

Wiltshire Council

Overview and Scrutiny Management Committee

18 September 2018

Task Group Update:

Wiltshire Online Programme Board

Cllr George Jeans, OS representative on the Wiltshire Online Programme Board has provided the following report:

1. My report has been made with much help from Sarah Cosentino.
2. The Wiltshire Online (WOL) programme is designed to provide a fibre broadband service via a variety of technologies including Fibre to the Cabinet (FTTC) and Fibre to the Premises (FTTP). The areas we intervene in is where commercial providers consider the area to be financially non-viable – this is known as the Intervention Area (see explanation below). Without Wiltshire Council's investment, approximately 40% of Wiltshire would not have access to superfast broadband. The council's approach is designed to deliver fibre broadband to the greatest number of premises for the budget available. As we continue to deliver the contracts, the overall percentage of coverage increases however, there may be very small pockets of premises possibly unprovided for. Dealing with these queries can take up a significant amount of officer time.
3. There are currently 4 contracts being managed within the WOL programme:

Contact 1	BT	Build Complete. 80,321 premises reached with FTTC fibre broadband.
Contact 2	BT	In-build State Aid due diligence work ongoing
Contact 3 (Ultrafast South)	BT	In-build State Aid due diligence work ongoing
Contact 3 (Ultrafast North)	Gigaclear	In-build State Aid due diligence work ongoing

4. Contract 1 was a great success with a take-up of the service of over 55%; this excellent take-up rate continues to generate further funds, referred to as Gainshare, into the contract for future investment.

5. The remaining contracts are in-build and the build is going well. The contracts are well managed via the weekly informal working sessions, monthly formal operational meetings and quarterly board meetings. Cllr John Thomson, Cabinet Member, attends the Project Board regularly and has been consistently robust when required in my opinion.
6. The purpose of this update is to introduce overview and scrutiny to the impact State Aid compliance is having on the in-build contracts and the work we are currently undertaking to resolve the issues. State Aid rules ensure public funds are not spent where a commercial provider is likely to or has already provided a fibre service.

How EU State Aid law shapes the WOL programme

7. The Wiltshire Online programme must comply with EU State Aid law to ensure that public money is invested appropriately. Each State Aid compliant activity is monitored and assured by central government. Prior to entering into each contract via the procurement process, Wiltshire Online conducted an Open Market Review with the communications industry to establish the current fibre broadband infrastructure already in place in Wiltshire and where there were plans for investment in such infrastructure in the coming three years. The areas that were not going to be targeted commercially formed what is known as our 'intervention area' and it is where we, as per EU State Aid law, are allowed to invest public money in.
8. Even though the intervention area is set at the procurement stage, the plans of commercial providers are fluid, they can and do change; their response to an Open Market Review is not a legal commitment. It is also worth noting that there are more fibre providers operating in Wiltshire than ever before. Consequently, in order to ensure that we do not breach State Aid law, the Wiltshire Online delivery team must monitor our funded build footprint on an ongoing basis. It is essential that we continue to invest public funds only in those premises that do not have a superfast fibre service.
9. This ongoing state aid due diligence work has identified premises across Wiltshire that already have a superfast service via commercial providers amending their build plans or deployment efficiencies that were not identified when defining the intervention area, this is referred to as overbuild. This is a national issue though Wiltshire has been instrumental in highlighting the problem and working with both central government and suppliers to determine a way forward.
10. This current State Aid issue is having an impact on all of our in-build contracts. Where we have identified any overbuild the supplier must look to remove the overbuild premises, review the impact on the remaining build area, provide an

impact assessment on the cost and implications to the remaining build. This is then assured as a formal contractual change to which we must agree.

Challenges

- Length of time it takes the suppliers to model the removal of premises, associated cost and impact on remaining premises in existing build plans
- Length of time it takes the suppliers to re-model to new premises
- Length of time it takes Central Government to assure before we complete the contractual change
- Build in some areas has been paused as we look to understand the overbuild
- An impact could be the current build plans change or there is a need to extend the build timeline and the message to residents needs to be managed

Opportunities

- The result of commercial investment and increased competition of fibre providers is more premises are receiving a fibre service
 - The overall percentage coverage of broadband in Wiltshire is increasing
 - The 'un served' percentage is decreasing
 - Premises we remove due to overbuild free up funds so we can make progress and extend our reach to pick up even more premises without a service
11. Overall the due diligence work is creating time and resource intensive contract management and deployment issues for the team to work through. However, it should be noted the short-term issues will eventually result in a better long term broadband picture for Wiltshire. The WOL board are monitoring the situation and working closely with both the suppliers and central government. Wiltshire Council in my opinion are diligently managing the Milestone to Cash process to ensure that a supplier is not paid for premises that are not eligible; it must be noted that no supplier has tried to do this and they are working closely with us to manage this issue.
12. We expect the current activities to be completed by the end of this quarter (December 2018) after which I can provide an update on the outcome. I am pleased to report this project has and is being managed well by Wiltshire Council. As I indicated before the program at present has been provided within budget and is to be applauded I believe.

Cllr George Jeans, OS representative on the Wiltshire Online Programme Board