HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	12 December 2023
Title:	Superfast Broadband: Project Conclusion
Report From:	Director of Hampshire 2050

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Purpose of this Report

1. The purpose of this report is to provide a summary of the achievements and lessons learnt from the delivery of the Superfast Broadband Programme.

Recommendation

2. That Cabinet notes:

   a. The successful completion of the superfast broadband programme and the positive social and economic impact it has delivered for residents and businesses across Hampshire.

   b. That the proactive marketing campaign will deliver rebates of £7.2million against a project capital spend of £12.95million.

   c. That the £2million Hampshire County Council Gigabit Voucher Top Up schemes will deliver Full Fibre Gigabit Broadband to 5,407 premises in 44 villages.

   d. That County Council support for communities accessing the government funded Gigabit Voucher Scheme will enable a further 10,465 premises to have access to Full Fibre Gigabit Broadband.

   e. That the superfast broadband programme has developed strong and beneficial links with central government, commercial suppliers of fixed broadband and mobile phone networks, community groups, Parish Councils, District Councillors, County Councillors and MPs and helps to bring inward investment to Hampshire.

   f. That the superfast broadband programme has helped shape the Project Gigabit procurements, bringing a further £118million of government investment into Hampshire to deliver full fibre broadband.

Executive Summary

3. Digital connectivity is essential to our daily lives, supporting community cohesion, economic growth, remote working, access to education, entertainment, news, leisure, and healthcare.

4. The Superfast Broadband Programme in Hampshire commenced in 2013. It comprised the procurement of a contract to deliver digital infrastructure to premises that would not be reached by commercial market. It also launched what was to become a series of subsidised schemes whereby communities could collectively raise the funds they needed to deliver infrastructure to their premises.

5. The programme has now concluded. This report sets out the background to the programme, describes the achievements and summarises the key benefits.

6. The Hampshire Superfast Broadband Programme has had a substantial effect in accelerating the roll-out of superfast broadband infrastructure and the programme has exceeded its objectives to reduce the digital divide. It has extended coverage in Hampshire beyond the 95% originally envisaged to 97.8% and has attracted significantly more inward investment than forecast. The support of the County Council has enabled communities to take full advantage of the benefits of the programme – thus extending its reach well beyond that originally envisaged.

7. This has a direct and beneficial impact on the prosperity of Hampshire as a place and the health and wellbeing of its residents. BDUK (the government's executive agency) has concluded that the scheme has increased employment growth and productivity, improved public sector efficiency and substantially reduced the digital divide[1].

Background

8. Digital Equity is, unsurprisingly, a critical issue for society:

    "A lack of digital skills and access can have a huge negative impact on a person's life, leading to poorer health outcomes and a lower life expectancy, increased loneliness and social isolation, less access to jobs and education.

    It can mean paying more for essentials, financial exclusion, an increased risk of experiencing poverty. People who are digitally excluded also lack a voice and visibility in the modern world, as government services and democracy increasingly move online."[2]

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[1] Superfast Broadband Programme - final evaluation report (publishing.service.gov.uk)
[2] The digital divide - Good Things Foundation

9. The Superfast Broadband Programme was announced in 2010 in response to concerns that the commercial deployment of superfast broadband infrastructure would fail to reach many parts of the UK. The Department for Digital, Culture, Media, and Sport (DCMS) was directed to intervene in the market to ensure that at least 90% of premises would be connected to superfast services by 2016; this target was then extended to 95% by 2018. To achieve this DCMS set up Broadband Delivery UK (BDUK), later rebranded Building Digital UK (BDUK).

10. Analysis of market conditions in Hampshire revealed that 1 in 5 properties (20%) would not be upgraded by commercial investments leaving more than 120,000 premises left behind, spread across rural Hampshire in 261 parishes. Residents in these communities have less physical proximity to services and businesses and therefore digital infrastructure and connectivity is deemed to be vitally important.

