Agenda item: 3

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	12 December 2013
Title:	Extending Superfast Broadband Coverage in Hampshire
Reference:	5467
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

1.1 The Government has facilitated a national programme designed to make superfast broadband services available to premises that would not be served through the normal working of the commercial market. The initial target for the programme was to reach 90% of premises by 2015. In March 2013, the County Council (like others) entered into a contract through the Department of Culture, Media and Sport's (DCMS) Framework with BT to improve the fibre infrastructure in Hampshire so that 90% of premises will be able to access superfast broadband with speeds of at least 24 megabits per second (Mbps). Work has commenced and is expected to be completed by the end of 2015.

1.2 All premises in Hampshire are covered by the Universal Service Commitment (USC), which is intended to ensure that everyone can access a broadband service of at least 2 Mbps. This minimum standard should be sufficient to enable all residents in Hampshire to use basic applications and will, for example, allow television programmes to be streamed on the iPlayer, on-line shopping and internet banking.

1.3 The Government announced in the Summer of 2013 that the target would be extended to 95% of premises having access to superfast broadband by 2017 and that it would explore the measures needed to reach at least 99% by 2018. Members of the County Council have expressed strong support for a further extension of superfast broadband in Hampshire. The Council approved new capital spending at its meeting in February 2013 to support a range of schemes that included additional broadband coverage. A report to the Executive Member for Policy and Resources on 25 July 2013 identified that a balance of £20.4 million would continue to be earmarked within reserves to fund a range of schemes, including an extension of the Hampshire Broadband Programme, should it prove possible to secure a viable and cost effective extension to the scope of the DCMS Framework contract.

1.4 The County Council has now identified an opportunity to commit some £9.2 million of the earmarked funds to bring superfast broadband services within the reach of a further 27,400 residential and business premises in Hampshire. This additional commitment is likely to be the gross expenditure required to achieve 95% coverage at speeds of at least 24 Mbps utilising the existing framework contract established by Government. It is anticipated that this sum could be offset by further funds from Central Government.

1.5 The purpose of this report is to provide a commentary on the key issues around this potential commitment (value-for-money and lead time for delivery) and to recommend a course of action that will deliver the next significant expansion of the availability of superfast broadband services to communities and businesses in Hampshire.

1.6 The decision facing the County Council is how, if at all, to:

- Extend the network of superfast broadband network beyond the current programme that will increase the number of premises in Hampshire able to access these services to nearly 530,000.
- Evaluate the benefits of such an extension.
- Consider the value for money issues which any extension could bring.
- Consider the impact and the effect on the rural communities which the 'extension' would not cover.

It has become obvious that further intervention using the County Council's reserves will only partially close the gap.

1.7 Lost in much of the discussion is the key point that Central Government and Local Government resources are being utilised to extend the coverage of a superfast broadband infrastructure which belongs to BT Plc. The County Council's intervention is closing part of a delivery gap that the market has left having so far concluded that it will not yield a commercial return on investment. Evidently, any gap that remains is the result of decisions made by providers in the telecoms market. The County Council needs to explain more fully to the public that its intervention can only partially close any gap in coverage and speed. It is inevitable that premises in that space will continue to feel excluded from the benefits of superfast broadband. However, it is important to note that technology in this area is evolving rapidly and new solutions will become available over time. By 2017, any residual gap may be addressed by services that are yet to be commercially available and are still some years away.

1.8 Key to any decision by the County Council is the ever present issue of how to ensure that value for money is obtained. In the report, section 3.12 Table 3 indicates that the County Council has some of the lowest costs per premise passed in the South East and that this would continue to be the case when the extension to 95% is included. The next element of the decision will be how does the County Council go from 90% to 95% without prejudice to future Government and technology initiatives. The recommendations in this report have a good fit with these parameters. Finally, value for money will be inextricably linked to the benefits enjoyed over the life of investment. There are few planned capital investments which will have such wide benefits for such a long time as an extension to Broadband, albeit that public funds are bridging the gap in the commercial business case. The estimate of costs throughout this report are given on a gross basis, which would diminish with further Government funding and commercial take up. Taken together, this is a strong value for money option.

