

APPENDIX E

Lincolnshire Superfast Broadband FAQs

January 2012

This is a major opportunity for Lincolnshire's economy and should see investment of around £57 million private and public sector money from now to the end of 2015.

These FAQs are based on queries asked by District Council colleagues at various times over the last few months. We are meeting BDUK on 6 February who will need assurance that all funding is in place and that we will use their procurement framework.

1 What is the programme seeking to achieve?

- Superfast broadband (24-30 mbps) for 90% of premises in the county and 2mbps to the remaining 10% by the end of 2015.
- Universal superfast broadband across Lincolnshire by the end of 2017.
- Significant improvements in mobile telephony over the same period.

BDUK's model predicts that £28.6m of public investment matched by the same amount of private investment will achieve the 2015 target. That makes a total project cost of around £57m.

2 Could we be more ambitious?

We have worked closely with Analysys Mason, one of Europe's leading telecommunications consultancies, in developing the bid and approach so far. A more ambitious target in Lincolnshire would have been unaffordable.

3 How will it happen?

There are three main projects in this programme:

Project 1 - (300k from ERDF) funding for technology pilots in East Lindsey and Boston

Project 2 - Community schemes for individuals or groups of companies, using Community Lincs act as facilitators, and to broker access to Defra's Rural Community Broadband Fund or other relevant funding sources.

Project 3 – procuring a strategic solution to achieve the national targets in areas not met by Projects 1 and 2.

4 When will we see a difference?

The £300k ERDF funding allocated to Project 1 must be committed by 31 March this year and work is already underway with East Lindsey and Boston around that.

Project 2 details at www.onlincolnshire.org – see <http://www.onlincolnshire.org/How-we-can-help/Communities/Self-Help-Guides>

The main strategic solution in Project 3 is planned on the basis of procuring in 2012 and rolling out in 2013-15. That is an ambitious timetable for what is the fifth largest programme in the country but one we are aiming to achieve.

5 What money is in place?

Work with Analysys Mason has identified that it will cost around £57 million to meet the programme's targets. About half of that will come from the private sector.

£14.3 million has been secured in principle from BDUK. This must be match funded through:

- £10 million from LCC
- £300k ERDF PA2 funding (we are seeking more) currently limited to Project 2
- Balance of up to £4 million from Districts (less depending on extra external funding gained)

The county council has set aside significant funding for managing the procurement and external advice and does not intend using any of the above for that purpose.

6 How has the match funding request been calculated?

Each District has been asked to contribute based on their proportion of premises in White Areas. That was the best and fairest way we could think of doing it. A range has been proposed as the gap will reduce if we secure more external funding. The county council has committed to keeping our contribution at £10 million so all the benefits of additional funding up to £4 million will go towards reducing Districts' match funding contributions.

7 What benefit will we get for our investment?

Because the match funding is calculated on % White Area¹ premises, you should get the same benefit from the whole programme.

As a simple example, we would expect a District with 10% White Areas to be asked for between £400k and £270k contribution but to benefit from around £5.7m million total investment.

8 What if a District does not contribute?

They will not have a voice in the governance and procurement so specific local needs may not be met.

9 How can local businesses benefit?

Local technology firms will be able to bid for work under Projects 1 and 2. It is unlikely that any local technology firm would be able to bid for Project 3 because companies on the framework will have their own technology suppliers but we anticipate construction work might be sub-contracted locally.

10 How can I support my local communities to access DEFRA Rural Broadband funding

Project 2 is using Community Lincs to broker this. You can help your communities by encouraging them to take part in that work. Further information is at www.onlincolnshire.org

11 How can Districts be involved in governance?

Districts currently have two ICT reps on the Lincolnshire Broadband Partnership. This can be modified if requested.

We suggest that lead Members from each Council meet regularly with the LCC lead Members on this (Cllrs Eddy Poll, Kelly Smith and Richard Davies) to build on political meetings held in the last few months.

12 Who decides who goes first and how will they do that?

Project 1 only applies to East Lindsey and Boston as it is ERDF funding and is currently underway.

¹ See FAQ on White and Grey Areas for State Aid on page 4

Project 2 will depend on a combination of where communities come forward for support, and efforts to target communities with the poorest connectivity. Some districts are already helping to promote community self-help.

For Project 3, timing for each area will emerge from the procurement.

13 How will the procurement operate?

Our BDUK bid said we would decide between using the BDUK framework and doing a local procurement.

Soft market testing before Christmas showed there is likely to be little take-up in a local procurement so it is most likely we will go through the BDUK national framework promised for April. The Framework route will be shorter so roll out will commence more quickly than doing a local procurement. BDUK are pushing for all projects to use their framework and will want an answer on 6 February.

14 Could an individual property miss out?

If an individual property currently receives 2mbps and ends up in the 'final 10%' it will not receive additional service. But if it is in the 90% it will receive the superfast service. Don't forget we are aiming for universal superfast coverage by 2017.

15 When will we know the rollout for each District?

That will emerge from procurement and depend on private sector investment plans and priorities, the relative costs of different roll out plans and other factors.

16 Isn't this just a tax on rural communities?

These projects involve state aid because the superfast broadband markets are failing in Lincolnshire.

17 What are White / Grey Areas for State Aid?

These areas qualify for State Aid. Black Areas do not.

White areas – are where there is currently no service to the planned investment level (i.e. either 2mbps for 10% and superfast for 90%) and suppliers have confirmed that they have no plans to invest in those areas in the next three years.

An area will be classified as grey if **one** operator has deployed or plans to deploy a network in the next three years so that either the 10% or 90% target

speed is available. However, it can still be possible to argue that state investment can be made by demonstrating that:

- the existing or planned NGA² network is not or would not be sufficient to satisfy the needs of individual and business users; and
- there are no less distortive means (e.g. ex ante regulation) to achieve the required goals of the proposed State intervention

An example of the first point would be that the supplier did not have the capacity to provide a service to every premise in the area, and/or that the cost was not affordable, and/or that the user had no choice of retail (ISP) service

For further information see:

https://www.eversheds.com/uk/home/articles/index1.page?ArticleID=template_data%5CEversheds%5Carticles%5Cdata%5Cen%5CLocal_government%5CState_Aid_and_Public_Funding_for_Next_Generation_Access

18 What if my council's local investment or investment by a local supplier turns a 'White Area' to 'Grey' for State Aid?

This is complicated. State Aid is possible in Grey Areas but takes much more work and cost. Because State Aid work must precede procurement, it would delay the procurement and benefits to the wider Lincolnshire community whilst adding to the bill.

19 Won't we all have to do the same again in a few years as technology develops?

That would be a risk if we spent the funding on a lot of very local solutions. Project 3 is aiming to procure a strategic solution for the county that is sustainable because the market will have grown. Within the county council we are aiming to use that solution for our own Wide Area Network in seven years once the contract with empsn³ expires.

² Next Generation Access

³ East Midlands Public Sector Network