department for
culture, media
and sport

BDUK Broadband Delivery Project

Isle of Wight Broadband Plan

February 2012

DCMS aims to improve the quality of life through cultural and sporting activities, to support the pursuit of excellence and to champion the tourism, creative and leisure industries

improving
the quality
of life for all

APPLICANT INFORMATION

Project Name:

Next Generation Broadband for the Isle of Wight

Lead organisation

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If the bid is a joint proposal, please enter the names of all participating bodies and specify the co-ordinating authority

N/A

Start Date of Project: *(31st March 2012)*

End Date of Project: *(31st March 2015)*

SECTION A – PROJECT OVERVIEW

A1 Vision and Strategic Context

1.1 Introduction

The Government has the objective of stimulating private sector investment to deliver the best superfast broadband network in Europe together with increased coverage across the UK by 2015. Broadband infrastructure investment is vital to supporting the government's economic growth agenda and this includes selective investment in rural and remote locations not served by traditional market mechanisms.

The Isle of Wight's economy, measured in terms of GVA, lags behind the more prosperous South East and the UK average. Household incomes are lower and unemployment rates higher on the Island than the mainland (with youth unemployment, between the ages of 16 and 24, disproportionately high). Island businesses report fewer vacancies and limited supply chain opportunities with the mainland, while the costs of living in terms of the price of goods both bought and sold are high.

Physical separation from the mainland by sea is a major contributing factor to the Island's economic performance and related social issues, evidenced by high levels of deprivation. Broadband coverage on the Island is also inconsistent. There are a significant number of private and commercial properties across the Island in broadband 'not spots', either having no broadband access or suffering very slow internet speeds of less than 2Mb/s (megabits per second) with co-existing pockets of digital, social and economic exclusion. Access to superfast broadband will therefore enable the Island to address local disparities across the Island as well as reduce the performance gap with the South East and UK.

"The economy of the Isle of Wight is markedly poorer than in the rest of the south-east because of our separation by sea. Access to superfast broadband would help."
Andrew Turner MP to the House of Commons (2010)

"The Isle of Wight does not have good or consistent broadband coverage and this Government are determined to sort it out."
The Secretary of State for Culture, Olympics, Media and Sport (2010)

There is a significant risk of a widening digital divide in terms of broadband speeds between the Island and the mainland, which would result in greater economic disparities and further social exclusion. The Isle of Wight Council is therefore committed to bringing superfast broadband to the Island and are making a significant multi-million contribution (capital and revenue) to make this happen.

1.2 The Island's Vision:

The vision for the Isle of Wight is to reduce the digital divide between the Island and the mainland and to enable economic growth and digital inclusion for all residents and businesses via access to faster broadband by 2015 and superfast broadband by 2020.

Our aims:

- To achieve 2Mb/s as a minimum, right across the Island by 2015
- To achieve faster broadband at a minimum of 24Mb/s for over 90% of all premises on the Island by 2015
- To narrow the digital divide between the Island and the mainland by 2015
- To 'future proof', via linkages with other economic development programmes (e.g. PFI Highways) to enable greater capacity for fibre to premise and infrastructure upgrades to superfast broadband (30+Mb/s) by 2020
- To provide an 'open' access infrastructure to multiple service providers to drive competition and demand.
- To enable improved delivery of public services via broadband technology
- To support the development and growth of Island businesses, and
- To contribute to the Eco-Island vision for a sustainable and low carbon economy.

1.3 The Strategic Need

The need for investment in superfast broadband on the Isle of Wight is identified in a range of high level strategic plans.

The Isle of Wight Council has identified the strategic importance of superfast broadband in its **Corporate Plan 2011-13**. The council continues to face the challenges posed by the recession and the changing global economy in the quest to deliver long term economic well-being for the Island and its community.

