



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

Thursday, 25 July 2024

Report of the Executive Director - Place

Derbyshire Digital Connectivity Strategy
(Cabinet Member for Infrastructure and Environment)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is a key decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant having regard to the budget for the service or function concerned (this is currently defined as £500,000).

3. Purpose

3.1 That Cabinet considers and approves the Derbyshire Digital Connectivity Strategy– and its subsequent publication - and agrees to the utilisation of an initial £300,000 from the Superfast Gainshare Fund to aid delivery of the proposed interventions.

3.2 That Cabinet notes the proposed development of a detailed, costed Delivery Plan for the Strategy and approves it be brought for consideration and sign off at a future Cabinet meeting.

4. Information and Analysis

Background

- 4.1 Digital connectivity is a key strand of the new Council Plan, 2024 and was identified as a priority in the administration's manifesto of 2021. Specifically, the Council recognises the importance of good digital connectivity across the county; not just the need to improve broadband access, speed and reliability for homes and businesses across the County but to ensure rural and remote locations are able to enjoy the same level of connectivity as urban areas.
- 4.2 Change brought about by the COVID19 pandemic has resulted in increased reliance on digital connectivity for Derbyshire's residents and businesses; for example, supporting home working, schooling, retailing, transactions etc. It has affected the Council in much the same way, driving changes in the way services are provided and accessed with high levels of remote working and on-line transactions. With this comprehensive shift in behaviours in mind, location cannot be a determining factor in ability to access reliable and speedy digital networks.
- 4.3 The Council has an ambition to achieve as close to 100% broadband coverage across the County and connect the hardest-to-reach locations. In its drive to achieve this ambition, the Council has worked in partnership with the Department for Digital, Culture, Media & Sport (DCMS) and Openreach to deliver its Superfast programme. Work has taken place over a nine year period split over two contracts:
- This first contract ran from 2014 to 2016 and was successful in improving broadband access to over 90,000 homes and businesses across the County that would not have received an improved service without intervention. The total value of the contact was £13.5m.
 - The second contract with Openreach ran from 2016 to 2023 and has resulted in over 25,000 premises receiving better broadband. The contract value was £10.4m.
 - Combined funding for both Contracts 1 and 2 was £23.97m - resulting in 120,412 premises receiving an improved broadband service. 109,838 of which exceeded the Superfast download Speed target of 24Mbps.
- 4.4 This programme has now concluded and it is estimated there are approximately 7,500 business and residential premises remaining that have a poor broadband service i.e. download speeds below 24Mbps. (NB the UK average broadband download speed – as of March 2023 –

was 69.3Mbps, highlighting the significance of the challenge for some of Derbyshire's communities). Around 3,000 of these premises only have access to download speeds below 10 Mbps. For the avoidance of doubt, Superfast broadband service provides speeds of 30Mbps to 100Mbps' speeds that exceed this fall into either Ultrafast or Gigabit categories. The faster the broadband speed, the faster files, movies and games can be downloaded. It also allows businesses to operate in a more efficient way.

- 4.5 Both contracts for the Superfast Programme made provision for the Council to receive a proportion of Openreach revenue generated by the infrastructure installed. This is based on the percentage take up of the digital service. Approximately £1.8m is expected to be returned to the Council from the Gainshare on Contract 1; Contract 2 will continue to receive Gainshare payments, although they will be significantly less than Contract 1 due to delivery being on smaller scale (less than 30% of the numbers delivered under Contract 1) and the contractual "take up" threshold being higher.
- 4.6 The Government (via Building Digital UK (BDUK)) is now implementing "Project Gigabit" as its flagship, £5billion programme to deliver next generation access to broadband services and enable hard to reach communities across the Country to access lightning-fast (1000Mbps/1Gbps or more), gigabit capable broadband where they have been left behind by commercial suppliers. Project Gigabit also includes the 'Rural Gigabit Voucher Scheme'. This programme aims to deliver full fibre broadband under a community-based voucher scheme. BDUK offer vouchers of up to £4,500 per resident that communities can pool together to fund the fibre infrastructure build. The Council will be working closely with BDUK to support the programme, including providing a 'top-up' function to the Rural Gigabit Voucher scheme, to increase the overall voucher values to ensure that difficult to reach locations are not further left behind. Final planning and procurement of gigabit technology for Derbyshire will take place in early 2024, with installations commencing in the second half of 2024 continuing into 2026.
- 4.7 'Planned' commercial activity is being taken into account as the scope for Project Gigabit - only those areas with no plans to be upgraded by private providers will be eligible for funding via project gigabit. This includes Openreach who has announced a series of upgrades across Derbyshire (exact locations unknown) and Virgin Media who is focusing installation in areas of high population density and is not currently extending into the Derbyshire Dales or High Peak areas. Virgin Media is

