

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	20 July 2016
Title:	Hampshire Superfast Broadband Programme Resourcing Requirements
Reference:	7596
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1 The Hampshire superfast broadband programme will extend superfast broadband to around an additional 100,000 households.
- 1.2 The contractual processes within the arrangement between the County Council and BT allow for monies to be returned through underspend in delivery and gainshare if higher than expected take-up is achieved.
- 1.3 Additionally funding from Central Government requires strict assurance processes that the team needs to adhere to.
- 1.4 To maximise the benefits of the additional money and to meet the terms of the grant agreements with central government, the broadband team is seeking additional resource, for which funding is necessary.
- 1.5 This paper sets out the rationale for an increase in funding from £96,000 to £238,000 p.a

2. Context

- 2.1 The programme to deliver superfast broadband is being implemented by BTOpenreach in two stages.
 1. Wave 1 2013 - 2015
Increase from 80 to 90% coverage - Contract 1 reached 78,000 premises between 2013 and 2015. This is complete and we are entering into contract closure. Total contract value £11m.

2. Wave 2 2016 - 2018

Increase from 90 to 95% - Contract 2 will reach a further 44,000 premises between 2016 and September 2018 and the contract value is £18.4m.

- 2.2 The table below shows the funding streams for this programme. More than 50% of the capital cost for this programme is provided by the Department for Culture Media and Sport (DCMS) and they have placed significant audit requirements on local bodies to ensure that this funding is spent in accordance with national guidelines.

	HCC	District Partners	DCMS	Total	Premises >24Mbps
Wave 1	£3.75m	£1.25m	£5m	£10m	59,500
RCBF	-	-	£1m	£1m	3,500
Innovation Fund Trial	-	-	£1.2m	£1.2m	1,700
Wave 2	£9.2m	-	£9.2m	£18.4m	34,500
Grand Total	£12.95m	£1.25m	£16.4m	£30.6m	99,200

- 2.3 In addition to this the County Council is responsible for managing the Universal Service Commitment which offers satellite services to premises with broadband speeds below 2Mbps.
- 2.4 The County Council is also investigating mechanisms to support communities that contain premises in the last 5% of the UK (c.23,000 premises in Hampshire) that are currently beyond the financial scope of the programme and current government targets.
- 2.5 The programme has a dedicated website which receives around 2,000 visitors per month and there are a further 2,000 followers on Twitter and more than 26,000 residents have registered their interest in the programme via the website.
- 2.6 Wave 1 is drawing to close and should see savings of up to £1m achieved from the original capital budget. This could be used for reinvestment to deliver further coverage for the last 5%.

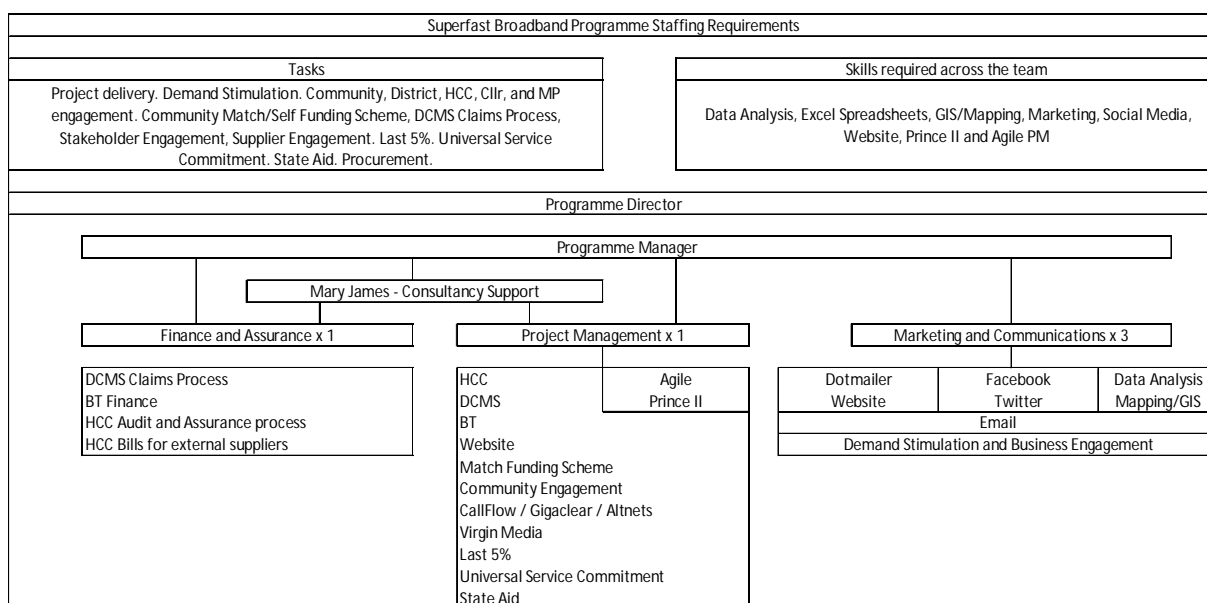
3. Marketing

- 3.1 The programme has stakeholders across a wide variety of areas: Residents and businesses in Hampshire, County and District Councillors, Central Government including MPs, DCMS, DCLG, District Councils, BT Group and BTOpenreach.