The one element that remains unresolved is the value for money comparison that the Council would normally have from its procurement arrangements. This is not possible beyond what is contained in the report because the framework created by DCMS has a single active supplier. This qualification does not of course invalidate the conclusions above.

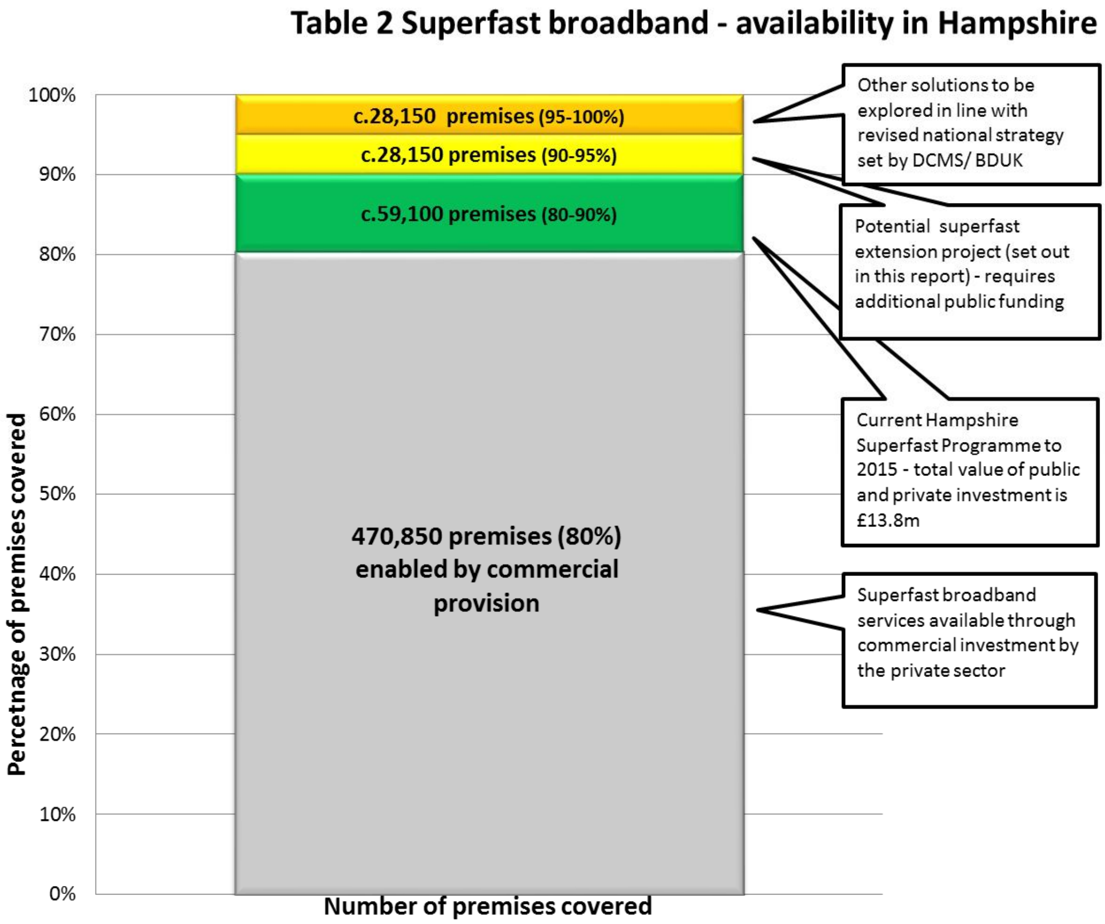
1.9 In view of the potential gap that remains after further investment, this report proposes for the first time a private funded initiative for areas not included in the intervention areas.

2. Context

2.1 BT and Virgin Media were expected to undertake commercial investment in Hampshire that will make superfast broadband services available to around 80% of premises by 2014. The current Hampshire Superfast Broadband Programme provides a public subsidy to increase this coverage to 90% of premises (business and residential) by the end of 2015. The target of 90% will be achieved by extending services to an additional 59,000 premises across the county which represents more than half of the 'Intervention Area' in Hampshire (around 115,400 premises). The tables below show the delivery schedule and a bar chart representing coverage in Hampshire. At the end of the current programme, just under 10% of premises across Hampshire will remain without access to superfast broadband, but these premises will continue to be able to access services below superfast speeds and those left with sub-2 Mbps services (perhaps 3,500 premises or 0.6% of the total) will benefit from the USC (effectively guaranteeing that they will be able to buy a service meeting this minimum speed).

