

Superfast Broadband Extension Programme - Interim Report on Options and Requirements

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1. Purpose of the Report

To present options available to SSDC for enhancing the delivery of broadband beyond the 90% covered by the Devon and Somerset Superfast Broadband Project (Connecting Devon and Somerset).

Also to present some examples of broadband issues based on the existing information available from the Areas.

2. Public Interest

The provision of High Speed Broadband has become a necessity for attracting and retaining business to South Somerset. It is therefore a vital element of business infrastructure required in order to maintain and create jobs and fulfil South Somerset's economic potential. High Speed Broadband is also essential for most walks of life as digital and online transactions become essential aspects of health, education, and dealing with government, social services and welfare. Comprehensive coverage of High Speed Broadband is essential if South Somerset residents and businesses are not to be disadvantaged.

3. Recommendations

Members are asked to note:

- the initial assessment of different options available and advise officers on further action.
- options cannot be comprehensively considered and compared until the information requested of Connecting Devon and Somerset (CDS) is provided.
- significant resource is required to comprehensively investigate options for capital investment in models of alternative provision.

4. Background

On the 19th June 2014, South Somerset District Council District Executive agreed in principle to a capital funding commitment of £0.64m to deliver Superfast Broadband connectivity to an additional 5% of the district (6,290 premises) by the end of 2017 through the Superfast Extension programme (SEP). This would mean delivery to 95% of the district, since 90% will already be delivered under the current Connecting Devon and Somerset (CDS) programme.

The June District Executive agreed:

1. to contribute in principle a maximum of £640,000 as match funding to expand the provision of superfast broadband in South Somerset subject to:
 - Satisfactory provision of a detailed assessment of the superfast broadband roll out programme from which it is clear that it is favourable and beneficial to businesses in South Somerset
 - A satisfactory partnering agreement and governance arrangement to ensure this Council is fully engaged and involved in the delivery of superfast broadband
 - A satisfactory return can be agreed from the investment
2. the details of any proposed negotiation/agreement are reported back to District Executive for their decision
3. requested a wider report be presented to District Executive on the alternative options/providers

The 'in-principle' agreement is subject to the provision of detailed information still outstanding - in particular:

- Detailed assessment of the superfast broadband roll out programme
- A satisfactory partnering agreement and governance arrangement
- Confirmation that a satisfactory return can be agreed from the investment

At that meeting members also requested that officers explore wider alternatives to the CDS superfast extension programme. The options available are described in section 5 with an outline comparison in section 6 and a more detailed analysis in Appendix 1 of this report.

Additionally work has been done in areas to find examples of the current issues relating to broadband availability through engagement with businesses locally. This is outlined in Appendix 2.

5. Report

5.1 Current position

Broadband continues to be a major issue for businesses and affects economic growth. Discussions with a small range of rural businesses in the district have shown that:

- lack of good broadband speed is impeding the growth of many businesses by reducing their efficiency and wasting their resources.
- good 3G and fast broadband are increasingly needed to deliver business competitively;
- those with office premises (that cannot access competitive broadband speeds) are finding these increasingly difficult to let. Poor broadband speeds are a key factor and when higher speeds are available in nearby areas, firms may choose to locate to those faster broadband areas;
- research in one area showed that demand for office space would be evident if superfast broadband was available;
- the cost of bespoke superfast broadband solutions are prohibitive to many businesses. Details are in Appendix 2.

Superfast broadband delivery began in 2011 with the BT funded commercial rollout. This has already taken superfast broadband coverage across the CDS area to 63% of premises. An interactive map has been published by the CDS team and this is available at www.connectingdevonandsomerset.co.uk/where-when

It is clear from this map that towns identified as being covered within the 'commercial rollout' (in our case Yeovil and Ilminster) still have significant areas that remain 'under evaluation'. In particular there appears to be a lack of focus on business parks and these include much of Yeovil's employment land.