11. In 2013 local authorities were asked to work with BDUK to undertake procurements via the BDUK Framework Agreement to buy coverage in their area. BDUK offered match funding for these procurements. HCC ran two separate procurements which were both awarded to BT Group and delivered by Openreach – this commenced Hampshire's Superfast Broadband Programme.

12. The County Council provided £12.95million of funding which attracted a further £14.2million from central government, £1.25million from District and Boroughs and £7.6million from BT Group.

13. The broadband contracts offered considerable protection for the taxpayer. The contracts were fixed price and if uptake of services was higher than expected, a clawback mechanism known as Gainshare ensures a rebate was paid to the public purse. Once each contract was completed, uptake of services was monitored on a quarterly basis and Gainshare payments were made to the authority at two-year intervals.

14. The County Council was therefore incentivised to promote the benefits of the network to residents and businesses and ensure that as many people as possible took up a service. To this end, the County Council proactively sought to engage with Parish Councils, resident, and business groups to make sure people knew when the service was available. As a result, uptake of service for superfast broadband in the project area is higher than in areas upgraded via commercial investments.

15. Alongside the procurement contracts ran a Community Match Funding Scheme, described more fully below.

16. In 2018 the Government launched Project Gigabit. Project Gigabit aims to enable hard-to-reach communities to access gigabit-capable broadband. It supersedes the Superfast Broadband programme and is part of the continuum of support for digital connectivity. It comprises both procurement contracts for

hard infrastructure and new iterations of voucher schemes. The relationship between Superfast Broadband and Project Gigabit is described below (with orange representing components of the Superfast Programme and Green representing components of Project Gigabit):

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Superfast Broadband Infrastructure Procurement											
									Project Gigabit Infrastructure Procurement →		
			Voucher - CMFS		Rural Gigabit Voucher	UK Gigabit Voucher Scheme				?	?

17. This report concerns itself with a review of the Superfast Broadband Programme to its conclusion in November 2023. However, delivery of the Broadband and Gigabit voucher schemes to this date is also considered.

Programme delivery

18. The County Council's investment into broadband services for areas that are not commercially viable has:

    a. Increased availability of Superfast Broadband from 80% in 2012 to 97.8% of premises across the County in 2023;

    b. Brought superfast broadband to 115,000 properties beyond the reach of commercial funding;

    c. Installed more than 1,200 new network points in 260 Parishes;

    d. Installed over 1 million metres of new fibre optic cables.

19. Across Hampshire more than 103,000 premises have been upgraded to superfast speeds (>24Mbps), with a further 12,000 having access to gigabit capable Full Fibre (FTTP) broadband.

20. Appendix 1 Figure 1 shows the location of over 1,200 sites where new broadband infrastructure has been installed.

21. Table1 shows the increase in availability of superfast broadband coverage delivered by the programme per district, revealing that East Hampshire, Test Valley and New Forest saw the largest increase in coverage and all have coverage above 95% of premises.

Table 1 - Superfast coverage by District

District	% Superfast (24Mbps) 2013	% Superfast (24Mbps) November 2023
Basingstoke and Deane	75%	97.8%
East Hampshire	63%	96.5%
Eastleigh	93%	98.8%
Fareham	95%	99.2%
Gosport	96%	99.8%
Hart	79%	98.0%
Havant	98%	99.7%
New Forest	69%	96.8%
Rushmoor	95%	98.2%
Test Valley	65%	96.5%
Winchester	72%	95.6%
Grand Total	**80%**	**97.8%**

Source: ThinkBroadband

Voucher Programmes

22. The Superfast Broadband procurement programme was funded to reach 95% of premises across Hampshire and managed to extend that outcome to over 97% with the same budget. However, this left some 20,000 properties with speeds below 24Mbps and no mechanism to support them. To address some of this gap, BDUK developed three different voucher schemes[3], two of which were launched as part of Project Gigabit.

23. Communities requested support to access the government voucher schemes, often via County Councillors and MPs or Parish Councils. The County Council supported schemes through engaging with BDUK and suppliers to navigate the process and mapping broadband coverage in Parishes to help potential applicants understand the areas they needed suppliers to serve.