Table 1: Superfast rollout schedule to achieve 90% coverage

Phase	Superfast Premises Passed
Phase 1	9,294
Phase 2	8,531
Phase 3	11,183
Phase 4	9,892
Phase 5	8,829
Phase 6	9,089
Phase 7	2,319
Total	**59,137**



2.2 There are wide variations both within the UK and between countries in terms of coverage and speeds. While Hampshire can expect commercial provision to make superfast broadband services available to around 80% of premises by April 2014, this falls to around two-thirds of premises in another part of the South East. The UK as a whole is currently regarded as having an average connection speed of 8.4 Mbps which compares to 13.3 Mbps in South Korea and 11 Mbps in Switzerland (the highest in Europe).[1] The Government's commitment to a speed target of 24 Mbps is intended to underpin the international competitiveness of the UK for years to come.

Alongside fibre for fixed broadband services, there is a growing recognition of the importance of wireless and mobile broadband. These services are not part of the current BDUK Framework, but they may feature as part of the national strategy to reach 99% by 2018. Together, these observations highlight the importance of this investment and the need for individual areas such as Hampshire to achieve and maintain an internationally competitive broadband infrastructure as part of a long term strategy.

[1] http://www.akamai.com/dl/documents/akamai_soti_q213.pdf?WT.mc_ie=soti_Q213

Economic, Social and Environmental Impact

2.3 The County Council does not have figures specific for Hampshire regarding the economic and social impact of superfast broadband, but the Department for Culture, Media and Sport (DCMS) has recently published a report highlighting the benefits of the broadband initiative to the UK economy as a whole. Key findings from this report include:

- Excellent value for taxpayer money with a net return of £20 for every £1 spent by 2024
- Significant short-term boost to the UK economy as the network construction adds around £1.5 billion to the economy; adding £0.5 billion and about 11,000 jobs in 2014 alone
- Long-term growth to the UK economy with public investment increasing annual Gross Value Added (GVA) by £6.3 billion and causing a net increase of 20,000 jobs in the UK by 2024
- Household savings of £45 million a year by 2024 made through people being able to work from home more
- Benefits to be shared across the UK, helping the rebalancing of the economy. Approximately 89% of the benefits will be in areas outside London and the South East of England with rural areas set to benefit most when the extension reaches them
- Around 0.4 million tonnes a year of CO2 savings through reduced commuting, business travel and firms shifting to more energy-efficient cloud computing

2.4 The value-for-money assessment contained in the report indicates that the current interventions in broadband offer an 'unusually high' rate of return for a public investment (approximately £20 in net economic impact for every £1 of public spending). It goes on to say that:

- It is well accepted that ICT is one of the most important drivers of productivity growth and that broadband connectivity underpins most ICT applications.
- In the absence of the publicly funded schemes, there would be little prospect of large-scale unsubsidised roll-outs of faster broadband beyond the commercial footprint.
- While some unsubsidised community groups are creating community-owned fibre networks, the authors do not envisage that this will become a common solution across large areas of the UK.

2.5 In a large rural county, many of the benefits and observations identified in the Government's report will apply. The full report can be viewed at www.gov.uk/government/publications/uk-broadband-impact-study-2. Recent work on behalf of the south East Strategic Leaders has also stressed the economic and social benefits of investment in superfast broadband and the strategic importance which should be given to the South East due to the region's economic potential for high returns.

3. Extending Superfast Coverage Beyond 90%

3.1. There is an enormous amount of information and opinion published that relates to the national strategy for the delivery of more and better broadband services. Much of this is focused on future requirements for coverage, network speeds, developments in technology, take-up (the demand for services and patterns of usage in the real world) and costs. Against this backdrop, it is clear that there is no single ‘right’ answer about how or when superfast coverage should be extended.