The cabinets serving these areas *may* be upgraded through the ongoing CDS programme by the end of 2016. Decisions on which cabinets are upgraded are primarily based on the results of ongoing BT civil engineering survey and CDS assessment.

Members will be aware that SSDC did not sign what was considered to be an unduly onerous non-disclosure agreement (NDA) with CDS/BT and so do not have access to this emerging delivery plan.

More recently, the Government SEP has made further funds available to CDS (if they secure 50% local authority match funding) to deliver to an additional 5% of premises by the end of 2017 (eventually increasing broadband coverage to 95%). It is this opportunity which has prompted the CDS team to request the £0.64m contribution from SSDC, though it remains unclear how they arrived at this figure.

At present, we have yet to be told which areas of South Somerset might benefit from our potential commitment. Moreover, SSDC have yet to receive any information in relation to the conditions of the 'in principle' SEP contribution stipulated by District Executive. We must ensure that these are provided prior to the required final CDS report to District Executive. Similarly, we have not been given a timescale for the SEP, though we are aware that CDS are awaiting Open Market Review (OMR) data to help determine future coverage prior to engaging potential suppliers. SSDC has requested an indicative timeframe, but this has not yet been provided.

Therefore a detailed option appraisal against other alternatives is not possible until we obtain that information. Only then will we have a benchmark with which the value of alternative options can be comprehensively examined.

Points to note

- That increasing levels of subsidy are required to deliver to more isolated premises
- At present there is no indication from central government for the final 5% of premises for whom delivery is currently unplanned
- No financial contribution from SSDC will still mean that 90% of premises including business ones will receive access to superfast broadband by Dec. 2016
- All premises i.e. 100% will receive at least 2 megabytes per second by Dec. 2016
- The CDS aim is for 100% of premises to be connected to SF broadband by 2020

It should be noted that both the District Executive Committee (and the Area Chairs following subsequent discussion) felt that SSDCs priority should be to direct its resources towards enabling affordable connection for businesses so that they can function effectively in their market place.

5.2. Alternative options to the CDS programme

There are options which can be explored to deliver superfast broadband *above the 90%* - to premises that fall outside the current CDS Programme described above and in the report that was presented to District Executive on 19th June 2014.

These would take the form of a co-investment model with alternative broadband providers with the aim of delivering to a higher percentage of premises in the district. Examples are cited below.

NB: In order to properly assess the following alternative SEP models to CDS we need to initiate a detailed scoping, feasibility and viability assessment. In the first instance, we would need to establish whether a public-private co-investment model outside of CDS would meet the BDUK gateway review criteria. This is essential if match funding is to be secured to effectively double our investment to £1.28m.

It should be noted that the Superfast Broadband Extension Programme will enable a maximum of 95% of premises in South Somerset to connect to Superfast Broadband. Homes and businesses are equally able to connect, but the final connection between an enabled junction box and a premises is chargeable.

5.2.1 Co-investment models

West Oxfordshire District Council

There has been a growing interest in locally managed Superfast broadband delivery projects following West Oxfordshire DC's (WODC) decision to enter a public/private partnership agreement with Cotswolds Broadband and commit a loan of £1.6m to be match funded by BDUK and wider investors. Their aim is to become the first 100% superfast district though a combination of technologies such that all premises have access.

Views were taken from West Oxford and the following points were noted;

- The loan to Cotswold Broadband will be £1.6m for a 10 year period
- The loan is match funded by BDUK but only because of the long operational history between WODC, Cotswold Broadband and BDUK. The match funding was not the result of a speculative bid to BDUK but the development of a pre-existing option
- The anticipated return for WODC is 5% p.a. interest.
- The loan is high risk as there are no assets (to fix the loan against) until the system is installed and operational
- State Aid issues have been triggered and resolutions/outcomes are awaited
- The deal/ agreement is not yet signed off

Eastbourne Borough Council

Eastbourne is now benefitting from a high speed fibre optic broadband network along its coastal edge. This has been provided via a special arrangement involving Eastbourne Borough Council which invested £367,000 in a broadband infrastructure supply company, CloudConnX, which has developed the town's new broadband network. The investment in CloudConnX also stands to provide the local authority with a future return over the next five years over and above the £367,000 originally laid down.

