



Isle of Wight Council broadband state aid public consultation

Isle of Wight local broadband plan

'Isle of Wight – Better Connected'

Consultation starts: 22 March 2013

Consultation ends: 5pm, 21 April 2013

Document purpose

The Isle of Wight Council (IWC) is currently planning to invest in a major broadband infrastructure project on the Island.

The Island project proposes to use public funding to help deliver broadband infrastructure into parts of the Island that will not be served by the commercial marketplace. This consultation is a European requirement to ensure that the project complies with state aid guidelines. These rules set out where the project is permitted to invest and are in place to ensure that public funding does not distort the commercial market.

IWC conducted an Open Market Review (OMR) between 8 February 2013 and 11 March 2013. Suppliers have responded to the OMR with details of their existing and planned broadband services.

This document sets out where it is understood that the market is not currently providing and will not provide broadband services over the next three years and, therefore, where IWC is permitted to invest using public money to facilitate the installation of broadband infrastructure.

It is imperative that any operator already delivering or planning to deliver services that exceed those detailed in this document make their plans known to IWC by responding to this consultation. Community Groups should also respond to this process if they are planning to deliver a community broadband project.

While residents and businesses are welcome to provide comments it is not the purpose of this consultation to seek general views on internet provision.

Introduction

This document sets out the proposed intervention areas for the Isle of Wight rural broadband project which have been defined after consultation with telecommunications providers during the OMR and is intended to inform interested parties of our intention to progress a notification of state aid.

IWC invites comment from telecommunications providers, businesses, community groups and residents regarding the proposed intervention areas. In particular any telecommunications providers that did not respond to the OMR but have comments or information that they would like to add should respond by 5pm on 21 April 2013 by email at broadband@iow.gov.uk or in writing to Broadband Consultation at the address on page 9.

Project background

Widespread access to broadband connection has the potential to make a real difference to businesses and residents on the Isle of Wight.

It is recognised that better access to broadband can stimulate economic growth on the Island by encouraging new businesses to locate here. It also removes the need for existing businesses to move elsewhere in search of a better internet connection.

Access to broadband also has the potential to improve the quality of life for residents, for example by facilitating home working, start-up businesses, access to communication channels and access to public services.

It is acknowledged that the market, under normal conditions, is unlikely to deliver broadband to 100 per cent of premises on the Isle of Wight, as some areas may not be commercially attractive for service providers.

IWC has agreed therefore to invest in the infrastructure to make broadband available across the Island. Aims for speed and coverage are in line with stated government objectives¹ to provide access to Next Generation Access (NGA) broadband at speed of 24Mbps to 90 per cent of premises and the remaining 10 per cent 'hardest to reach' premises with access to speeds of at least 2Mbps by 2015.

The Isle of Wight rural broadband project has been set up to secure a commercial partner via an open and transparent procurement route. The commercial partner will jointly fund, develop and implement an improved Island wide superfast broadband infrastructure by 2015. The creation of this wholesale access broadband network will allow businesses and residents to purchase new retail broadband services from an Internet service provider should they wish.

¹[Broadband Delivery UK](#) : A local broadband project will be covered by the (national BDUK) scheme provided it seeks to deliver the following primary objectives: 'To provide as many homes and businesses in each local authority... with access to NGA infrastructure capable of delivering superfast broadband speeds (meaning speeds of 30 Mbps or in any event more than 24 Mbps).'

Objectives

The objectives of the Isle of Wight broadband plan are to:

- Enable the infrastructure to provide availability of superfast broadband at speeds of 24Mbps to 90 per cent of premises on the Island, with the remaining 10 per cent to have access to at least 2Mbps connections.
- Provide an online awareness and demand stimulation plan for the Isle of Wight to April 2015 to demonstrate the benefits of superfast broadband;
- Support the rise in uptake of online access across the Isle of Wight.