3.2. However, a number of key points can be identified:

- The deployment of a fibre network is seen as key to the delivery of a resilient and future-proof infrastructure.
- Fibre deployment is a reliable way to achieve the Government’s preferred speed target of 24 Mbps and the network is capable of being upgraded over time as technology improves.
- Although telecoms equipment can be expected to reduce in price over time, much of the cost associated with the roll-out of superfast broadband is linked to civil engineering work and these costs are likely to increase.
- There are no typical features of an un-served area and, across the country, superfast not-spots will exist across urban, sub-urban and rural areas after completion of the current projects.
- Costs of further fibre deployment rise rapidly and at an increasing rate as the penetration of superfast services is taken further into the final 10%.[2]

3.3. These points are reflected in the Government’s emerging strategy for the final 10% of premises with an expectation that the deployment of fibre is less affordable beyond a certain level of coverage and that alternative solutions and technologies are likely to have an increasingly prominent role in lifting coverage towards 99% of premises by 2018.

3.4 During October, the DCMS/BDUK undertook consultation with the industry and with local authorities about extending superfast broadband. Timetable and affordability are clearly key issues both nationally and for the County Council. Three scenarios were outlined in the consultation. The option to extend the current arrangements (either through the existing contracts or by new call-off activity through the existing BDUK framework) appeared in all three. No conclusions from the consultation exercise and subsequent options appraisal have yet been announced.[3] Government has announced that £250 million will be available between 2015–2017 as match-funding to assist in the delivery of the 95% target. No announcement has yet been

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[2] Across the UK, it is estimated that the final 4% of premises are located in 97% of the combined area of the final 10% (those areas remaining without access to superfast services).

[3] The consultation pack can be viewed at www.gov.uk/government/publications/superfast-broadband-extension-programme

made about how these funds will be allocated but some further information on the national position is expected in the Chancellor's Autumn Statement.

Speed of Deployment

3.5 The scale of investment required to go significantly beyond 90% coverage with superfast services will require the County Council to complete a procurement exercise. As indicated above, this may be achieved through the existing BDUK arrangements or some other (yet to be determined) process. While the time taken by a supplier to deliver any new infrastructure is an obvious factor in determining the length of the time that communities must wait for the next wave of the Hampshire Superfast Broadband programme, the procurement route chosen by the Council will have a very important impact on the overall timescale.

3.6 There are three routes the County Council can consider for making the next procurement. These are outlined below:

Option 1: A new Call off (contract) within the DCMS framework

The current County Council's contract with BT has been let via the national DCMS framework agreement. The framework makes provision for additional requirements to be procured via mini-competitions. The advantages of undertaking a mini-competition within the DCMS framework structure include:

i. State Aid approval has already been granted and an approved supplier has been appointed.

ii. Value for money is assessed by DCMS when the bid is submitted – this is undertaken against data for all projects undertaken within the framework and the Council will receive a written summary on the bid.

iii. The legal documentation and arrangements for contract management are already in place and on going value for money is externally audited by DCMS and BDUK.

iv. Accelerated timetable - it is anticipated that a mini competition and the appointment of a supplier would take between 20 to 28 weeks to complete from initiation.

v. BT is the only active supplier within the framework and this option is likely to deliver efficiencies in terms of programme management, network planning and construction. This might also enable a degree of integration with the delivery of the current contract, which might reduce the civil engineering cost and facilitate a further increase in coverage.

Option 2: Stand-alone procurement

The County Council could issue a tender and enter into an independent procurement process. This would be a longer process and gaining separate state aid approval would be necessary. There is no guarantee that this option could be undertaken successfully within a 12 – 18 month period from commencement. This would mean a longer period of uncertainty about the availability of superfast services in Hampshire.

The potential benefit of conducting a stand-alone procurement is that a lower cost supplier might be found. However, there is no guarantee that an alternative supplier capable of delivering a programme of this size would come forward or that the cost would be more attractive than under the BDUK framework. Given the timescales for completing the procurement, selecting a supplier and completing state aid approval, it seems likely that any stand alone procurement would result in a wait of perhaps two years before delivery of a second wave could begin (allowing six months for contract mobilisation). This could fit well with the completion of the current contract.