Eastbourne's unique linear geography made this particular type of broadband provision possible and it is unlikely to represent a suitable model for South Somerset.

SSDC partner with an alternative ISP provider

ED officers have had an exploratory discussion with a local Internet Service Provider. The firm provide 'line of sight' broadband to residential and business customers. They transmit from mast sites to transceivers on customers buildings. The technology is deemed adequate – achieving close to fibre broadband speeds, but as with all 'over ground' broadband, issues/problems do emerge and transmitters need realigning. Service drop outs are experienced and the business has limited capacity. This was SSDC's experience when the same technology was employed in the Chard Connect project.

Costs of market provision are competitive from £30 pcm for 10mbps residential. Businesses can pay between £25 to £100 pcm depending on usage. Further costs include the transceiver (C.£150 inc. base installation). Extra installation costs may be identified at survey.

As a small company, the ISP provider contacted is not yet in a position to provide to much wider geographies. If they were to work with us, they would investigate new mast sites. It was confirmed that if SSDC want to go as close to 100% coverage as is practicable, the company would need most financial help to fund provision to deeply rural premises (assuming they want to receive it).

For isolated areas with little prospect of CDS provision, we could investigate 'line of sight' connectivity, though to enable any realistic prospect of a return, this would need to be demand led with a guaranteed customer base. It would be most easily achieved from a mast on existing SSDC property, such as YIC serving identified businesses at Lufton Trading Estate.

Broadband on Business Parks

At Yeovil Innovation Centre, SSDC worked with communications firm Elite Telecommunications to provide a market solution. Superfast Broadband is now supplied directly to the centre and on to 25 tenants. This illustrates that where a ready market exists, installation costs are low and financial returns are assured, then the private sector will deliver. It should be noted however that YIC is unusual in that many businesses are located in one building, the required fibre connection was already in place, the connection distances were shorter and the economy of scale is greater.

It may be possible to use this model of connecting several businesses in close proximity through a single 'package' arrangement. SSDC's role may be to enable clusters of businesses (perhaps on business parks) to create the economy of scale required to engage commercial providers in negotiations.

Community led solutions

For communities that are outside the SEP area or for communities who want to take more control by bringing forward delivery of this service, then a community led initiative, procured & funded by subscribers, *may* be an option. In all instances, a bespoke approach would be required with its own business case to assess the issues and costs of taking the technology to those places. Initiating this work will

require an intensive amount of officer resource and we would need to ensure that it did not fall within the current CDS delivery or planned SEP.

SSDC could have a role in enabling these communities to work towards solutions. It would be possible to advise on any external funding sources and possibly offer our own grants and/or loans. There are many examples of “pioneer” communities who have decided to be proactive and deliver their own solutions. This solution is not mutually exclusive with the other options but would offer another method for remote communities who want to get connected.

6. Comparison of options

The detailed comparison is provided in Appendix 1

Option 1

- assumes that we subscribe to the CDS offer to take the SEP from 90% to 95% availability of superfast broadband to premises in South Somerset.
- Although we do not know the geographic extent of this coverage, we understand that it will extend coverage to an additional 6290 premises.
- The cost is clearly stated at £0.64M and it levers the same level of BDUK government funding.
- Needs to be assessed when information available.

Option 2

- explores alternative ways in which SSDC can invest their capital in a superfast broadband roll-out.
- This option necessitates working with a commercial partner and as yet there is no worked-up business plan or scheme.
- This option might give greater control over the choice of premises covered, but is unlikely to achieve the stated outputs of the CDS programme although the outputs achieved may be better targeted. This option undoubtedly requires considerably more SSDC officer resource and is likely to involve far higher levels of risk.
- We would re-iterate that no sound comparison can be made until the full detail of the CDS programme is provided.

