
**RURAL BROADBAND INFRASTRUCTURE ROLLOUT
WITHIN THE BOROUGH OF DARLINGTON**

**Responsible Cabinet Member - Councillor Chris McEwan,
Economy and Regeneration Portfolio**

Responsible Director - Ian Williams, Director of Economic Growth

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to outline the sequence and phasing of the publically funded Broadband infrastructure rollout for Superfast internet speeds (up to 25mb/sec) in the rural areas of the Borough. It also explains the strategy for the future roll out which has been made together with Digital Durham and the Tees Valley Broadband group and seeks Cabinet endorsement of the forward programme for Phases 3 and 3+ over the periods 2017 to 2020.

Summary

2. The Council together with Broadband Delivery UK (BDUK) has committed funding for two phases of publically supported Broadband infrastructure rollout programmes.
3. Digital Durham is managing the delivery of these 2 Phases of the BDUK programme in County Durham, Gateshead, Sunderland, North Tyneside and South Tyneside and the five Tees Valley Local Authorities, including Darlington BC.
4. Phase 1 of the BDUK programme (2014-2016) has already delivered in the Town Centre and the Central Park Enterprise Zone plus 4 rural cabinets.
5. Phase 2 (2016-2018) of the BDUK programme initially allocated £100k on the same basis to cabinet upgrades in older industrial estates such as Faverdale and Morton Palms Business Park, Yarm Road and Morton Park but following advice from BT and Digital Durham was switched to support some rural services in Redworth, Summerhouse and Killerby.
6. Digital Durham has also advised the Council that a Phase 3 programme (2017-2018) could be financed with "Gainshare" which is returns from Phase 1 of the BDUK programme based on two elements:

- (a) BT commercial return based on Broadband uptake and
- (b) current programme savings to March 2016).

This “Gainshare” money has to be invested by BT in the Borough.

- 7. We anticipate that a further Phase 3+ (2018-2020) is envisaged to be supported through Digital Durham programme savings after the end of the programme in 2016. Both phases for “Gainshare” are estimated to be worth more than £100k.
- 8. Cabinet is asked to note the anticipated rollout plan for Phases 3 and 3+ in rural areas as set out in the main report.

Recommendation

- 9. It is recommended that Cabinet note the current position :-
 - (a) On plans for Phase 2
 - (b) The intention of partners on the Phase 3 and 3+ :-
 - (i) Phase 3 2017-2018 : Hurworth, Middleton St George
 - (ii) Phase 3+ 2018-2020: Great Stainton, Sadberge, Houghton Le Side, Walworth/Denton

Reasons

- 10. The recommendation is supported by the following reasons:-
 - (a) The proposed rollout represents the best use of public money to support the delivery of broadband infrastructure in rural areas where public intervention is most needed
 - (b) Acknowledges the progress and intentions of the commercial operator and use of Gainshare in the other rural areas.

Ian Williams, Director of Economic Growth

Background Papers

No background papers were used in the preparation of this report

John Werres : Extension 6313

S17 Crime and Disorder	N/A
Health and Well Being	N/A
Carbon Impact	Effective Broadband supports home working and reduces need to travel
Diversity	N/A
Wards Affected	All three Rural wards: (Heighington and Coniscliffe, Sadberge and Middleton St George, Hurworth)
Groups Affected	All community groups are affected

Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	No
Urgent Decision	Yes
One Darlington: Perfectly Placed	Supports the aims of One Darlington-Perfectly placed in community building, sustainability aspects, children support and providing a strong economy.
Efficiency	N/A

MAIN REPORT

Information and Analysis

Background

11. The Council together with Broadband Delivery UK (BDUK) has committed funding for two phases of publically supported Broadband infrastructure rollout programmes. Broadband Delivery UK (BDUK) a section of the Department of Culture Media and Sport has been the main driver and funder of enhancing infrastructure and speed of Broadband to Superfast (25mb/sec) in areas of the UK which have been commercially viable or experiencing market failure.
12. Digital Durham is managing the delivery of these 2 Phases of the BDUK programme in County Durham, Gateshead, Sunderland, North Tyneside and South Tyneside and the five Tees Valley Local Authorities, including Darlington BC.

Phase 1

13. Phase 1 of the BDUK programme (2014-2016) has already delivered 19 superfast fibre cabinets in the Town Centre and the Central Park Enterprise Zone plus 4 rural cabinets. £320k has been allocated for the infrastructure, 50% by BDUK and 50% from the Council.
14. BDUK were allocated £530m by government in 2011 in order to stimulate private sector investment to bring superfast broadband coverage to over 90% of UK premises and a minimum of 2mbps to all areas by 2015, focusing particularly upon areas where commercial providers would not otherwise invest.
15. Specific funding allocations were made to each local authority to match equally (Darlington was allocated £160k, taking the total investment to £320k) with the successful commercial provider BT Openreach also adding investment.
16. To negotiate the procurement process, Tees Valley Authorities including Darlington partnered with Digital Durham (a collaboration of Durham, Gateshead, Sunderland, North and South Tyneside). This process selected BT, the only provider available on the BDUK procurement framework and rollout has begun across the Digital Durham area, with over 10,000 premises enabled.

17. Within Darlington Borough Council 23 Fibre to the cabinet (FTTP) installations have been built and connected to high speed internet provision. Circa 2000 premises have been enabled to receive Superfast Broadband. Locations of these cabinets were the Town Centre, the Central Park Tees Valley Enterprise Zone and Rural areas (around Piercebridge, Merrybent, High and Low Coniscliffe, Hurworth Place and Bishopton).
18. This investment – combined with commercial rollout by BT and Virgin – has taken superfast broadband coverage levels in Darlington to 93.2% (March 2016).