There have been a limited number of stand-alone procurements across the country. So far, all of these have selected BT as the supplier.

<u>Option 3: Await new DCMS procurement process</u>

DCMS is currently considering the possibility of creating a new procurement process. At the moment, the outcome of the option appraisal is unknown and it seems certain that the opportunity for local bodies to undertake new call off activity within the existing framework will remain open. Any new framework or revised procurement process is likely to be subject to the same lead in times as Option 2, with no certainty that the County Council will be able to secure an early slot in the delivery ‘pipeline’, which may put pressure on the Council’s own objective of going ‘further and faster’ than the Government’s target of reaching 95% of premises by 2017. Key issues are:

i. Uncertainty about funding allocation and the procurement method.
ii. Slow delivery - the current framework took two years to create.
iii. State aid approval from the EU would have to be sought separately for any new framework – potentially further adding to the lead time.

3.7 Considering the three options in terms of the overall timetable for implementation, Option 1 has some clear advantages. An early decision to extend coverage using the existing framework via a mini-competition, or by doing this in conjunction with extending the Council’s current contract, will meet the residents and business demands to be provided with additional information and certainty about superfast services across Hampshire as soon as possible. It should also allow the County Council to secure a position at the front of the queue in the competition for resources to plan and build the additional infrastructure. This will have the additional benefit of providing greater confidence that the economic, social and environmental benefits of better broadband will be available to the overwhelming majority of residents and businesses in Hampshire.

Cost and value-for-money of additional superfast coverage

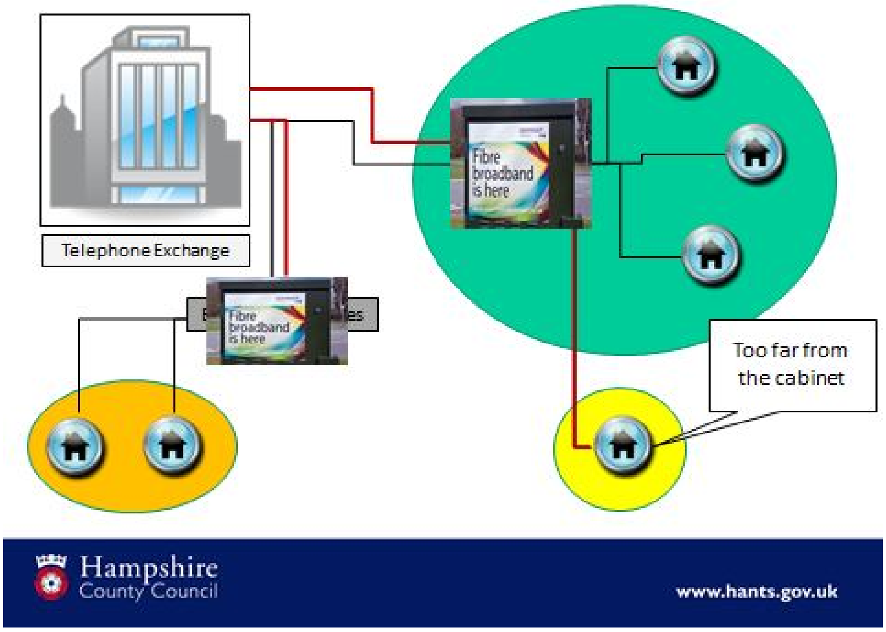
3.8 The cost of extending the coverage of superfast broadband depends on a range of very local factors, including population distribution and density (clustering), ground conditions, the nature of the existing telephone/ broadband infrastructure and the type of solution that is proposed. This, together with the need to rely on limited published data, makes it almost impossible to draw accurate comparisons with other broadband projects. Against this backdrop, it is reasonable that the Council should adopt a cautious approach when considering an extension to the current programme. Comparisons with solutions in other parts of the UK are also difficult because the exact starting point and plans for expansion of BT were commercially confidential before the national procurement exercise began and commercial strategies will have been impacted by the availability of public funds both in Hampshire and other areas.