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[3] Broadband networks are priced based on the average cost per property passed, known as Total Homes Passed (THP). The voucher schemes do not pay suppliers based on the number of properties passed (THP), only for each household that takes up a Voucher.

24. A summary of the various schemes is as follows:

Scheme	Available to	Funding	Outcomes	For more information:
Community Match Funding Scheme (CMFS) – Openreach only (from 2016)	Communities that were not covered by the superfast programme.	Communities were required to raise 50% of the cost of the new network, with the balance funded by HCC from gainshare funding	9 projects covering 340 premises, with an average gap cost of £1,681.06 per property, totalling £572,000. Communities contributed £293,000 and HCC provided £279,000. After careful renegotiation Openreach agreed to refund community contributions totalling £293,000	Appendix 1 Figure 2
Rural Gigabit Vouchers (from 2018)	Residential and business users in premises in a rural location (as defined by DEFRA) served by speeds below 30Mbps the opportunity to claim a Voucher to pay for the installation of a Full Fibre (FTTP) broadband connection	Suppliers were offered a subsidy of up to £1,500 per residential property and £3,500 per SME (Small and Medium sized Enterprise)	53 projects covering 3,040 premises.	Appendix 1 Figure 3
UK & GB Gigabit Vouchers (from 2019)	An extended intervention area beyond rural to any property with speeds below 100Mbps regardless of location.	Suppliers were offered a subsidy of up to £1,500 per residential property and £3,500 per SME (Small and Medium sized Enterprise).	62 projects covering 12,812 premises	Appendix 1 Figure 4
HCC Top Up	Hampshire residents eligible for Rural and UK&GB Gigabit Vouchers	Voucher value for residential properties increased to £3,500 with HCC top-up	44 communities with TopUp Funding, bringing full fibre broadband to 5,407 properties via 1,454 vouchers and inward investment from BDUK of £2.1m.	Appendix 1 Figure 5

<u>Top Up Funding</u>

25. Following analysis of costs to deploy gigabit broadband services in Hampshire, it became apparent that the £1,500 voucher value was not sufficient for many villages, largely because only 30 to 50% of households in a project area were willing to take up the voucher. This meant that the voucher value needed to be much larger to ensure projects could be delivered.

26. The County Council added £2million of funding (from Gainshare) to the Rural Gigabit Voucher Scheme and the UK Gigabit Voucher Scheme. The additional funding reduced the number of vouchers required within a village to fund a scheme and thus increased the likelihood of the project being delivered. Feedback from communities identified the support provided to them by Hampshire County Council has been very effective in increasing the number of projects completed.

27. At the end of 2022, BDUK announced that it would increase the value of UKGigabit Vouchers to £4,500 per property. However, currently the UK Gigabit Voucher scheme is on hold and closed to new applications whilst the two contracts awarded by BDUK for new infrastructure in Hampshire are mobilised.

Outcomes

28. The Hampshire Superfast Broadband programme has helped reduce the digital divide by ensuring that more than 97% of households can access superfast broadband, enabling them to access the digital economy, digital services, employment and education. It has helped the rural economy, rural health and wellbeing by increasing connectivity, increasing productivity and reducing isolation.

29. On average, households save around £780 a year by being online – this equates to savings of up to £89m per annum for households in the intervention area.

30. In addition to the savings made from purchasing goods and services online, households can benefit further from being able to work remotely, allowing savings against the cost of daily commuting. Money is spent in the local economy, boosting local shops, cafes, restaurants, pubs, and services, revitalising once dormant commuter villages.

31. BDUK commissioned IPSOS MORI to report on the impact of the superfast programmes across the UK[4]. The main findings are listed in Appendix 2 and include clear and detailed evidence of benefits to productivity growth, employment, business, public sector efficiency, and healthcare.