Policy context

Isle of Wight context

The Isle of Wight Corporate Plan 2011 to 2013 is the main strategic planning document which sets out the local authority focus of activity. In the context of its overall vision for the authority, the IWC has identified eight key priorities which in the main, build on previous priorities and the need to address the budget deficit. These are often described as major projects, as they all involve significant transformational change:

- Raising educational standards
- Highways PFI scheme
- Keeping children safe
- Supporting older and vulnerable residents
- Housing and homelessness
- Regeneration and the economy
- Waste strategy
- Delivery of budget savings through changed service provision

The provision of superfast broadband will assist in helping to achieve these objectives.

The Isle of Wight Council's Economic Development Plan 2011/12 to 2013/14 also sets out the main economic development priorities for the Island. The plan builds upon the Isle of Wight Economic Strategy (2008 to 2020) recognising that the economic context has changed significantly since the strategy was first published, although the priorities for the Island remain unchanged. It also builds on the evidence base presented in the Local Economic Assessment (2010) which helps to form the targets and actions contained within this plan.

This document sets out the objectives of the Island's economic development plan for the next three years: 2011/12 to 2013/14. It outlines targets to be achieved to meet the vision for the Island by 2020 but also the progress that needs to be achieved in the shorter term.

The plan identifies the six main priority areas in which the council will focus its attention and resources to improve the overall economic well being of the Island as defined by the six key indicators in the plan's performance framework:

Priority 1: Business

To increase inward investment and support existing and new businesses, using a combination of short and long-term strategic interventions.

Priority 2: Places

To support the council in responding to policy changes and maximise opportunities for a faster rate of economic growth on the Island.

Priority 3: People

To develop the Island's workforce in each of the Island's key sectors to ensure that the skills of the Island's workforce remain competitive and become more so.

Priority 4: Climate change

To become a focus for renewable energy and a preferred location for companies offering or researching products and services that address climate change.

Priority 5: Superfast broadband

To encourage development of Next Generation Broadband Infrastructure to support and raise the profile of investment opportunities on the Island.

Priority 6: Tourism

To develop a 21st Century tourism offer to raise sustainable income growth for Island tourism.

National context

At a national level, the importance of a good broadband infrastructure has been acknowledged for some time. In June 2009, the UK government published the *Digital Britain* report, which forms the basis of government policy on broadband. A revision of the policy was published in December 2010 ('Britain's Superfast Broadband Future'), which emphasises the key role that broadband will play in economic recovery, specifically:

'1.1 Superfast broadband will provide the foundations from which the UK economy will grow and recover from the recession. It will change the way we do business, how we interact with people and how we access entertainment. It will offer better and more efficient channels for delivering public services, making them more accessible. It will reduce costs for consumers and enhance the capability of businesses to communicate and exchange information with their customers and suppliers. This is fundamental to our future prosperity.'

The UK government has pledged £530 million of public funds to be used to bridge the "digital divide", where some households are not able to access the same level of services as the majority of other households in the UK, purely due to their geographic location. Broadband Delivery UK (BDUK) within the Department for Culture, Media and Sport (DCMS) was set up to deliver the government's policies on broadband which includes supporting projects such as 'Isle of Wight Better Connected'.

The Isle of Wight has been allocated £3.09 million of public funds by BDUK to contribute to achieving its target coverage, which has been matched by £3.09m from the IWC.

European Union context

Both local and national objectives for broadband availability are underpinned by 'A Digital Agenda for Europe', one of the seven initiatives of the Europe 2020 Strategy. The Digital Agenda outlines seven priority areas for action including 'Guaranteeing the provision of much faster internet access'.

Procurement approach

The IWC will be the formal contracting body and is bound by EU procurement rules and the Public Contracts Regulations 2006 as to how it will engage a commercial supplier.