3.9 The project team estimates that the cost to public funds of extending superfast broadband to 95% of premises using the established contractual arrangements would be between £8.7 million and £9.2 million. The cost of reaching 97% of premises would be very much higher. No estimate for the additional cost of reaching another 11,700 premises (2%) above 95% has been made, but it would be prudent to expect that a range of £10 million to £15 million could be required to deliver fibre broadband. At this level, the value for money achieved may be questioned and the Council will want to consider any alternative options that may become available under the new national strategy.

3.10 Using current technology, this suggests that achieving 95% coverage by 2017 is a realistic and value-for-money option. The discrepancy between the two options arises because the cost of delivering superfast services increases significantly beyond the 95% threshold as the current solution relies on upgrading BT roadside cabinets. This is very effective for premises up to 1200m from the cabinet, but beyond this distance speeds drop off considerably. More expensive solutions are then required to deliver superfast services beyond this distance and costs can quickly increase to over £1000 per premise passed. [4] Figure 1below illustrates this. In areas where there is a reasonable density of properties, a large number of premises inside the green circle will be covered by a single upgraded cabinet, whilst those in the yellow and orange circles are too far away and will require a different (and potentially individual) solution.

[4] Properties connected to a BT cabinet which is now fibre enabled

Figure 1 - Example of superfast broadband delivery



3.11 In the absence of firm data, the project team has used published information for neighbouring projects to provide some indication of the cost to the public sector of making superfast services available to different proportions of the intervention area. The information is show in the table below and is summarised in the final column as a cost per premise passed.

Table 3 – Costs to public funds for delivering superfast broadband

Local Authority	BDUK Contribution (£)	Local Authority Contributions (£)	ERDF / Other * (£)	% Premises covered superfast	Approx. number Premises served	Cost per Premise passed (£)
Hampshire 90% #	5,000,000	5,000,000	-	90%	57,500	174
Hampshire 95%	5,000,000	14,000,000	-	95%	86,500	220
Wilts, Swindon, South Gloucs.	5,610,000	17,500,000	740,000	91%	104,000	222
Berkshire Councils	2,030,000	2,030,000	-	92%	18,000	226
Dorset, Poole & Bournemouth	9,440,000	10,000,000	-	95%	78,000	249
Surrey +	1,310,000	20,000,000	-	100%	80,000	266
West Sussex	6,260,000	6,260,000	-	98%	44,000	285
East Sussex, Brighton & Hove	10,640,000	15,000,000	-	96%	66,500	386

- Figures based on initial contract position and superfast defined as >24mbps
***** - ERDF ~ European Regional Development Fund
+ - Superfast defined as >15mbps

3.12 The table shows that it has been possible for 90% of premises in Hampshire to be served with superfast services in a relatively efficient and effective manner. It also indicates that an extension of the programme to cover 95% of premises would represent good value-for-money at an assumed additional cost of around £9 million. At an overall average of £220/premise passed, the County Council could reach over 86,000 premises with services providing speeds of at least 24Mbps in a cost-effective manner.

3.13 The costs per premise calculated for the East and West Sussex programmes provide some indication that the additional financial commitment required in Hampshire to go beyond 95% to 97% of premises could be between £9 million and £18 million. In the absence of further information about the Government's strategy (including potential changes to funding, technology and procurement) and other options that might become available, it is not recommended that the Council should commit at this point to the additional spending that is likely to be required to lift the availability of superfast services to 97% through the existing delivery model.

3.14 At the time of writing the Chancellor has yet to release his Autumn statement which will probably include further announcements on Broadband which will be factored into the recommendations.

4. Conclusions

4.1 Investment in superfast broadband services is of strategic importance to the growth and economic performance of Hampshire and to the wellbeing of its residents.

4.2 Suppliers, including BT, are constantly investigating new technologies to extend the reach and speed of their broadband using both existing and new infrastructure. Currently, residents further than 1200m from a fibre enabled cabinet will see relatively little benefit from the upgrade programme, but it is very possible that by 2017 residents further away will also see a worthwhile uplift. This uncertainty presents a significant risk. If the County Council commits funds now to reach these residents and push beyond 95%, it is likely that an expensive technology such as fibre to the premise (FTTP) would have to be used. This is likely to cost in excess of £1000 per premise. This would represent poor value for public money if, during the next four years, new technologies become available that solve this problem at much lower prices. However a privately funded programme could be established where the County Council 'brokers' or brings together a programme of privately funded projects.