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[4] Superfast Broadband Programme - final evaluation report (publishing.service.gov.uk)

32. Whilst residents have been aware that broadband is not the County Council's responsibility, given the complexities of dealing with government (BDUK) and suppliers on this topic, they have welcomed the County Council approach of working in partnership with communities, government and suppliers to bring better broadband to as many properties as possible.

33. The project has not been without criticism. The cause of most complaints from residents is that the superfast programme was funded to reach 95% of properties, leaving 5% of premises with no clear route to getting the digital access they need to function in a modern society. The next phase of Government intervention, Project Gigabit, seeks to address this gap.

Project Gigabit

34. In 2018 BDUK launched Project Gigabit to encourage the delivery of full fibre broadband across the UK and, specifically, in areas that are not commercially viable to upgrade. Project Gigabit is set up very differently to Superfast Broadband, with a direct relationship between BDUK and suppliers for the procurement elements, and a greater contribution from BDUK towards the voucher scheme.

35. Project Gigabit will bring £118m of direct investment into the County, with more to follow. The Hampshire Superfast programme has worked with BDUK to define the intervention areas and ensure that communities are not missed out by providing local knowledge to help create viable procurement footprints. The programme for Hampshire is divided into two lots:

    a. Lot 27 A is a £14m investment to bring gigabit broadband to 10,000 properties in New Forest, awarded to Wessex Internet.

    b. Lot 27 B is a £104m investment to bring gigabit broadband to 75,000 properties across Hampshire, awarded to CityFibre.

36. The County Council is not directly involved in Project Gigabit in the same way it was with Superfast Broadband. However, there is still an expectation from BDUK that the County Council will support the programme going forward. Officers are currently determining the level of support required, in the context of the County Council's ongoing focus on its specific role and responsibilities.

Climate Change Impact Assessments

37. Improved access to high-speed broadband will support the County Council's twin objectives of becoming carbon neutral by 2050 and to build resilience to a two-degree rise in temperature. Access to improved digital infrastructure enables individuals and businesses to reduce travel and increase productivity.

38. Digital technology can reduce emissions and increase efficiency – for example, the adoption of digital technologies in agriculture (agritech) helps increase yields from arable crops and livestock whilst reducing the volume of inputs required.

39. Digital connectivity also enables better data and information – for example, through the development of environmental monitoring and control systems, helping to reduce waste and improve productivity.

Equalities

40. This project is likely to have had a positive impact across a range of protected characteristics (as defined by the Equality Act 2010) including for people living with disabilities and people of all ages. In addition, it is believed to have had a positive impact on rural communities and poverty.

Next Steps and Conclusions

41. The Superfast Broadband Programme has now concluded and, as this report sets out, has delivered multiple benefits to Hampshire and its residents. It has exceeded delivery targets, meaning that 97.8% of properties in Hampshire can enjoy Superfast Broadband or better. The financial support of the County Council has enabled voucher schemes to extend the reach of the programme – increasing the likelihood of projects being delivered. The practical support of the County Council has enabled communities to take advantage of the schemes on offer and ensured that the infrastructure roll out was well managed and clearly communicated.

42. Overall, this has significantly enhanced the prosperity of Hampshire and the wellbeing of its residents.

43. However, the demand for high-speed digital does not stand still. The Government, through BDUK, has launched its next programme to deliver gigabit capable broadband across the UK by 2030.

44. A further report on the County Council's wider approach to Hampshire's Digital Place Strategy (including its role in Project Gigabit) will be brought to Cabinet in the New Year.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
Title	Date
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	

EQUALITIES IMPACT ASSESSMENT:

1. **Equality Duty**

   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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);

   - Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;

   - Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

   - The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;

   - Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;

   - Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionally low.

2. **Equalities Impact Assessment:**

   The project is registered under EIA 517.

   Consultation

   During the build up to project launch (2012/13) and during project delivery the County Council ran considerable media activity to engage with the public, asking them to register their interest in faster broadband via a dedicated website. During the lifespan of the project HCC received over 30,000 registrations of interest.

   Age – Positive - The project will have a positive impact on all age ranges.