The IWC intends to procure the superfast broadband infrastructure using the BDUK Broadband Delivery Framework procured by the DCMS under Official Journal of the European Union (OJEU) Reference 2011/S122-202671. The BDUK Framework is based on a gap funded subsidy approach, where the private sector invests alongside a public subsidy to provide broadband to areas where there is not otherwise a viable commercial market.

State aid

The proposed public sector investment to the Isle of Wight Broadband programme must take account of EU state aid rules. These rules aim to minimise any distortion of competition within the EU arising from any aid or subsidy granted to a commercial undertaking by the public sector.

The project will only invest where it is compatible within these rules and will rely on the BDUK state aid notification to the European Commission to ensure this.

The European Commission (EC) law requires that local authorities only invest in areas where they can demonstrate:

- There is no current, or planned (i.e. within the next three years) deployment of Next Generation Access (NGA) broadband. These areas without current or planned NGA broadband are termed 'NGA white' areas;
- There is no current or planned (i.e. within the next three years) deployment of 'basic' broadband at affordable² prices. These areas without current or planned 'basic' broadband are termed 'Basic white' areas.

² BDUK guidelines state that access to basic broadband infrastructure is not affordable if the installation costs £100+ and or the monthly rental price is £25.00

Geographical scope

The Isle of Wight rural broadband project covers the geographical area of the Isle of Wight administrative boundaries as defined in Map 1, which also highlights the main urban areas on the Island.

The Isle of Wight covers an area 380 square kilometres and is home to a population of 141,000 living in 63,521 properties³, 16 per cent of the Island's resident population are located in the rural areas.

Existing and future provision

This section sets out what is currently known about existing provision and planned investment by the private sector on the Isle of Wight based on BDUK baseline mapping data and further information provided by infrastructure suppliers during the Open Market Review.

Open Market Review

The Open Market Review (OMR) was conducted by IWC between 8 February 2013 and 8 March 2013 and invited suppliers to notify us of their existing broadband infrastructure and services and any plans for the expansion of their infrastructure and services over the next three years.

Responses to the review were received from:

Bentley-Walker
BT
Click4internet
Wightfibre

The IWC is still evaluating OMR responses from suppliers and clarifying their future plans. This process will carry on throughout the public consultation and could have an impact on the mapping of the intervention area.

Current and planned broadband infrastructure on the Isle of Wight

The commercial rollout of broadband continues across the Island. Data which shows the areas covered by the private sector's business plans for the next three years has been aggregated with details of their existing coverage and is shown on Maps 2 (NGA broadband coverage) and 3 (Basic broadband Coverage).

Proposed intervention areas

The analysis of the aggregated data obtained during the OMR has informed the proposed intervention areas for the Isle of Wight Broadband Project. To comply with

³ In 2008

European Commission State Aid Guidelines, the project may only intervene with public funds in 'NGA white' areas and 'Basic White' areas.

Proposed Next Generation Access (NGA) intervention area

The analysis of data indicates that almost 70 per cent of households and business premises on the Isle of Wight will have access to NGA broadband in the next three years by way of commercial activity already undertaken or planned by the telecommunications industry.

The white areas shown on Map 2 form the proposed NGA broadband intervention area of the project.

Proposed basic broadband intervention area

The white areas on Map 3 form the proposed basic broadband intervention area of the project. Where it is not possible to deliver an NGA infrastructure in these areas, these 'Basic white' areas will be targeted for investment in basic broadband.

Refining intervention areas

As previously stated, we are requesting further information where responses to the OMR have contained insufficient detail. This, and information obtained during this consultation, will enable the project to take a final view on the target areas for intervention.

This information will be a key input into the formal procurement stage to allow bidders to propose plans and cost for the target areas and also to agree public funding via state aid.

It is not our intention to duplicate the provision of NGA or basic broadband infrastructure by existing providers, nor is it our intention to provide subsidy where it is not needed.

Response to the consultation

Existing or potential broadband infrastructure suppliers

The intervention areas will be revised and finalised based on any additional market analysis undertaken and feedback received from this consultation. As a result it is imperative that any operators already delivering or planning to deliver broadband services, or have infrastructure on the Island that is not represented in this document, or have not previously provided detailed information to the authority, make their plans known.