- 3.2 Take up of services is a key element of achieving value for money from the project because mechanisms exist within the contract to return money to HCC if take up exceeds initial expectations. Take up levels at 10% above the initial estimate will see £1.7m returned to the project. If take up increases to 50% (standard broadband take up stands at over 90% across the county) then a rebate of c.£5.4m will be due at contract end. The monies that we receive back from BT as a result of take-up exceeding expectations could be reinvested to extend coverage into the last 5%. Marketing and communications form a key part of this objective and to keep on top of existing levels of enquiries and build on the existing marketing programme to increase take up, funding is sought for an additional marketing resource.

4. DCMS Claims Process and Auditing

- 4.1 Fifty percent of the capital cost of the project is provided by grants from DCMS. DCMS has placed requirements on local bodies to complete assurance processes with BT Group before paying the allocated grant.
- 4.2 Auditing invoices submitted by BT and handling the claims process with DCMS (and possibly other government departments) is therefore a key issue for the successful delivery and careful management of the project.
- 4.3 Adequate resources to complete these tasks are vital as they will ensure the government grant stream is maintained and approval is sought for additional funding to support this.
- 4.4 Additionally, to ensure that there is suitable resilience within the project at a senior level it is proposed to retain a specialist consultant for 4 days per month.
- 4.5 The proposed revised structure for the programme organisation is laid out below.



4.6 The budget provision required to meet the above is laid out in the table below:

Staffing Requirements			Outturn for 2015/16	Proposal for 16/17
Role	Grade	Cost	2015/16	2016/17
Programme Manager	H	£ 62,328	£ 62,328	£ 62,328
Project Manager	F	£ 42,954	-	£ 42,954
Data Analyst	F	£ 42,954	-	£ 42,954
Marketing 1	E	£ 33,304	£ 33,304	£ 33,304
Marketing 2	E	£ 33,304	-	£ 33,304
Marketing 3	E	£ 33,304	-	£ 33,304
Assurance Consultant	Consultant	£ 27,200	-	£ 27,200
Total		£ 275,348	£ 95,632	£ 199,090
Support services				
IT – HCC and Website			£ 15,000	£ 15,000
Marketing budget			£ 23,736	£ 23,739
Total			£ 38,736	£ 38,736
Cash Limit			£ 95,932	£ 95,932
Grand Total			£ 134,368	£ 237,826

4.7 In summary, the increase in resources set out above will seek to address the points made in this report through:

- Responding to increasing numbers of enquiries from the public and other stakeholders;

- Increasing marketing activity to drive take-up, which in turn will return monies to the County Council for potential re-investment in coverage for the last 5%; and
- Managing the complex contract management and assurance process, both for internal means and to satisfy stringent requirements from DCMS attached to the funding stream.

4.8 Recognising the extent of monies coming back to the project from underspend and gainshare as outlined above, the programme is seeking an increase in budget from £96,000 to £238,000 p.a. until 2019/20 to be funded from the Corporate Policy Reserve.

5. Recommendation

5.1 That the Executive Member for Policy and Resources approves the increase in budget from £96,000 to £238,000 p.a. until 2019/20, to be funded from the Corporate Policy Reserve.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Maximising well-being:	yes
Enhancing our quality of place:	yes

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Hampshire Superfast Broadband – Getting Connected	6456	22/01/2015 EMPR
Superfast Broadband in Hampshire	7363	21/03/2016 Cabinet
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

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.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

- (a) The County Council is not entering into the provision of Superfast Broadband services to any individual or business. Residents in areas where these services are available will purchase services relevant to their requirements from private sector providers operating in the retail market. As the responsible 'local body', the County Council will seek to implement Government policy to make it possible for all residents and business premises to access a service capable of operating at a download speed of at least 2 Mbps.

2. Impact on Crime and Disorder:

2.1. None identified.

3. Climate Change:

3.1. How does what is being proposed impact on our carbon footprint / energy consumption? Positive impact.

2.2 How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Positive impact.