   Disability – Positive - The project will have a positive impact on people with a disability noting that people with disabilities are more likely to access healthcare via online channels.

Gender ReAssignment – Neutral - The project will have a neutral impact for this group.

Pregnancy and Maternity – Positive - The broadband programme will have a positive impact on this group, allowing pregnant women, and those in maternity, to access healthcare and support services via digital channels, reducing social isolation and improving health outcomes.

Race – Positive - The broadband programme will have a positive impact on this group, enabling residents to access digital services which help them in their daily lives, enabling them to access support services and groups, including the use social media and video calling for almost no cost. This will help reduce isolation and improve community cohesion.

Religion or Belief – Neutral - It's not anticipated that the project will have a disproportionate impact on people with this characteristic. However, the project is expected to have a positive impact on all affected residents who depend on internet access.

Sex – Positive - The broadband programme will have a positive impact on this group. Access to broadband enables people to access resources, including advice, information, and counselling, that help fight sex discrimination and abuse helping to promote gender equality.

Sexual Orientation – Positive - The broadband programme will have a positive impact on this group. The broadband programme will enable residents to access support services for LGBTQ Groups via digital channels including social media, reducing social isolation.

Marriage and Civil Partnerships – Neutral - The broadband programme will have a neutral impact on this group. It's not anticipated that the project will have a disproportionate impact on people with this characteristic. However, the project is expected to have a positive impact on all affected residents who depend on internet access.

Poverty – Positive - The broadband programme will have a positive impact on this group. Households that are online pay on average £780 per year less in household bills than those that are not. Access to the internet via highspeed broadband helps improve educational attainment and access to employment, helping to reduce poverty.

Rurality - The broadband programme will have a positive impact on this group. Commercial viability of broadband services is dependent on household density. Less densely populated areas are more expensive to serve and there are fewer customers to pay for the cost of the network once it has been installed. This double impact makes broadband in rural areas particularly expensive to deliver. At the same time, rural communities stand to benefit the most from access to superfast broadband as high-speed connections abolish distance and enable residents to access healthcare services, employment, education and entertainment opportunities usually reserved for those living in urban settings.