The **Economic Development Delivery Action Plan 2011-14** outlines six priorities for growth, including:

Priority 1 Increasing inward investment;
Priority 2 Provision of sufficient employment land;
Priority 3 Development of a skilled workforce in key sectors;
Priority 4 Promotion and expansion of renewable energy activities;
Priority 5 Installation of a superfast broadband network;
Priority 6 Developing and promoting 21st century tourism offer.

The installation of superfast broadband is identified as a separate priority. However, it will be instrumental in realising other economic priorities including the provision of employment land and the attraction of inward investment, including high value renewable energy activities.

The **Eco-Island vision** (2008-2020) was adopted as part of the Island's Sustainable Community Strategy. This is based on the need to develop a higher value, low carbon, sustainable economy which superfast broadband will help to facilitate and support. This will be achieved by, for example: minimising commuting and business travel (on and off the Island) via video and audio-conferencing and increased home working; more energy efficient and carbon neutral business processes and ICT products; and smart digital technologies including smart meters, remote sensors and cloud based technology – such as the facility for Island based data centres.

The council has also taken a leading role in the successful bid for the sub-region to be recognised by Government as a Local Enterprise Partnership (LEP). With a population of over 1.3 million and some 50,000 businesses, the Solent area is a well recognised functional economic area including the Isle of Wight, the two cities of Portsmouth and Southampton, the M27 corridor and Solent waterway. **The Solent LEP** will be an important business-led component in delivering the business growth and job creation required to grow the Island economy. The council has ensured the activities of the LEP will include the development of industry sectors of particular importance to the Island including; tourism, marine, marine renewables, advanced engineering and composites. Within the Solent LEP proposal the Isle of Wight is specifically identified as a priority area for broadband investment within a key LEP objective to:

"… extend the coverage of reliable high speed broadband across the Solent area…. with a particular focus on improving delivery on the Isle of Wight."

1.4 Economic and Social Issues

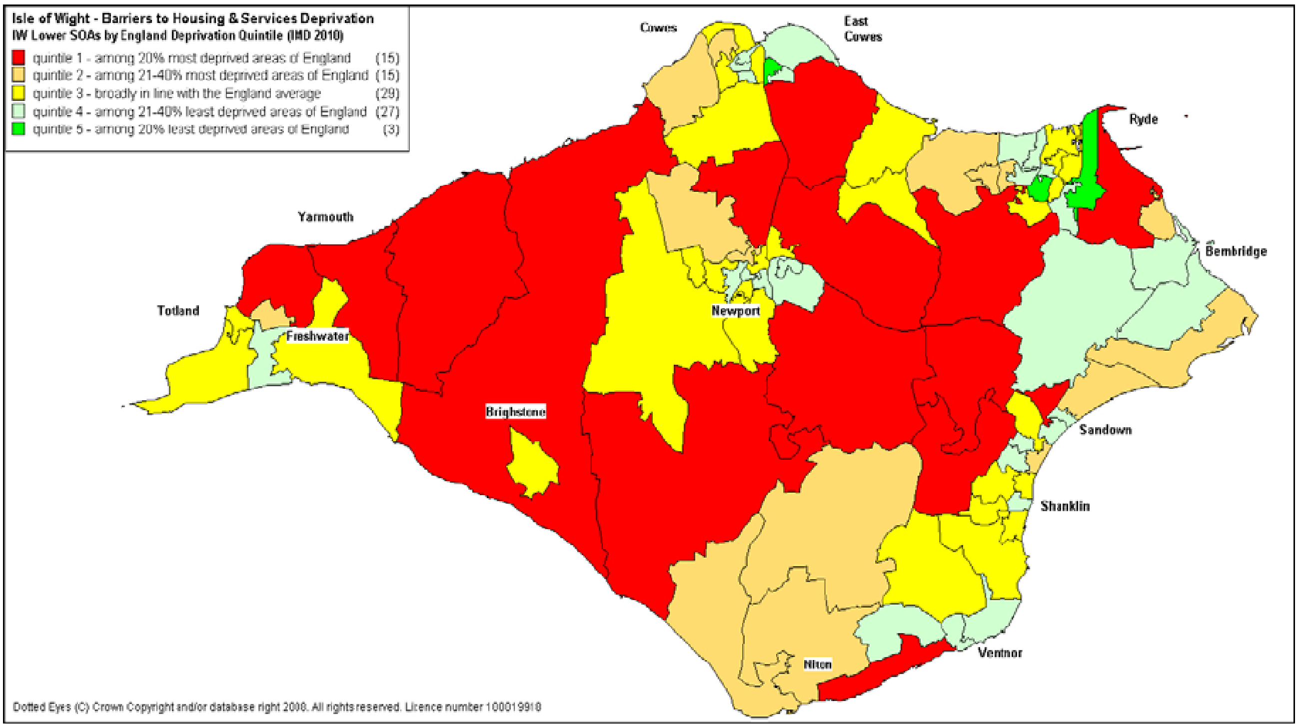
The Isle of Wight lies off the South Coast of England, with ferry services providing a mainland link at three locations on the North, West and East of the Island. Physical separation by sea has an impact on economic performance including access to markets and jobs; and access to mainland public services, for example, healthcare and education.