See Appendix 1 for detail.

7. Financial Implications

There are no direct financial implications associated with this report further to the ED officer resource associated with pursuing the information required to rigorously assess options for improved broadband delivery.

8. Risk

At this stage an outline assessment of the risks are provided in the Options and Risk Analysis. This is provided in Appendix 1.

9. Corporate Priority Implications

This report will enable the District Council to work towards the aim outlined within the SSDC Council Plan 2012-15 in Focus One: Jobs “Support early delivery of Super-Fast Broadband to rural areas by 2015”.

It will also enable the Council to contribute to the aspiration within the SSDC Economic Development Strategy 2012-15 “Work with partners to lobby for improvements to the A303 and provision of superfast broadband”.

10. Carbon Emissions and Climate Change Implications

There are no current implications associated with this report though the extension programme assists improvements in communication and the reduction of energy use.

11. Equality and Diversity Implications

In preparing this report, due consideration has been given SSDC’s statutory Equality duties Section 149(1) of the Equality Act 2010.

An equality analysis of the broadband project is being undertaken with delivery anticipated to have a positive equalities impact.

The roll - out strategy will be determined by a range of factors including local requirements and commercial factors. The strategy should be screened to ensure communities (sharing a protected characteristic) are not inadvertently disadvantaged from accessing the service due to, for example, geographical factors.

Aspects of this project related to subsidising the rollout of broadband has a low relevance to equality, whilst implementation has a medium relevance to equality. The project is providing access to broadband and not connectivity. So the connection and use of the service will be between customer and retail provider.

12. Background Papers

- District Executive Report 19th June 2014 – Match Funding for the Superfast Broadband Extension Programme
- Broadband Task and Finish Group Scrutiny Review, Sept, 2014

Appendix 1: An analysis of the Options and Risk

The following table examines the wider implications of 1) supporting CDS through £0.64m SEP capital funding – or – 2) to use capital funds to partner with an alternative supplier of broadband with the aim of maximising delivery beyond the current CDS Programme.

Each option is evaluated in the tables below as a cost and benefit analysis.

Option 1: Full SSDC commitment to contribute £0.64m match funding to support the CDS 95% Superfast Broadband Extension Programme (SEP)			
Requirement	Benefits	Costs	Risks
<p>1. Detailed information from CDS required to understand the detail of current, SEP and non-delivery areas.</p> <p>Details of eventual agreement are to be reported back to District Executive for decision (CDS)</p>	<p>Awareness of areas least likely to be covered, enabling alternative provision to be prioritised</p> <p>>95% of premises in the district with access to SF by Dec, 2017.</p>	<p>£0.64m SSDC capital commitment</p> <p>Further investment of resources to address non-delivery areas</p>	<p>The information required to gauge value for money is not provided by CDS before SEP funds are requested</p> <p>If details of the eventual SEP supplier agreement are reported, SSDC may not be satisfied</p>
<p>2. That SSDC will be party to the discussions and negotiations with suppliers for the extension programme. SSDC to have voting powers in decisions based upon our high level of financial contribution</p>	<p>Minimum risk option overall.</p> <p>Will help to ensure maximum coverage to priority areas.</p> <p>Will allow local intelligence to shape eventual delivery</p>	<p>High degree of officer input required.</p> <p>Requires clear governance and clarity over procurement processes.</p>	<p>SSDC may feel under represented compared to our higher SEP contribution.</p> <p>Potential for conflict with other DC contributors committing less but getting stronger SEP delivery</p>
<p>3. That funding committed by SSDC would be ring-fenced to be spent on broadband within the SSDC area</p>	<p>Ensures local funds benefit local home and business premises to access superfast broadband</p>	<p>Officer time to liaise with CDS team, monitor and report back</p>	<p>Difficult to monitor and control.</p> <p>CDS may not provide detail on SEP spend.</p> <p>Existing NDA issues may remain a barrier</p>
<p>4. To work with a number of suppliers and a range of technologies to achieve the best deal for broadband coverage in all areas (District Executive Minutes June, 2014).</p>	<p>CDS are not tied into contracting BT for the SEP delivery.</p> <p>However, BT would represent the lowest risk option for the 95%.</p> <p>Procurement rules require an open tendering process.</p> <p>Best value promoted.</p> <p>CDS will begin a robust and state aid compliant procurement exercise</p>	<p>No further costs identified beyond the £0.64m requested</p>	<p>Reputational risk for SSDC in signing up to CDS in the knowledge the final 5% have no planned delivery.</p> <p>Potential risks in using less established and experienced providers.</p> <p>Potential conflict with existing CDS BT rollout if SEP element goes to others</p>
<p>5. District Executive support is subject to a</p>	<p>Potential for financial return.</p>	<p>Potential cost to SSDC of £0.64m with no</p>	<p>If no clarification is provided on how the</p>