Appendix 1

Figure 1: 1,200 New fibre broadband network points installed across Hampshire serving 115,000 properties.
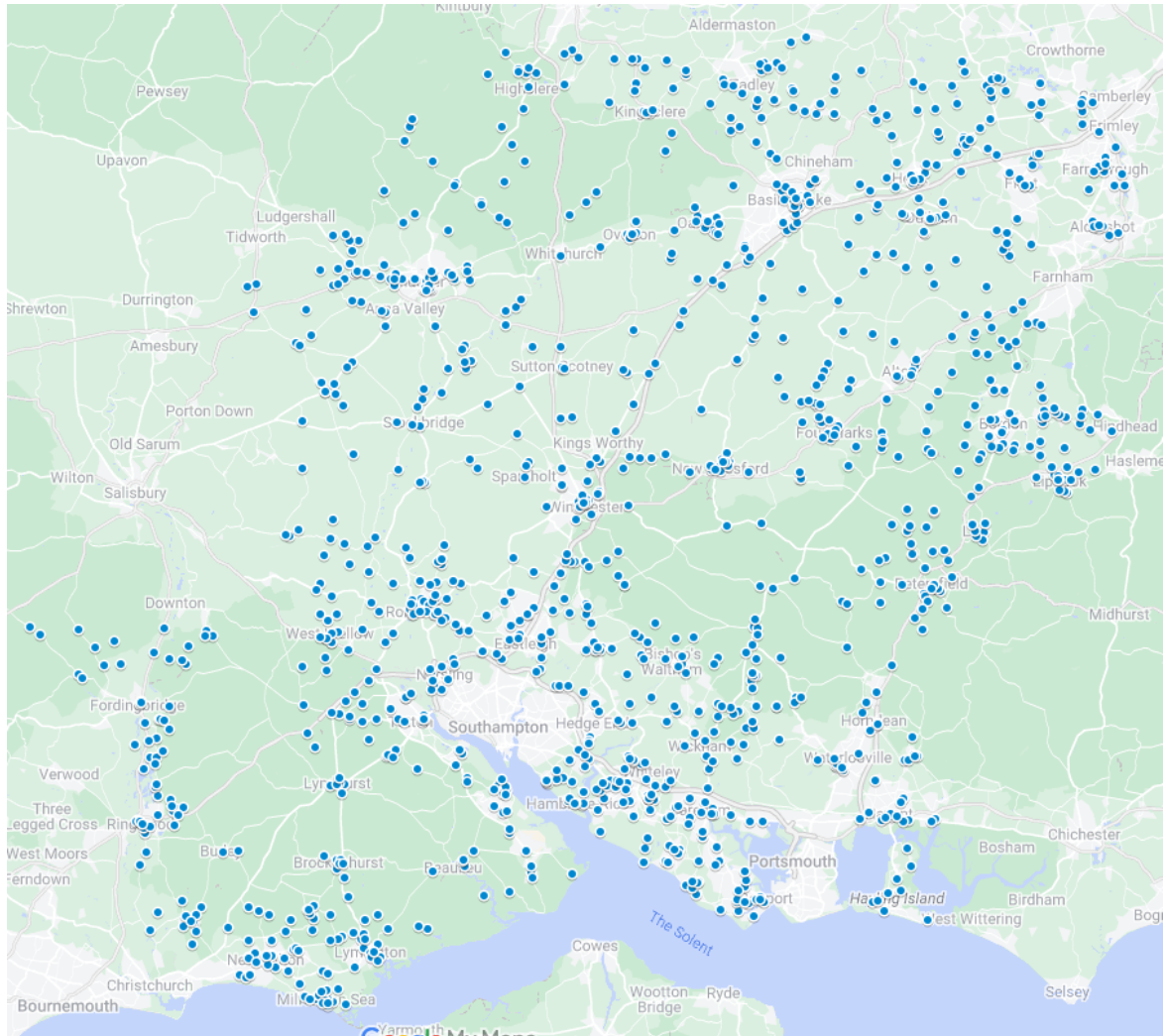
Figure 2: Community Match Funding Scheme Projects

Figure 3 – Rural Gigabit Voucher Schemes (without Top Up Funding)