The Island has a population of 141,000. Population growth of about 1% per year is driven by net inward migration, of working age or newly retired, and net outward migration among young people aged 15-29. The Island is proportionately older compared with England and over the next 10 years the Island's largest population increase (25%) will be in the 65+ population, with the under 20 and working age populations falling slightly. A significant proportion of the growth among over 65s will be among the very elderly (85+). An aging population therefore presents a significant and increasing challenge to economic performance and public service delivery.

The Island's land area is predominantly rural: 75% is classified as villages, hamlets or isolated dwellings, with only 16% of the population living in these areas. This population faces significant difficulties in accessing facilities, which presents challenges for service delivery. However, the most deprived Island neighbourhoods are mainly in the town areas - areas among the 20% most deprived on the Island are found in East Cowes, Newport, Ryde, Sandown, Shanklin and Lake, and Ventnor. They experience persistent deprivation in different aspects of their lives including income, employment, education and housing. These factors interact with each other and contribute to residents of these neighbourhoods experiencing, on average, worse health compared with the rest of the Island.

The Island's rural areas experience significant deprivation in terms of physical and financial accessibility of housing and key local services, as the map below shows.

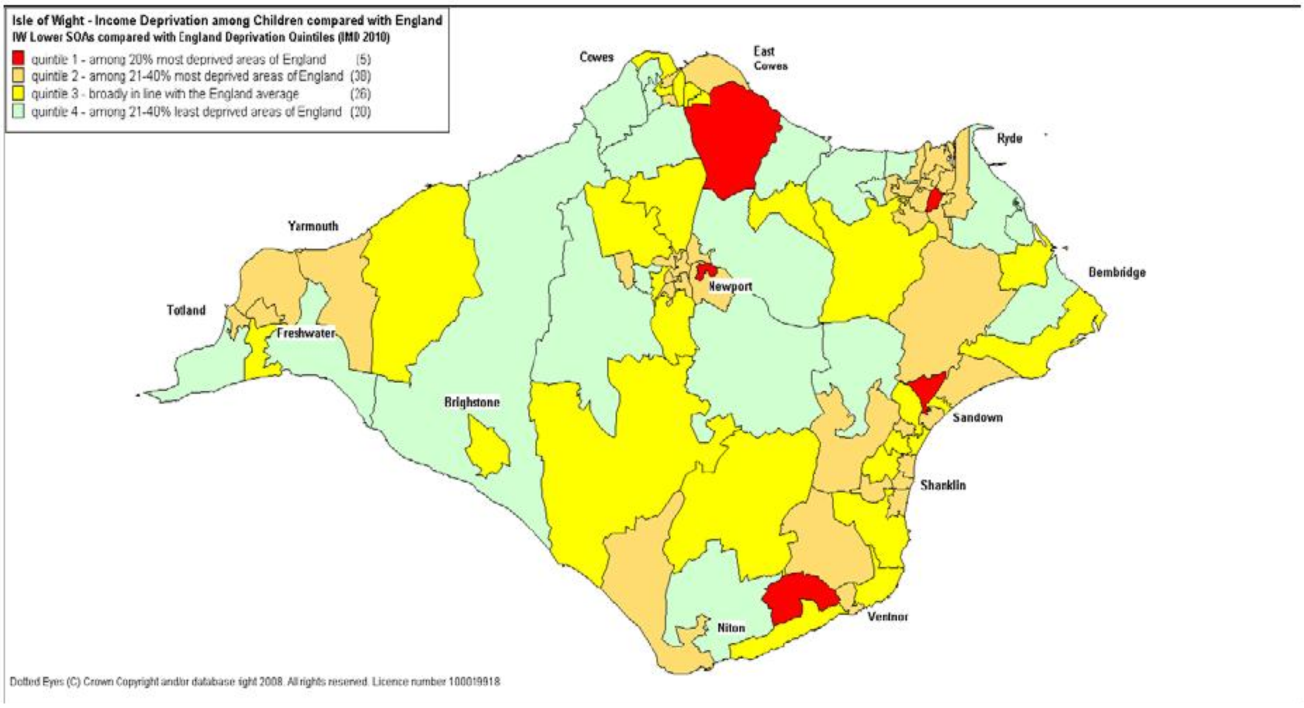
Figure 1: Housing and services deprivation, IOW – JSNA, 2011