Suppliers who have not already completed returns as part of the OMR should respond to the questions set out in Appendix C.

Confidentiality

Please note that the data you provide in your response will be treated as commercially confidential to the IWC albeit that it may be necessary to share some or all of your response data with our professional advisors and/or DCMS/BDUK, Ofcom, BIS State Aid Branch and the European Commission in the course of seeking State Aid approval for our local broadband project.

It should also be noted that it is a State Aid requirement to use this information to produce State Aid maps to define white, grey and black areas for basic and NGA broadband. These maps may be published. However, please note that these published maps will be assimilated utilising data from all relevant operators and will not be directly attributed to a single source.

Note that the IWC has obligations under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 to consider disclosure of the information on request. It would apply an exemption in relation to commercially confidential information, but would need to disclose the information if ordered to do so by the Information Commissioner or a relevant tribunal.

Broadband Infrastructure and Services

In a similar vein, the council welcomes comments from other stakeholders and businesses involved in the provision of broadband services.

Comments from other businesses, community groups and residents

The council welcomes comments from community groups and businesses and residents, in particular whether there are any community plans to provide broadband at a local level. If you wish to register your personal or business demand for better or faster broadband, please visit our website.

Isle of Wight Council Superfast Broadband

If you wish your responses to be treated as 'confidential' please clearly mark your responses as 'confidential'. Confidential responses may be taken into account but will not be published by the IWC in any summaries of the consultation responses received.

Please note that information which is relevant to the state aid notification may be discloseable to a relevant authority or body dealing with state aid matters. In addition Isle of Wight Council has obligations under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 which may mean that information is discloseable despite it being marked confidential.

Consultation results

Information provided by infrastructure suppliers will be used to support an application for state aid. Comments received from other businesses and residents will be noted.

How to respond to this consultation.

Responses should be made by 5pm on 21 April 2013 either by email to broadband@iow.gov.uk and please include "Broadband Consultation" in the subject line or, if you prefer to respond in writing please address your response to:

Broadband Consultation
County Hall
High Street
Newport
Isle of Wight
PO30 1UD

Contact details for more information

If you have any questions regarding this consultation, or if you require this document in a paper format, please contact:

jayne.tyler@iow.gov.uk or telephone (01983) 823653

Thank you for taking the time to respond to this consultation

Appendix A – Glossary of terms

Term	Definition
Basic broadband	Broadband which delivers download speeds of at least 2Mbps. Examples of basic broadband could include: ADSL, ADSL 2+, wireless, mobile (3G or 4G) and satellite.
Basic white area	An area is mapped as ‘basic white’ where basic broadband services are not available at affordable ⁴ prices and there are no private sector plans to deliver such services in the next three years; or where there is no basic broadband infrastructure, nor any investment plans by a private sector network operator to deliver such infrastructure within the next three years.
Basic grey area	An area is mapped as ‘basic grey’ where one basic broadband network delivering affordable basic broadband services already exists or is planned and there are no private sector plans to roll out a second similar infrastructure in the coming three years.
Basic black area	An area where two or more basic broadband networks already exist delivering affordable basic broadband.
BDUK	Broadband Delivery UK
BDUK State Aid Notification	The BDUK State Aid notification to the European Commission “National Broadband Scheme for the UK: Supporting the local and community rollout of superfast broadband”.
DCMS	Department for Culture, Media and Sport
EU	European Union
Mbps	Megabits per second
Next Generation Access (“NGA”) Broadband networks	NGA networks are understood to have at least the following characteristics: (i) deliver services reliably at 24Mbps, at affordable prices ⁵ per subscriber through optical (or equivalent