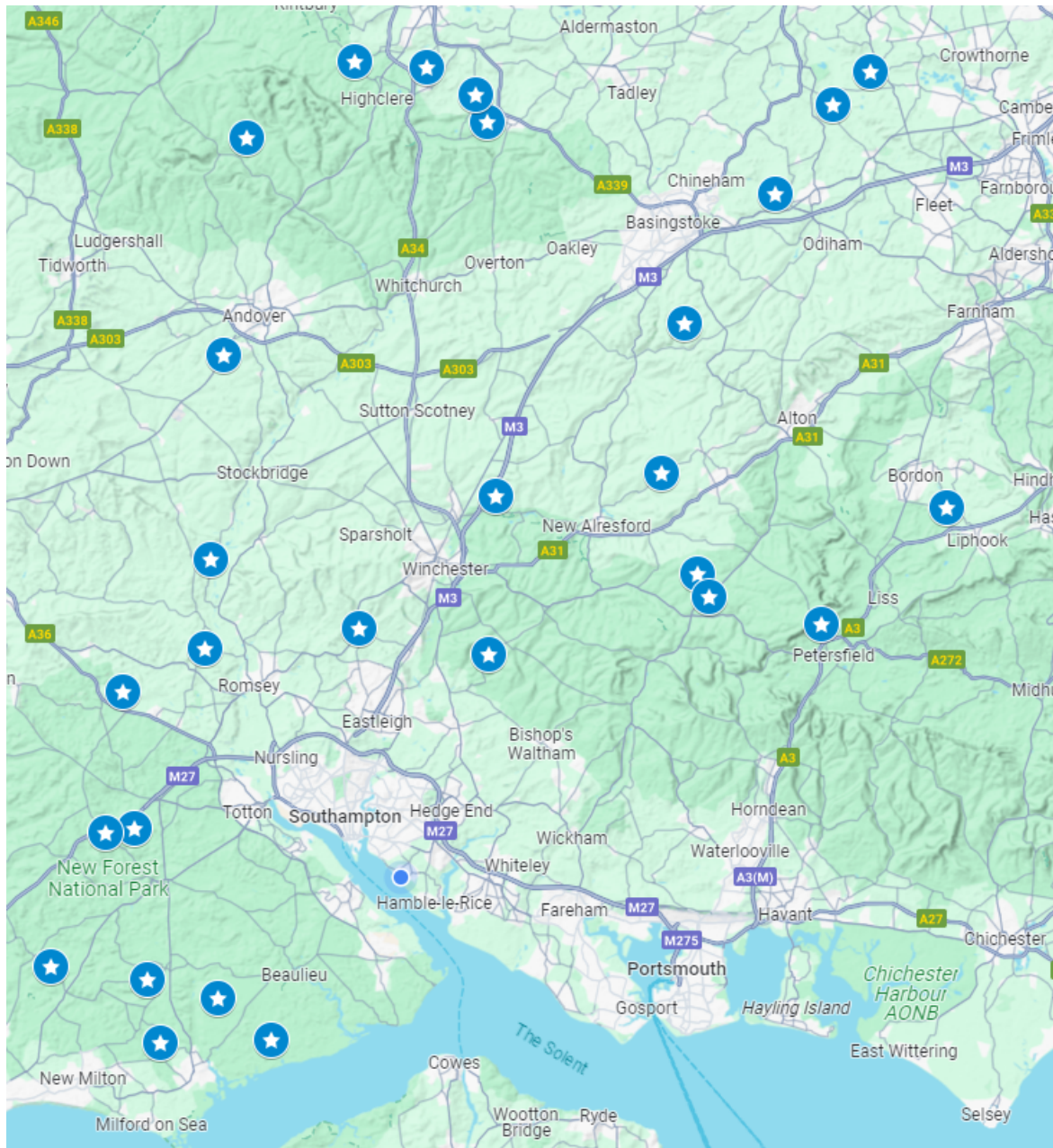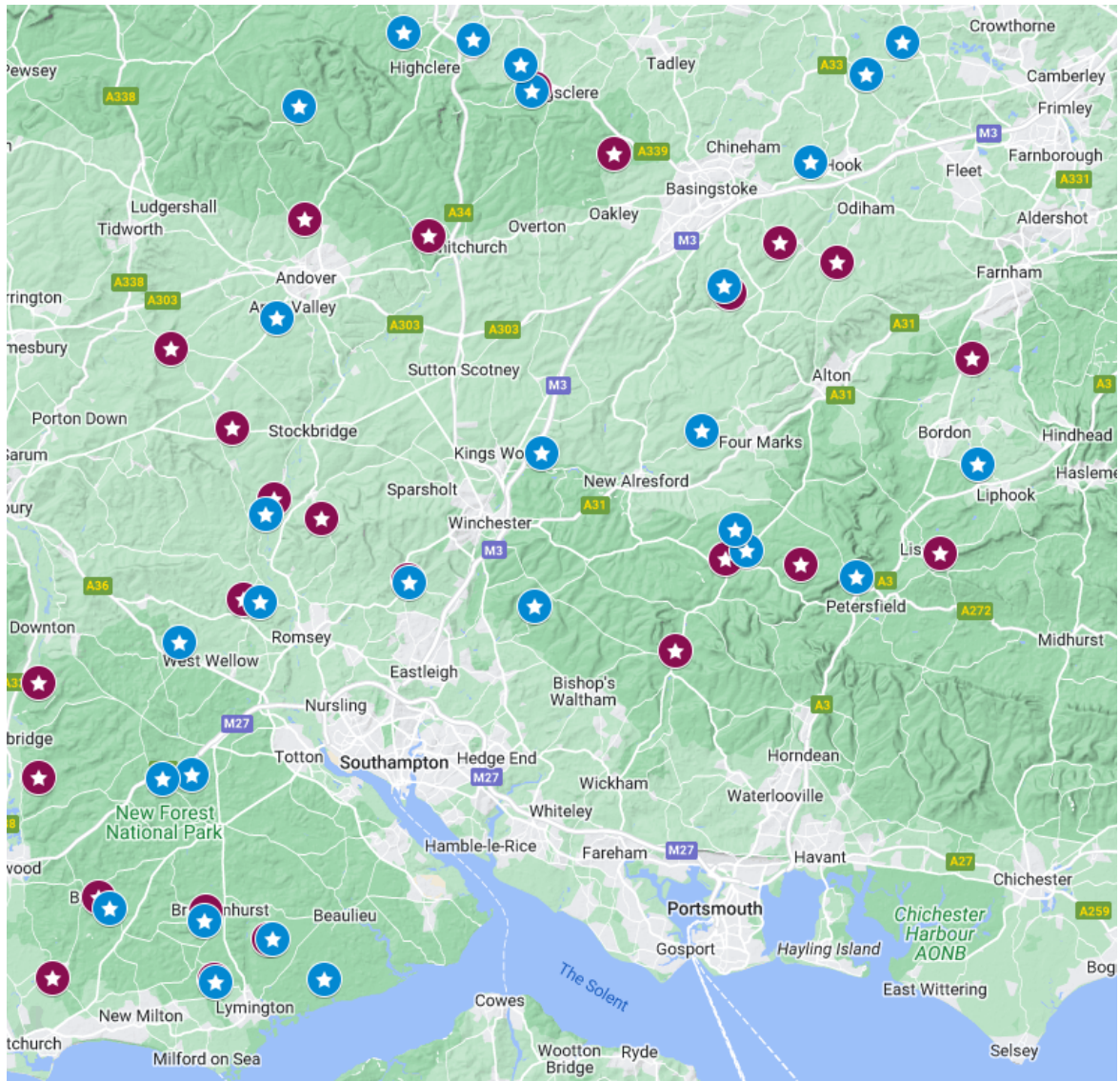Figure 1 - UK Gigabit Voucher Schemes (without Top Up Funding)