Option 1: Full SSDC commitment to contribute £0.64m match funding to support the CDS 95% Superfast Broadband Extension Programme (SEP)

Requirement	Benefits	Costs	Risks
return on the investment. Clarity required on the calculation of the £640,000 funding level sought from South Somerset	Mechanism to be examined by CDS. Claw back clause in the current BT contract also to be explored. SSDC's £0.64m will be match funded by BDUK	actual return on investment. TBC by CDS as to whether/how this is possible. May not be possible for all stakeholders to be guaranteed an appropriate return since premises are most difficult to reach with lower commercial return	£0.64m contribution figure was identified, SSDC risk paying more than other DCs and benefiting less. Anticipated return on investment may not materialise if models are flawed and demand for SF low
6. That the investment maximise inward investment and local economic development (District Executive Minutes June, 2014).	Larger suppliers more likely to market additional delivery beyond existing CDS. CDS also have an active comms office. Investors likely to check CDS and major supplier website. Less likely to suffer adverse financial situation than newer, smaller providers	No way to guarantee increased investment. Potential for less efficient allocation of resource (and ultimate delivery) with larger suppliers. May see investment go to larger centres as SFB is improved.	We may see no actual increase in inward investment. CDS SEP will be improving SF in all districts in Somerset, Devon, Plymouth and Torbay. SSDC will not stand out in terms of SFB alone. Inward investment in final 5% rural areas jeopardised.
7. District Executive requested delivery to is to be prioritised to all SSDC's business parks. District Executive support is subject to clear business benefits. A detailed assessment to this end is required from CDS	Maximises potential for inward investment, indigenous growth and job creation –	This is not possible to ensure through CDS SEP route. We are unlikely to be able to secure this without sacrificing delivery elsewhere in the district since their aim is for 95%	CDS will not provide the required assessment. Some business parks may lie within the final 5% outside of SEP. SSDC may be unable to ensure all businesses parks are covered.
8. District Executive expressed the view that broadband coverage must extend to the whole of South Somerset, including rural settlements	SSDC SEP contribution is match funded by BDUK, creating the largest amount available to support delivery (£1.28m) Delivery with CDS will not be 100%, however, they are clear on where the non-delivery areas are in district. Going with them will mean these areas can be more clearly supported to invest in alternatives	The CDS SEP target has only increased from 90% to 95% of premises in the district having access to superfast BB. Support for CDS SEP delivery means 100% will not be the aim	Reputational risk. SEP through CDS contract will not extend to all rural settlements. 5% will remain unconnected to SF broadband. Most geographically isolated will become most digitally isolated.