4.3 In addition, there is Government's aspiration to achieve 99% national coverage of superfast broadband by 2018. It seems likely that additional funding and new solutions will be required to reach this target within this timetable. This target is unlikely to be achieved with a wholly fibre solution and is likely to involve alternative solutions such as 4G and fixed wireless. These technologies, and the potential for additional central funding, may well represent a more cost effective solution for Hampshire premises in the last 5%.

4.4 Based on the information available, the Council believes that good value-for-money can be demonstrated in extending the availability of superfast fibre broadband (>24 Mbps) to 95% of premises in Hampshire. This would represent approximately an additional 27,000 – 28,000 households and businesses at an estimated cost of up to £9.2 million.

4.5 This opportunity can be addressed through an accelerated call-off procedure within the existing BDUK framework or through a combination of extending the Council's current contract and a new call-off procedure. This activity will need to be completed by June 2014 unless the option to extend the existing national framework is exercised by DCMS/BDUK.

4.6 Early completion of new commercial arrangements to extend superfast coverage to 95% of premises can be achieved within the capital resources currently earmarked for the extension of the broadband programme. This would be an important step towards the Council's overall aim to make the benefits of the digital economy and participation in digital services as widely based as possible. An early announcement of the areas to receive additional coverage would be widely welcomed and would increase the probability that work on the additional network infrastructure will be completed before the end of 2017.

4.7 The gross financial commitment to achieve 95% coverage (some £9.2 million) may be offset in part by potential funding from other sources, particularly:

- An allocation to Hampshire of part of the £250 million available from BDUK to support the realisation of 95% coverage by 2017.
- Contributions from District and Borough Councils within Hampshire.
- Over-achievement of financial and uptake targets within the current contract which may be used to mitigate the cost of additional coverage or reinvested within the contract.

For the purpose of this report, it is assumed that opportunities to draw funding from other sources will be pursued, but this is not essential and the whole cost of the proposed extension will be met from the Council's own resources if necessary.

4.8 High uptake of superfast services at a level between 30% - 40% of premises passed would provide a significant financial 'return'. At this level, say 40%, the funds available to the County Council over the life of the agreement could be around £1.9million depending on the profile of this growth. The Council is developing a marketing strategy to drive take-up as the roll-out of the broadband infrastructure progresses over the next two years. Direct communication with residents who have registered their interest in superfast broadband is planned together with media releases and support for businesses, but it is also proposed that the Council should work with a private sector partner to build a strong and effective marketing strategy to be implemented alongside and be additive to the initiatives planned by the commercial service providers (ISPs).

5. Recommendation(s)

It is recommended that the Executive Member for Policy and Resources:

1. Approves an extension of superfast broadband services (>24Mbps) within Hampshire to 95% of premises. This approval will require a new procurement (call-off) to be made under the existing BDUK framework and will also cover any required extension of the existing contract with BT. This is intended to increase coverage by more than 27,000 premises over and above the current delivery target.

2. Approves the release of up to £9.2 million of capital funds earmarked by the County Council for the purpose of extending the Hampshire superfast Broadband Programme on condition that the Council's requirements for coverage are met and that an assessment of value-for-money is undertaken by BDUK in respect of any new contract that may result from the call-off process.

3. Notes the intention to work with a private sector partner to develop an effective marketing strategy that will both raise awareness of the use of public funds to extend the availability of high speed broadband services and drive take-up of these services with the intention of securing economic, social and environmental benefits for the residents and businesses of Hampshire.

4. Receives further reports on the developing availability of superfast broadband services within Hampshire and on opportunities to increase coverage beyond 95% in line with the overall aims and objectives expressed by Cabinet.

5. Approve the concept of a 'privately funded' extension (in effect going beyond 95%) where there is sufficient demand and that the Director of CCBS explore the scope of the work and how best to support individuals and communities who wish to fund local projects.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
Title Addition of Schemes to the Capital Programme	Reference 4990	Date 25 July 2013
Direct links to specific legislation or Government Directives		
Title		Date

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document	Location
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1 A high positive impact is anticipated for all groups (Economic, Social and Environmental impacts). A proportion of premises are not expected to be included in the programme.