also a closed network and does not facilitate a choice of supplier. Smaller, alternative network providers (AltNets) are expressing an interest in delivering in Derbyshire as well but, once again, are mainly concentrating on locations with higher potential subscriber density.

4.8 It is estimated that around 49,000 premises across Derbyshire have no gigabit network infrastructure and none is likely to be developed within three years. Of the 49,00 an estimated 23,000 residential and commercial premises in Derbyshire will benefit from Project Gigabit, some of these will include the 3,000 premises outlined above that are currently receiving less than 10mbps. It should be noted, however, that there remains a risk of some premises and communities still being left behind as not all the required areas will receive the benefits of Project Gigabit.

4.9 In summary, the core facts driving the need for further intervention to improve digital connectivity are:

- The current baseline of digital connectivity in Derbyshire is:
- Total of 347,000 premises in Derbyshire
- 97% of premises have access to Superfast (>30mbps)
- 3 out of 8 Derbyshire districts are below the UK average for full fibre availability; 7 out of 8 districts below average for gigabit availability - Derbyshire Dales and High Peak are the lowest of both
- 3,000 premises are receiving speeds less than 10mbps – ‘Not-spots’
- 22,000 premises eligible for Project Gigabit
- 35,505 premises in white areas – with no planned commercial activity
- PSTN switch off is imminent – implications for residents and businesses
- Rural areas are expensive to connect, often receiving quotes upwards of £10,000 for connection.

Going Forward: Strategy Development

4.10 Given all the above, and through discussion at the Digital Derbyshire Partnership Board, it was agreed that a clear strategy and action plan was needed to help evaluate the current baseline of digital access, assess the delivery environment and set out a strategic approach to tackling the issues to make sure Derbyshire’s residents and businesses have good access to reliable, high speed digital connectivity, making best use of the available resources and market conditions.

4.11 The objectives of the strategic approach are to:

- Ensure a strategic response with a Derbyshire-wide focus

- Utilised The County Council's role as broker and facilitator of solutions
- Maximise use of BT contract and gainshare funding
- Build on the success of Derbyshire's Superfast Broadband programme by ensuring communities and premises do not fall behind in the fast-paced digital world.
- Connect rural and digitally isolated communities.
- Support the social, economic and digital priorities set out in the Council Plan.
- Secure growth and increased productivity.
- Attract digital investment to Derbyshire – seeking external funding opportunities

4.12 Given the limited internal resources of the County Council, a competitive exercise was undertaken to secure suitably qualified experts to help draft the Strategy: Intelligens Consulting was the preferred bidder and work has taken place over the last nine months to:

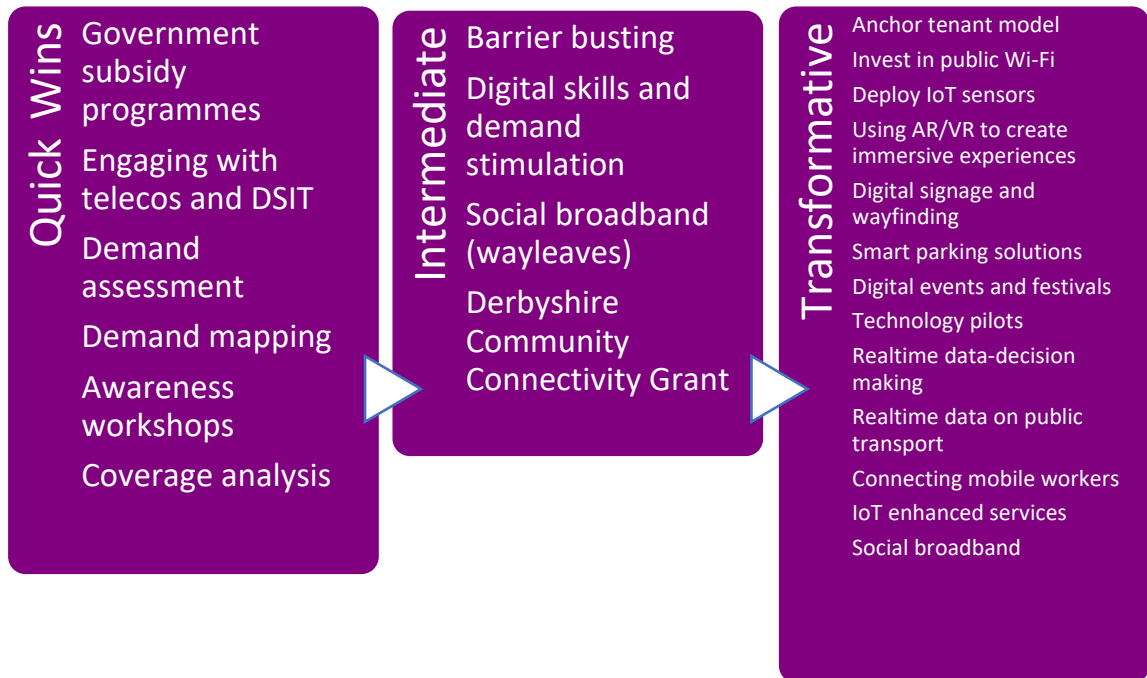
- Engage with internal stakeholders to understand the Council's digital ambitions and business operating environment.
- Engage with external stakeholders – local authorities and business community to understand the changing shape of local demand.
- Evaluate the current levels of broadband speed and coverage across the County
- Benchmark good practice approaches in other rural geographies
- Provide expert opinion on developments in the commercial market and direction of travel for digital connectivity.
- Use all the above to develop a draft Digital Connectivity Strategy and associated Action Plan.

4.13 As a result of the above activity, a Connectivity Strategy has been drafted (copy provided at Appendix 2), setting out eight priorities and areas for intervention to tackle the digital divide and challenges outlined above. The eight priority areas are:

- Enhancing Rural Broadband and Improving Council Access to Connectivity Information.
- Connected Tourism and the Visitor Economy.
- Town Centres and Urban Areas.
- Business Connectivity and Productivity.
- Sustainable Transport.
- Access to Council Services.
- Mobile Coverage.

- Digital Inclusion.

4.14 Each intervention option has been categorised into ‘Quick Wins’, ‘Intermediate’ and ‘Transformative’ solutions, correlating to delivery over the short term, medium term and long-term. The diagram below summarises the proposed intervention areas.



4.15 The core proposition of the Strategy is to develop an ‘Anchor Tenant’ model which seeks to:

- Help tailor the procurement of Council and other public sector information/communication technology (ICT) services to act as an ‘anchor’ in attracting investment in digital infrastructure without need for additional public subsidy.
- Explore alternative technologies where fixed broadband is too expensive.
- Maximise the significant opportunities offered if adopted across the East Midlands County Combined Authority (EMCCA) geography – in the longer term.

4.16 The Strategy sets out the anchor tenant proposal in more detail, and it is noted there are challenges around timescales for delivery, given the links to procurement schedules and potential involvement of other partners; the model is therefore proposed as a transformative, longer-term proposition.

- 4.17 However, to ensure good progress and impact in addressing some of the immediate connectivity challenges being faced by businesses and residents, the Strategy also identifies a number of 'Quick Wins' which are capable of being delivered over a relatively short amount of time, utilising existing funding (received through early Superfast Gainshare repayments).
- 4.18 Delivery proposals are set out in the Delivery Plan (Appendix 3) which accompanies the Connectivity Strategy and include indicative allocations of funding and lead organisations against the prioritised interventions. It is intended that the Delivery Plan will be updated annually, with the purpose of re-evaluating the remaining intervention options set out within the strategy as 'future interventions'. This delivery plan will be published on www.digitalderbyshire.gov.uk.