Option 1: Full SSDC commitment to contribute £0.64m match funding to support the CDS 95% Superfast Broadband Extension Programme (SEP)			
Requirement	Benefits	Costs	Risks
<p>9. Support is subject to a satisfactory partnering agreement and governance arrangement to ensure this Council is fully engaged and involved in the delivery of superfast broadband</p>	<p>SSDC are assured of this by CDS. This should clarify governance and degree of input SSDC will have in decision making and delivery. CDS SEP option represents minimal SSDC officer resource (pending detail of partnership agreement)</p>	<p>Significant amount of officer time – ED and Area teams. We may feel compelled to agree to a non-satisfactory partnering agreement rather than risk losing the BDUK match funding which may not be granted to us outside of CDS</p>	<p>NDA issues remain with CDS in respect of the current rollout. It is unclear whether this will continue to be an issue in the contracts awarded to SEP delivery partners. If CDS partnering agreement is unsatisfactory, we will have risked non-delivery when steps could have been taken through a Public-Private partnership (PPP).</p>

Option 2: SSDC invest in 100% High Speed broadband coverage with alternative provider(s) through a Co-Investment Model			
Requirements	Benefits	Costs	Risks
<p>1. Detailed investigation of existing loan agreements e.g. between West Oxfordshire District Council and Cotswold Broadband. Full examination of partnership agreement, best practice and potential suitability</p>	<p>A similar loan model may present a better opportunity for maximising broadband coverage. Potential for improved capital return on investment in longer term</p>	<p>Far more resource intensive in terms of ED, Procurement and Finance officer time in the short, medium and long term. Significant Area Team resource commitment to coordinate engagement and delivery to deeply rural settlements comprising the final 10%.</p>	<p>May fail to meet BDUK requirements (West Oxfordshire DC had prior option of BDUK match funding, SSDC do not). SSDC may fail to identify cost effective provider(s) to deliver to the final 5% Potential for abortive work</p>
<p>2. District Executive members insisted that loan rather than grant funding should be explored. The ability to generate a return on the investment must be prioritised</p>	<p>Entirely possible via this route to BB infrastructure provision. SSDC contribution is an interest earning investment and not a grant. (C. %5 return on investment if successful). Repayment over 10-12 yrs.</p>	<p>Significant officer time and technical examination. Further research and due diligence required to satisfy State Aid and BDUK gateway reviews. Requires market testing, sound planning and demand stimulation to create viability required to generate returns. Chard Connect project, supported by SSDC,</p>	<p>State Aid regulation may be breached. Loan cannot be fixed to significant assets (network is not worth anything until it is in place) Large risk of default on loan with smaller, independent suppliers. May not be possible for all co-investors to be guaranteed an appropriate return since premises are most rural with lower commercial return.</p>

Option 2: SSDC invest in 100% High Speed broadband coverage with alternative provider(s) through a Co-Investment Model