The Island's Local Economic Assessment (2010) provides a robust analysis of economic conditions on the Island. The Island's economic performance is generally worse compared with national and regional figures. Gross Value Added, is lower; income and earnings are lower; the employment rate is lower; and measures of job vacancies are worse. Long-term Job Seekers Allowance claimants are concentrated in the 25-49 age group, but disproportionately higher amongst the 18-24 age group. Claim rates for other working age benefits are also comparatively higher than the mainland, notably Employment Support Allowance and Incapacity Benefit, indicating significant health-related inability to work amongst the population.

According to the IMD 2010, five of the Islands 89 LSOAs are in the worst off 20% nationally for income deprivation affecting children. As shown in the map below, these are in Newport, Ryde, Sandown, Ventnor and Osborne.

Figure 2: Income deprivation amongst children, IOW – JSNA, 2011



Educational attainment is generally lower on the Island compared with the national and regional situations although it has shown an upward trend over recent years while the Island's workforce is less skilled compared with the national and regional averages. A lower proportion has a qualification equivalent to NVQ4 or above (equivalent to a first degree); however a higher proportion has no qualifications at all. Skills are a significant factor in the Island's competitiveness and the delivery of education and skills training through on-line services will help to transform economic performance on the Island.

1.5 Transformation of Public Services

The Isle of Wight Council is currently engaged in discussions with a wide range of stakeholders about developing a shared vision for how broadband technology can be utilised to facilitate the process of public service transformation, in the period to 2015 and beyond. Not only will this help to improve the sustainability of services, but the council believes this will have a significant impact on stimulating the demand for superfast broadband and generating economic and social outcomes for the Island.

Education: A re-organisation of the schools on the Isle of Wight is underway and the Island's schools are also in the process of procuring a new broadband provider to deliver services, such as Virtual Learning Environments (VLEs) and Live@Edu. School resources are also increasingly being used as community hubs. In particular, the Cowes High School Pathfinder is tasked with developing learning regarding new approaches to education and skills development, such as implementation of technology to facilitate distance learning and flexibility over operational hours.

Health: Broadband enabled health services (e.g. remote monitoring, x-ray diagnosis) offer the NHS significant opportunities to improve the quality of both preventative and curative health care while keeping costs down. This is a vitally important area of service transformation which the council is developing with health partners (St. Mary's Hospital and the PCT) and University of Southampton.