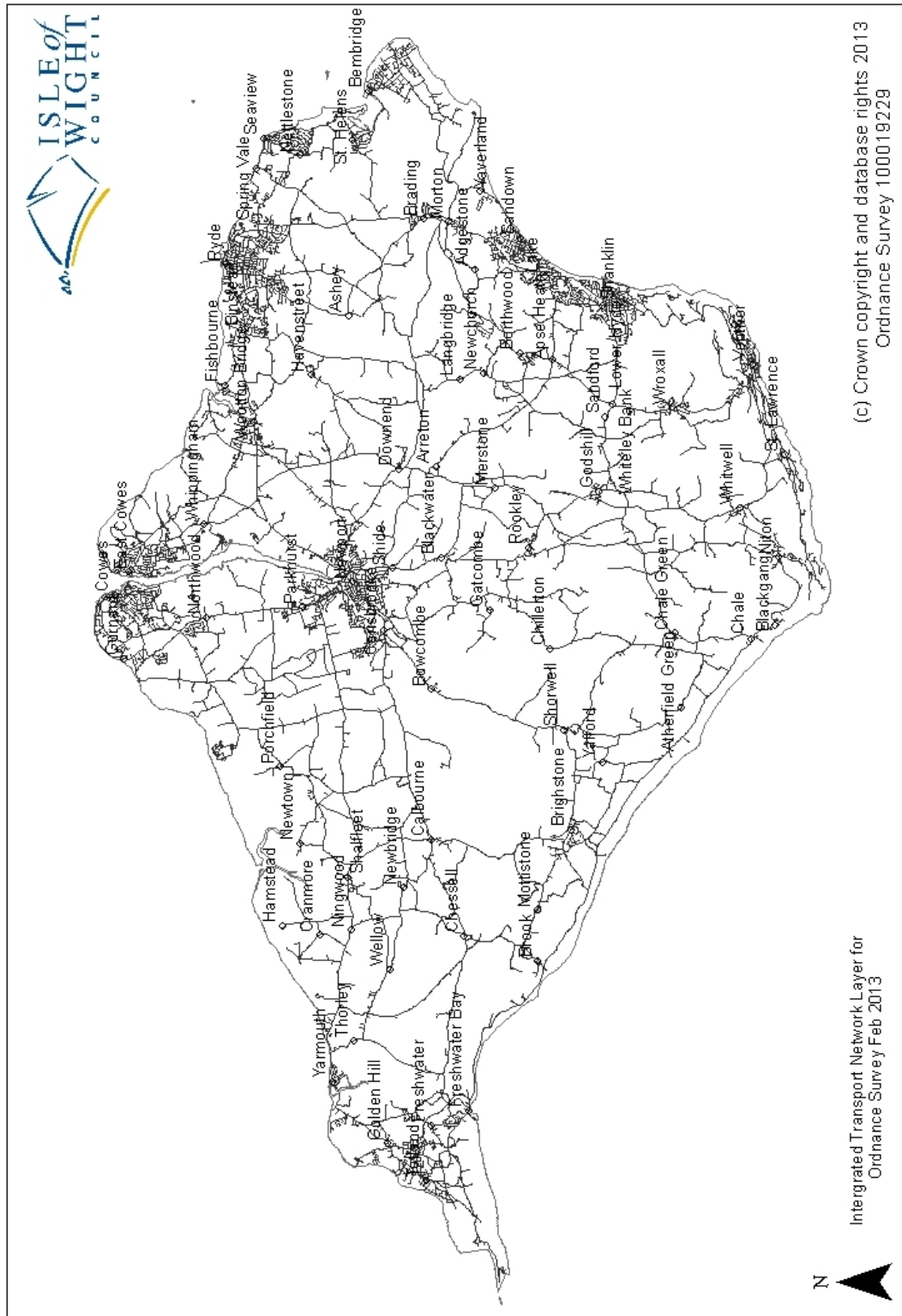
⁴ BDUK guidelines state that access to basic broadband infrastructure is not affordable if the installation costs £100+ and or the monthly rental price is £25.00