Funding Delivery

- 4.19 A proportion of the Superfast Gainshare will be used to fund the Action Plan. As it stands, the Council is expecting to receive £1.4m funding from Contract 1. Contract 2 will continue to receive Gainshare payments until 2026, although it is not expected to be as high as Contract 1. It is proposed that an initial £300,000 of this Gainshare payment be used to fund delivery of the Digital Connectivity Strategy and Action Plan.
- 4.20 The Council has already received a payment from the Gainshare of £2.3m, of which 50% has been paid back to BDUK, leaving the local body with £1.16m (as per the contract). A total of £500,000 of this has been marked as reserved to fund the Gigabit Voucher Top-Up scheme, which is due to re-open for applications in 2024. A total of £600,000 has been put towards funding the Digital Derbyshire Team including the joint Digital Connectivity Manager post, shared with Nottinghamshire County Council, as part of the Combined Authority.

5 Consultation

- 5.1 To provide a full and detailed Digital Strategy and Action Plan, discussions were held in the form of stakeholder workshops with all relevant parties. This included the economic development leads at the borough and district councils, highways, adult and social care, corporate ICT, finance and the Cabinet Member - Infrastructure and Environment.
- 5.2 All feedback from stakeholders has been taken on board to produce the final Digital Strategy and Action Plan. The Strategy includes a segment of feedback and concerns gathered from stakeholders which was then used to determine the priorities for the action plan.

6 Alternative Options Considered

- 6.1 **Option 1:** Do Nothing - This is not considered an appropriate option as it would mean the Council would be left without a Digital Connectivity Strategy and leave areas of the County at risk of being left further behind digitally. It would likely result in the Superfast Gainshare funding being spent in an ad-hoc approach and not providing value for money.
- 6.2 **Option 2:** Alternative Strategy - A different approach could have been taken to produce a Strategy including the Council doing the work without the help of a consultant. Although this option could have been better financially, the final product may have lacked the required detail needed to ensure appropriate intervention options were identified. By using a consultant that specifically works within the telecoms industry, it has enabled the Council to gain the help of an experienced and suitable consultancy team with access to case studies and the latest industry practice.

7 Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8 Background Papers

- 8.1 Reports of Intelligens from Stakeholder meetings (Confidential).

9 Appendices

- 9.1 Appendix 1 – Implications.
- 9.2 Appendix 2 – Proposed Derbyshire Digital Connectivity Strategy.
- 9.3 Appendix 3 – Proposed Delivery Plan.

10 Recommendations

That Cabinet:

- a) Considers and approves the Derbyshire Digital Connectivity Strategy, including the proposed interventions and approves its subsequent publication.
- b) Agrees to the utilisation of an initial £300,000 from the Superfast Gainshare Fund to aid delivery of the Strategy.
- c) Agrees to the costed Delivery Plan for the Strategy.

11 Reasons for Recommendations

11.1 The Digital Connectivity Strategy is focused on ensuring all communities have access to faster and more reliable digital connection and are able to engage in on-line activity fully, supporting improved economic and social wellbeing.

12 Is it necessary to waive the call in period?

12.1 No.

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Implications

Financial

- 1.1 Through the Superfast Gainshare contract, the Council is due to receive a further £1.4m from Contract 1. An initial £0.300m of this funding is earmarked for the action plan that will be required to ensure delivery of the Derbyshire Digital Connectivity Strategy and its Delivery Plan.

Legal

- 2.1 There are no legal implications as a result of this report. The input of the Director of Legal Services will be secured as new or additional contracts are proposed to support the delivery of the Derbyshire Connectivity Strategy.

Human Resources

- 3.1 None.

Information Technology

- 4.1 The whole Digital Connectivity Strategy embeds the principles of improved (faster and more reliable) digital connection across the County.

Equalities Impact

- 5.1 The focus of the Strategy on securing faster and more reliable connections to current 'hard to reach' communities will ensure that vulnerable and protected groups in those communities have access to improved digital connectivity.

Corporate objectives and priorities for change

- 6.1 Improved digital connectivity was a manifesto commitment for the administration in 2011. This commitment is reflected as a priority in the Council Plan 2021-2024 '*Finalise and implement a new Digital Strategy for Derbyshire, including support for the roll out of gigabit technology Ensured access to superfast infrastructure for all residents and businesses in Derbyshire*'.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 Further work will be undertaken with Corporate IT to explore the Anchor Tenant intervention in more detail as part of work to complete the detailed Delivery Plan.