Requirements	Benefits	Costs	Risks
		aimed to provide 'line of sight' high speed broadband to businesses in Chard. It was not successful – low demand and poor reliability.	Demand among final 5% unknown. If demand (indicating eventual take up) is poor, the high cost of provision would require scrutiny.
<p>3. A clear understanding of what the funding is going towards</p>	<p>In small areas, this can be achieved. Local providers (such as CFB Broadband) can map out areas within a given settlement that can have 'line of sight' access.</p> <p>Partnership ensures open sharing of information with clear planning to meet shared social and economic objectives. SSDC will have more influence on the project and delivery.</p>	<p>Clarity from CDS/BT on identifying the final 10% may not be provided.</p> <p>Officer time requirement. In this option, SSDC are part of the delivery partnership and there are risks associated with this.</p>	<p>Higher risk of non-delivery.</p> <p>Very difficult to map with alternative suppliers. Incredibly complex task and required current CDS delivery data that SSDC do not have access to.</p> <p>Strong potential for duplication of delivery with CDS unless initiated after Dec. 2016 when current CDS delivery ends.</p>
<p>4. Delivery to be prioritised to all SSDC's business parks. Must be demonstrably favourable and beneficial to businesses in South Somerset</p>	<p>This is possible if a 100% superfast delivery model is pursued.</p> <p>Technically possible to tailor the delivery in partnership with our own infrastructure providers though costs may be unacceptable.</p> <p>Maximises potential for inward investment, indigenous growth and job creation.</p> <p>Not limited to the SEP 95% delivery target</p>	<p>This will require detailed investigation with alternative providers.</p> <p>Importantly, coordination of delivery to the final 10% (to 100%) in parallel with CDS delivery to the 90% will prove problematic – esp. since delivery plans will not be shared (NDA) and if separate suppliers are engaged.</p>	<p>Prioritising business parks may mean delayed/decreased delivery elsewhere.</p> <p>Potential for poor investment and low return.</p> <p>Final delivery may not be as strong as SEP would have been through CDS.</p>
<p>5. Broadband coverage must extend to the whole of South Somerset, including rural settlements</p>	<p>This is possible but requires detailed market appraisal and possible specialist analysis of alternative SF broadband delivery models, technologies and providers.</p> <p>Potential to deliver widest SF broadband improvement to district overall, 100% capability. Presents various delivery options.</p>	<p>Detailed research requirement.</p> <p>Likely to take much longer than CDS SEP – not least as we may need to wait until the CDS programme ends to know where the final 10% is located.</p> <p>May cost more than £640k</p>	<p>Less established broadband infrastructure providers may aim to deliver to 100% of premises, but ultimately fail to do so for a variety of reasons with less reputational risk (than BT for e.g.)</p> <p>Smaller, less established suppliers more likely to fail mid-delivery and default on loan – esp. if take up is low.</p>

Option 2: SSDC invest in 100% High Speed broadband coverage with alternative provider(s) through a Co-Investment Model

Requirements	Benefits	Costs	Risks
<p>6. Support is subject to a satisfactory partnering agreement and governance arrangement to ensure this Council is fully engaged and involved in the delivery of superfast broadband</p>	<p>Likely to feature stronger engagement since there will be no NDS restrictions placed on SSDC.</p> <p>This agreement will clarify governance and the degree of input SSDC will have in decision making and local delivery.</p> <p>External expertise ensured.</p>	<p>Requires significant work by SSDC and potential suppliers. Comprehensive tendering and procurement.</p> <p>Once a preferred supplier is identified, a separate bid to BDUK for match funding will be required.</p>	<p>SSDC may fail to identify cost effective provider(s) to deliver SF broadband to the final 5%</p> <p>If this satisfactory loan agreement cannot ultimately be achieved, we will have risked a period of non-delivery when steps could have been taken with CDS SEP delivery.</p> <p>The BDUK match funding to CDS may no longer be renegotiable to providers outside of CDS</p>
<p>7. Will require wireless infrastructure to maximise coverage to more remote rural settlements</p>	<p>Wireless BB now provides 10-20Mb download and 8-10Mb upload speeds at reasonable costs in areas least likely to be upgraded via current CDS</p>	<p>Potential for high costs and low uptake.</p> <p>Potential for local objection to masts/non satellite infrastructure through planning.</p>	<p>Potential for duplication of delivery and abortive working should CDS and SSDC suppliers overlap in delivery terms.</p> <p>Without further match funding, the cost of delivery to the final 5% <i>could</i> prove unaffordable.</p>

Appendix 2: Brief case studies of poor broadband speeds impeding rural business development

