account to meet their Ofcom licencing obligations in the Shropshire Council area. We work with Ofcom and meet with the providers periodically to ensure that they are working towards addressing their licence obligations;
- Encourage infrastructure suppliers to make commercial investments in Shropshire;
- Demonstrate to infrastructure suppliers, wholesalers, retail and Internet Service Providers that Shropshire has market demand for NGA services;
- Work with key stakeholders to lobby accountable bodies to improve legislation and guidance that will bring about faster deployment of NGA technologies and wider competition;
- Encouraging broadband service 'take-up' which will generate revenue income from existing **Phase 1** and **Phase 2** contract incentives;
- Look towards alternative funding, such as European Structural and Investment Fund (ESIF) to support infrastructure build in gap areas;
- Support community aspirations to self/part-finance additional NGA coverage where there are currently no plans for new networks as part of commercial or public intervention.

How will Shropshire Council seek to optimise its investment in broadband?

- Work with all stakeholders groups to promote and optimise the use of broadband:
  - Maximise the efficiencies that the public service can make through the use of broadband infrastructure – 'digital by default':
    - Self-service;
    - E-Health;
    - Education;
    - Remote/Agile working.
  - Demonstrate to businesses the economic benefits that can be exploited:
    - Global/New markets;
    - Efficiencies through adopting new technologies.
  - Local Economic Benefits:
    - Business Growth;
    - Encourage Tourism (365 connectivity);
    - Digital Start Ups.
  - Social Inclusion benefits:
    - Developed ICT skills;
    - Access to support;
    - Access to education.

Timetable:

- **Phase 1** Completion – winter 2016;
- **Phase 2** Commence – summer 2016;
- **Phase 2** Complete – winter 2017;
- ERDF Marches Business Grant Scheme Launch – autumn 2016;
- **Phase 2b**:
  - o Open Market Review – summer 2016;
  - o Market engagement – summer 2016;
  - o Procurement – autumn 2016;
  - o Contact – winter 2016 to spring 2017;
  - o Deployment – summer 2017.
- EAFRD Submit Marches project – winter 2016.

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Key:

BDUK – Broadband Delivery UK
CS – Connecting Shropshire
DCLG – Department for Communities and Local Government
DEFRA – Department for Environment, Food and Rural Affairs
EAFRD – European Agricultural Fund for Rural Development
ERDF – European Regional Development Fund
ESIF – European Structural and Investment Fund
ICT – Information & Communication Technology
LEP – Local Enterprise Partnership (The Marches)
Mbps – Megabits per second
NGA – Next Generation Access
OMR – Open Market Review
SFBB – Superfast Broadband
SME – Small & Medium-sized Enterprise
USC – Universal Service Commitment
USO – Universal Service Obligation