⁵ BDUK guidelines state that access to basic broadband infrastructure is not affordable if the installation costs £100+ and or the monthly rental price is £25.00

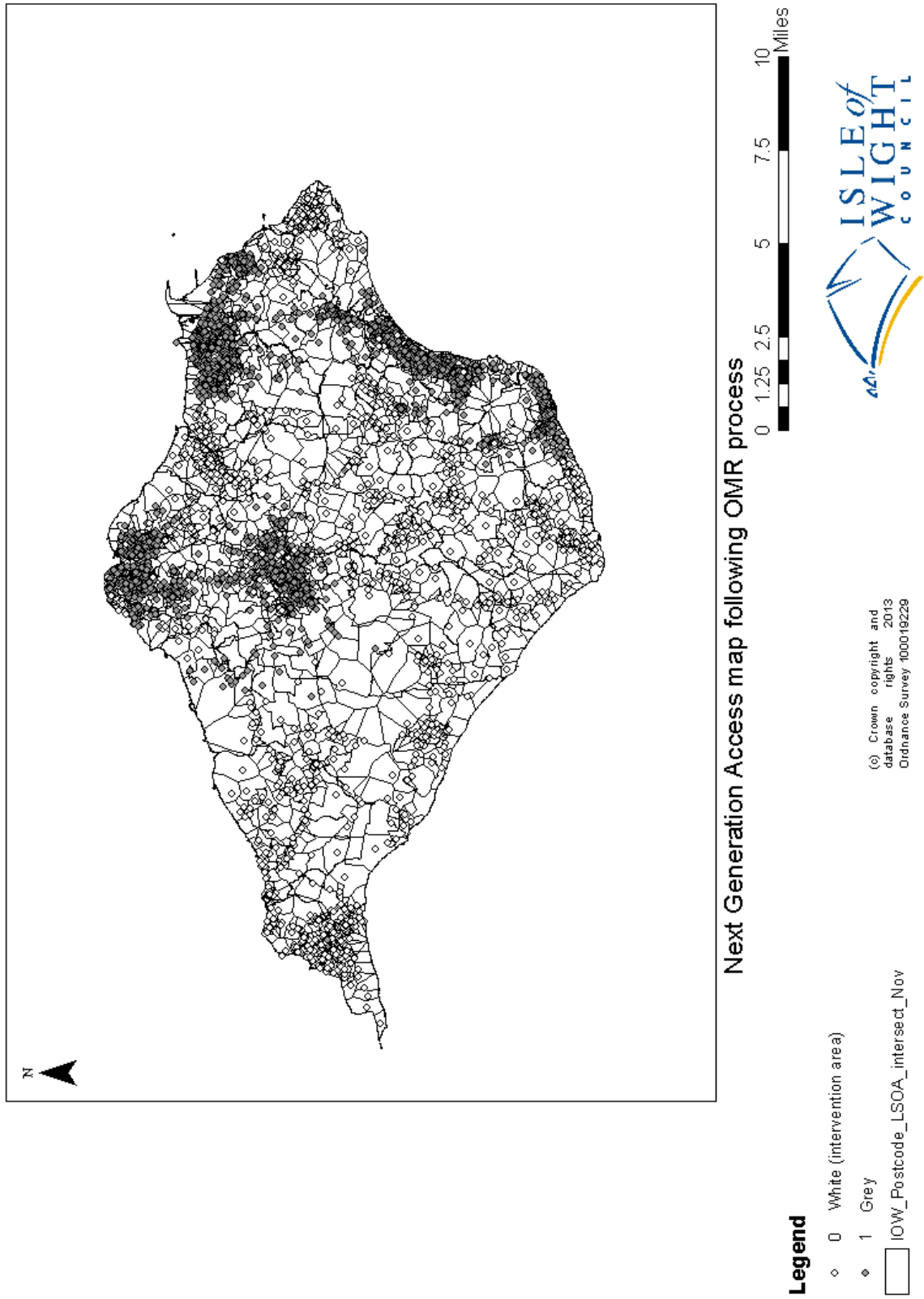
	<p>technology) backhaul sufficiently close to user premises to guarantee the actual delivery of the very high speed; (ii) support a variety of advanced digital services including converged all-IP services; and (iii) have substantially higher upload speeds (compared to basic broadband networks). At the current stage of market and technological development, NGA networks are: (i) fibre-based access networks (FTTx); (ii) advanced upgraded cable networks; and (iii) certain advanced wireless access networks capable of delivering reliable high speeds per subscriber.</p>
NGA white area	<p>An area is mapped as NGA white when there is no NGA broadband infrastructure and there are no plans by a private sector network operator to deliver such infrastructure within the next three years.</p>
NGA grey area	<p>An area is mapped as NGA grey where only one NGA broadband network already exists or is planned to be delivered within the next three years.</p>
NGA black area	<p>An area is mapped as NGA black where two or more NGA broadband networks already exist or are planned to be delivered in the next three years.</p>
Project	<p>The Isle of Wight Better Connected BDUK Broadband Project</p>