Location	Businesses	Impact
Stathe	Self-catering cottages	BB very slow, really affects business. Working people who stay in winter want to be able to work in the evenings but find the download speed so slow they would rather stay in Taunton (much faster). Families with children want fast BB and are disappointed too.
Westover Trading Estate Langport	Assessment and certification body	Rely on BB for day to day operations. Customers, suppliers and directors spread across the UK. Email and web page are primary means of communication. Need to update the Gas Safe Register with all the certification results for gas engineers, link into the Gas Safe website and upload details directly to their system. Faster BB would be a huge benefit. Developing file sharing and electronic transfer of candidate file records/examination paperwork to assessment centres (e.g. Newcastle) attended by the installer (currently all hard copy by courier with twice weekly deliveries & back on completion). Electronic transfer would bring cost and environmental savings, huge reductions on fuel miles. Electronic file size would vary, but could be large.
Aller	Serviced offices	Has lost potential tenants due to poor broadband speeds in the past.
Langport area	Community web access initiative	Figs for a monitored line for the last few months from a small home. Business having big problems with the internet. Average download speed at TA12 6BU May-1.6mbps, June-1.49, July-1.54, Aug-1.52 (range 0.2-1.88mbps). Upload is consistently 0.39mbps
Langport	Bow St	Staff visiting shops about business rates have been told consistently that BB speeds are a problem that affect workspace lettings and slow down business efficiency.
Langport	Estate agents	lose business tenants in the area due to poor broadband speeds
Langport	Social enterprise/Work Hub	We are struggling to get people in as the existing lines into the building are slow and the upgrade costs to a bonded option are prohibitive.
Pitney	Domiciliary Care Agency	Rely on contact with care assistants 24/7 and the clients and their relatives. Floods highlighted many "pockets" of poor or no 3G signal. Larger companies manage their business from a central hub, no issues, small companies manage at ground level. Technology advancement does not appear to be a priority in Somerset. SCC Adult Social care acknowledge the highest percentage of older adults in the UK & predicted to rise so imperative that people at risk and their carers can be contactable.
Wincanton	IT Hardware Support (60 employees)	Servicing global IT clients and international subsidiaries, can hardly hold a conversation on Skype never mind video conference! Seriously considering moving out of the area because the service is so poor quoted £30-40k to link to fibre optic by BT (2013).
Brewham	Equestrian Consultants (3 employees). Works with over 225 international solicitors and insurance firms	Rely on BB for all communication and instructions including sending and receiving large files of DVD and photographic evidence. Use internet for research and administration. Very weak/intermittent mobile data signal so also rely on BB for all use of mobile phones, poor speeds mean all other internet activity must be stopped to allow one conversation on a mobile to take place. IT support is provided remotely whenever possible but poor BB speeds result in twice as many visits.

Location	Businesses	Impact
		<p>Increasingly meetings with solicitors, barristers and insurers are carried out by video conferencing the lack of a suitable BB link requires me to travel to an urban area to take part in these conferences.</p> <p>SFBB links in rural areas will allow more home working and reduced journey times and numbers. It will allow our rural communities to thrive, make better use of the local resources and environment and reducing the local population average age making it more representative of the country as a whole.</p>
Wincanton	SSDC Churchfield	Prospective Business tenant did not follow up due to poor BB speeds in town.
Castle Cary	Veterinary medicine distribution Co.	Communications a clear issue for this firm which needs SFBB to develop its business effectively (distribution of veterinary supplies) also a priority for other businesses in Castle Cary. One major manufacturer has installed its own satellite system to overcome the problem.
Yeovil	Industrial Estates	Very high costs of connecting up to SFBB, e.g. Houndstone business quoted £10k.
Chard , Crewkerne and Ilminster		<p>It is a mixed picture. The issue is cost. Businesses with deep enough pockets can and do procure the 100+ Mbps SFBB they need right now, but the “entry” costs are high. Lowering those costs via infrastructure improvements would promote growth and relocation and lower the entry cost barriers to start-up companies.</p> <p>We did some research that demonstrated that effective demand for office space within Ilminster would increase if it came with access to SFBB, contrary to the assertions of a local developer, which helped to partially resist a change of use from Economic to residential.</p> <p>If business relies on a connection to the existing infrastructure, Ilminster now has a clear advantage, but the max speed available to (e.g.) the local Ashwell Trading Estate is still only 7.6Mbps. Crewkerne has slightly higher max speeds at around 13 Mbps and Chard at around 10Mbps access to standard broadband.</p>