Phase 2

19. To enhance broadband rollout further, government announced in 2013 £250m of extra funding to ensure that 95% of premises in the UK could access superfast by 2017. Tees Valley local authorities were allocated over £3m.
20. Darlington BC was offered £490k of BDUK funding to match but was only able to access £50k of match given funding constraints. A Match funding commitment letter was sent to Digital Durham in August 2014 who again selected by BDUK to co-ordinate the programme.
21. For this second phase of rollout, local authority priorities were stated. Priorities were identified from an assessment of the 2014 Open Market Review; this online map shows the extent of superfast coverage across Tees Valley over the next three years (through BDUK or commercial BT or Virgin Media investment). For Darlington at the time these were the remaining economic zones without coverage i.e. Faverdale Industrial Estate and Morton Palms Business Park.
22. Digital Durham initially proposed that development of those Industrial Estates could take place in mid-2016, however when BT Openreach produced the rollout plan for Phase 2 installation of those cabinets will only take place in late 2018 or even 2019. Two years later than expected.
23. At the same time a number of rural wards in Darlington have indicated a strong desire to be included in future coverage.
24. It was evident as time elapses that the delivery for the economic zoned areas of the industrial estates would be overtaken by non-public funded commercial rollout alternatives by broadband infrastructure providers. We have been advised that there could be delivered commercially in these areas by early 2017.
25. With commercial provision likely to achieve a quicker delivery route in the two economic zones, and without public funding, it was felt important to consider reallocating the £50k Phase 2 BDUK money to the rural areas where public funding could make a difference in terms of delivery. Without public funding some of the rural areas would struggle to achieve upgrades. This rationale was discussed with Digital Durham and BT and the plan below was agreed by stakeholders.

Phase 3 and 3+ Forward Programme

26. **Gain share:** Digital Durham advised the Council that a Phase 3 (2017-2018) could be financed with “Gainshare” returns from Phase 1 of the BDUK programme.
27. Gainshare is an incentive to stimulate take up. BT will assess the level of take-up once rollout has occurred across Digital Durham; if it exceeds 20%, money will come back to the programme (so called ‘gain share’). This is applicable for both Phase 1 and Phase 2.
28. Across the whole Digital Durham area, moving to 30% take-up under Phase 1 would lead to £2.8m coming back to the programme to re-invest. This would be allocated to the contributing local authorities in proportion to their initial allocation.
29. “Gainshare” returns from Phase 1 of the BDUK programme is based on two elements: a) BT commercial return based on Broadband uptake and b) current programme savings to March 2016). This “Gainshare” money has to be invested by BT Openreach in the Borough based on funding eligibility via BDUK targets such as Premises covered, investment in currently not Superfast enabled areas and Value for Money.
30. A further Phase 3+ (2018-2020) is envisaged to be supported through Digital Durham programme savings after the end of the programme in 2016. Both phases for “Gainshare” are estimated to be worth more than £100k.

Rollout plan for rural Darlington

31. To agree a feasible rollout plan for rural Darlington technical workshops with Digital Durham (Programme Manager – Tony Thompson / Steven Hodgson) and BT Openreach engineers (David Anderson / David Calvert / Simon Roberson) were organised in Spennymoor Education Centre (HQ of Digital Durham) on 10th February 2016 and 15th March 2016.
32. The objectives of the technical workshops was to look for the best delivery options, selecting viable target areas and agreeing technical solutions.
33. It was considered that the efficient options proposed by Digital Durham and BT Openreach to solve Darlington Rural Broadband connectivity and speed were:
 - (a) Phase 2 2016- 2017: Redworth, Summerhouse / Killerby
 - (b) Phase 3 2017-2018 : Hurworth, Middleton St George
 - (c) Phase 3+ 2018-2020: Great Stainton, Sadberge, Houghton Le Side, Walworth/Denton
34. Advantages of the suggested rollout plan for rural areas would be:-
 - (a) All Darlington’s rural wards would benefit and circa 2500 premises could be covered by 2019/2020.

(b) The highest possible percentage coverage of Superfast Broadband availability in rural areas of the Borough would be achieved by 2020¹ (circa 98% coverage on speeds of at least 10mb/sec could be achieved).

35. In addition, any remaining rural areas and isolated farms could be covered by alternative technologies and upgrades. This could be satellite schemes and vouchers, microwave solutions and 4G / 5G Mobile Broadband upgrades of masts and coverage. Also EU Funding through the Tees Valley and Vale of Mowbray LEADER programme and the EU Agricultural Fund for Rural Development as well as ERDF schemes is likely to be available from 2016 but private contributions would be likely.

Financial Implications

36. The Council agreed in 2014 to support the BDUK Superfast Rollout Phase 2 programme with £50k. A match-funding commitment letter was forwarded to Digital Durham in August 2014 to commit the Council in partnership with Digital Durham to invest £50k subject to BDUK committing another £50k in Darlington. This money has been committed and is available for use.

Consultations

37. The report acknowledges the need to improve broadband in the rural areas utilising available public funding where it is considered most in need, and works alongside the commercial roll out plans of broadband providers. Operators, Technical and Stakeholders have provided input into this process.

¹ 2020: the year government suggests the Universal Service Obligation (USO) of minimum 10mb/sec should be guaranteed for every citizen in the UK