Appendix B – List of maps

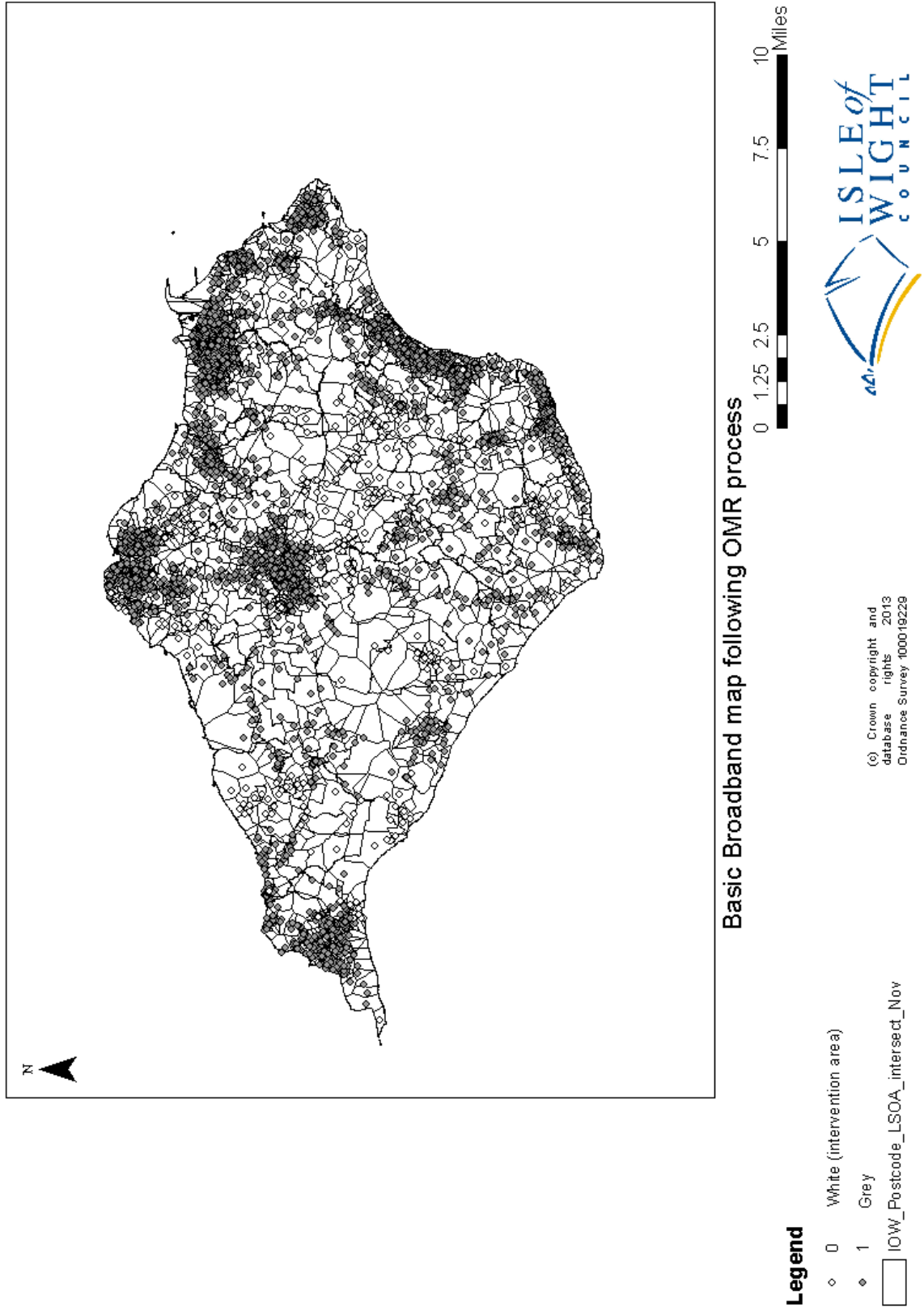
Map 1: General features and assets



Map 2: NGA broadband coverage



Map 3: Basic broadband coverage



Appendix C – Responding on behalf of an infrastructure provider

When responding, please confirm your organisation's name and address, as well as the name, position and contact details of the person responding on behalf of the organisation.

Please provide details and supporting evidence of any current broadband infrastructure that is owned, installed, managed and /or utilised by you on the Isle of Wight. Any information provided should include:

1. Exact detail of premises passed or covered, i.e. postcodes including information on the number of premises passed (in the case of a fixed network) or covered and able to receive services (in the case of a wireless/satellite network).
2. Detailed maps for showing the existing coverage of the network.
3. Details of the technology.
4. Description of the services/products currently offered.
5. Installation and rental tariffs for those services/products clearly identifying whether they are inclusive or exclusive of VAT.
6. Upload and download speeds typically experienced by customers.
7. Appropriate indicators of quality of the service e.g. contention ratio or bandwidth allocation per customer.
8. Confirmation from an authorised signatory that all information provided is of suitable accuracy.
9. Please provide evidence that demonstrates the robustness of the information provided. This evidence might include public websites, advertising etc.

Future plans for broadband deployment on the Isle of Wight

It is important to understand the details of future plans for broadband deployment on the Isle of Wight administrative areas. This is to ensure that any intervention is appropriate and compliant with state aid.

Please provide details and supporting evidence of any of your planned investment in broadband on the Isle of Wight (to be owned, installed, managed and/or utilised by you). Plans for a minimum of the next three years are required. Any information provided should include:

- (i) Exact detail of premises planned to be passed or covered, i.e. postcodes including information on the number of premises passed (in the case of a fixed network) or planned to be covered and able to receive services (in the case of a wireless/satellite network).

- (ii) Detailed maps showing the planned investment broadband infrastructure networks for the next three years.
- (iii) Details of the technology.
- (iv) Description of the services/products to be offered within the next three years.
- (v) Estimated installation and rental tariffs for those services/products clearly identifying whether they are inclusive or exclusive of VAT.
- (vi) Estimate of upload and download speeds typically to be experienced by customers.
- (vii) Estimated appropriate indicators of quality of the service. For example, contention ratio or bandwidth allocation per customer.
- (viii) Details and timing of roll-out for future investment.
- (ix) Confirmation from an authorised signatory that all information provided is of suitable accuracy.

Please supplement with other supporting evidence – for example, public websites, business plans, board meeting minutes, stock exchange announcements etc.

Informing us of any changes

Should investment decisions change, the Isle of Wight Council requests that respondents inform them of any such changes, using the contact methods outlined above.