2. Impact on Crime and Disorder:

2.1 No impact identified.

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

Supports digital economy and expansion of digital services which in turn will support home working etc.

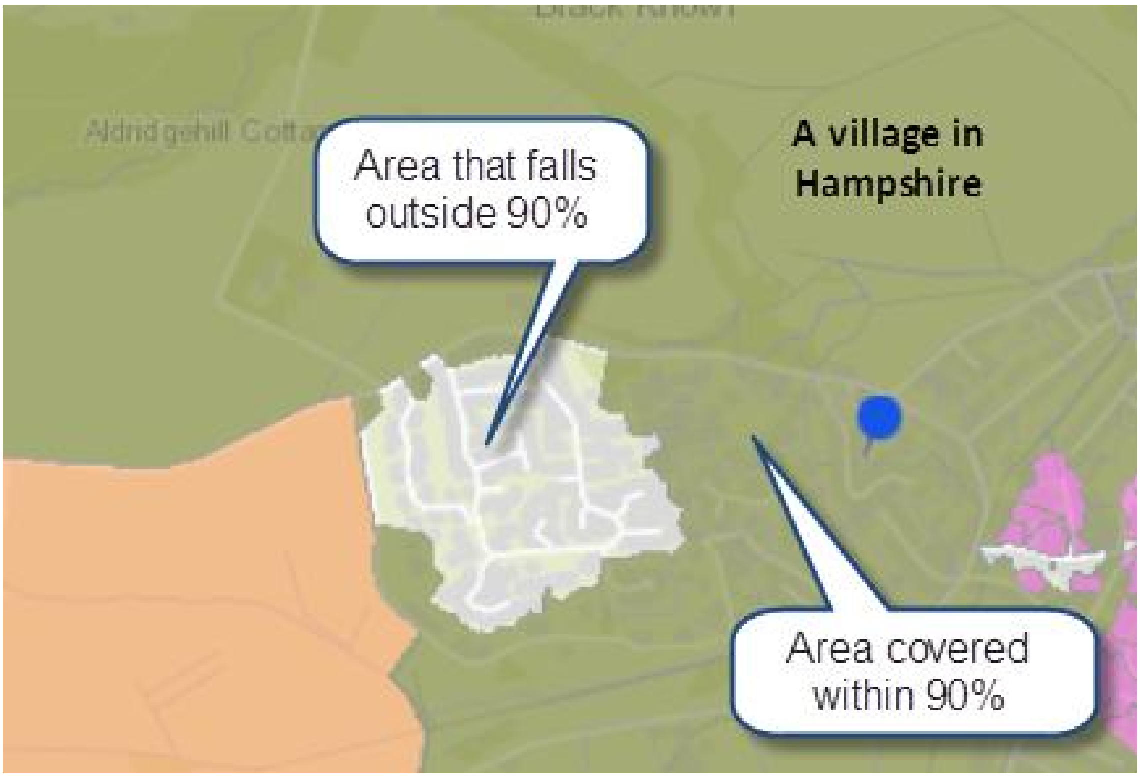
b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Maximising Coverage Within Each Phase of Deployment

As part of the drive towards 95% coverage, consideration will be given to the possible advantages of revising or extending the current contract to reach 90% of premises. These may include the opportunity to increase coverage within the existing rollout through efficiency savings.

For example, some villages have multiple roadside cabinets and currently not all of them may be affordable when ranked against other cabinets in neighbouring villages. If additional funding is approved to extend the programme, then it may be possible that these lower priority cabinets could be upgraded at the same time as part of an integrated programme. Figure 1 below shows an example.

Figure 2 – Opportunity to extend coverage within an existing phase



It may, therefore, be possible to achieve a further increase in coverage within future phases of the existing contract if a new contract is let in the relatively near future. Detailed planning for each phase of deployment is completed three to six months in advance, so increased coverage within a phase could be possible if any new contract is signed by the middle of 2014.