Figure 5: Voucher Projects supported with HCC Top Up Funding

Appendix 2: IPSOS Mori Findings on Benefits of Superfast Broadband programme [Superfast Broadband Programme - final evaluation report (publishing.service.gov.uk)](publishing.service.gov.uk)

1. Productivity growth and Employment
    a. Increase in employment of 0.6%
    b. Increased turnover for businesses of 1%
    c. Employee incomes rose by 0.7%
    d. Unemployment fell by 32 claimants per 10,000
    e. The programme led to an increase in house prices of between £1,700 and £3,500 on average.
2. Business Benefits
    a. 70% of businesses saw an improvement in customer service
    b. 55% saw an improvement in how the business is managed
    c. 50% were able to switch to cloud based IT services
    d. 50% were able to offer flexible working to staff
    e. 48% were able to offer remote working
    f. 25% accessed new domestic markets
    g. 15% accessed new International markets
3. Public Sector Efficiency
    a. Supported widespread adoption of online services
    b. Enabled public services to be delivered during Covid
    c. Online consultations driving improved productivity and customer service
4. Health Care
    a. Awareness of the three main services, booking, prescriptions and viewing
        medical records, increased by between five and seven percent.
    b. Enhanced broadband coverage increased the number of patients registered with GPs by 3.2 to 5.9 percent. However, the number of staff employed by GPs did not change.
    c. Enhanced coverage increased the proportion of patients that were satisfied with the amount of time given to them for their last appointment by one to two percentage points.
    d. Covid-19 resilience and remote working: Enhanced connectivity enabled video consultations to take place without the need for face to face contact at a time when such contact had the potential to spread the virus.