Adult and social care: There is increased focus on local authorities to work with individuals and communities to promote their own capacity for providing support, care and effective use of personal budgets. It is felt that once customers become more aware of what the actual costs of delivery of services are, they will be less likely to choose in-house services unless these can significantly reduce their unit costs. Delivery of these services out-of-house can be facilitated using reliable superfast broadband across the Island, enabling greater opportunities for communication (visual/audio) and improving access to services in rural areas and for elderly residents.

Economic development: Limitations of existing broadband infrastructure impair the operations and potential for diversification of Island businesses wishing to utilise new technologies. This is especially true for SMEs in key Island sectors (e.g. advanced manufacturing, tourism, health care, retail, agriculture). Access to superfast broadband will facilitate adoption of new technologies and services that can enhance the ability of local firms to share information with suppliers and customers, stay innovative and competitive, readily access new markets and reduce costs. Access to superfast broadband will also enable much greater levels of home-working (full or partial), which will enhance the Island's ability to attract and retain high-skilled workers. Improved connectivity therefore offers the opportunity to create and sustain higher value employment on the Island, which can make a significant contribution to improving its relatively low-wage economy, especially when contrasted with the South East. Facilitating this is a key role of the council's economic development and regeneration service.

Tourism: Tourism and hospitality is a key sector for the Island's economy. A range of Tourist Information Centres have recently been closed on the Island as part of the council's spending reductions. Superfast infrastructure and wireless provision can help to facilitate a move towards a new means of delivering information to residents and tourists alike.

Planning: This service has recently undergone significant review with a reduction in staff and costs. Work is also underway with Southampton City Council to explore how expertise in each authority can be shared. Reliable superfast broadband technologies can be utilised to deliver greater information and engagement with local residents at all stages of the planning process. For example, a recent GLA event discussed how QR Smart Codes on buildings/posters could be used to facilitate this.

Libraries: It is unlikely that the council can maintain the current size and shape of the service. The use of reliable superfast broadband technology could enable many library services to be accessed in more dynamic ways, which could greatly assist service redesign and efficiency savings.

1.6 Community benefits

The Isle of Wight's topography and demography have led to unequal access to broadband and the potential advantages it can bring. This means that many communities, particularly those in the rural areas of the Island, have no access to broadband, or at least no access to broadband of sufficient speed and capacity to enable.

Communities would benefit from faster broadband, because this would unlock a range of opportunities. Examples of these opportunities are set out below (all of these have been expressed by local groups):

- small business unit start-ups and incubator units
- shared service centres for local businesses (particularly SMEs and in rural areas)
- community libraries' access to web-based services (IWC currently pays for business-broadband packages to allow bandwidth and speed sufficient to run library management system)
- creative industries hubs, particularly web design firms and game designers
- community groups supporting youth activities, seeking fast, safe information in rural areas to support young people seeking work
- job clubs in rural areas, to enable Govt agencies, IWC and partners to support job seekers of all ages
- "Silver Surfing" (first-time web exploration for those aged 50+)
- community heritage groups storing and publishing images and photographic records of local collections, for sharing and celebrating local identity and sense of place
- uploading oral history recordings, to capture local stories and social history
- training centres, in community buildings to bring adult leisure learning to communities
- training centres for SMEs and local businesses, to access business skills online
- training centres for apprentices and opportunities for fast, reliable weblinks to training establishments elsewhere in the UK and abroad.
- schools in rural areas enjoying fast access to online videos for education
- local parish and town councils having more interactive websites with fast functionality
- older people enjoying fast reliable neighbourhood watch through web links
- families able to Skype and/or use reliable fast videolinks
- SMEs and other local businesses, particularly in rural areas, able to use video conferencing to link to customers, suppliers and new markets

The ability of people across the Island to benefit from fast access to information, data and knowledge, is something that this project could enhance in a clear and measurably-positive way.

A2 Background

2.1 Existing Infrastructure - BT

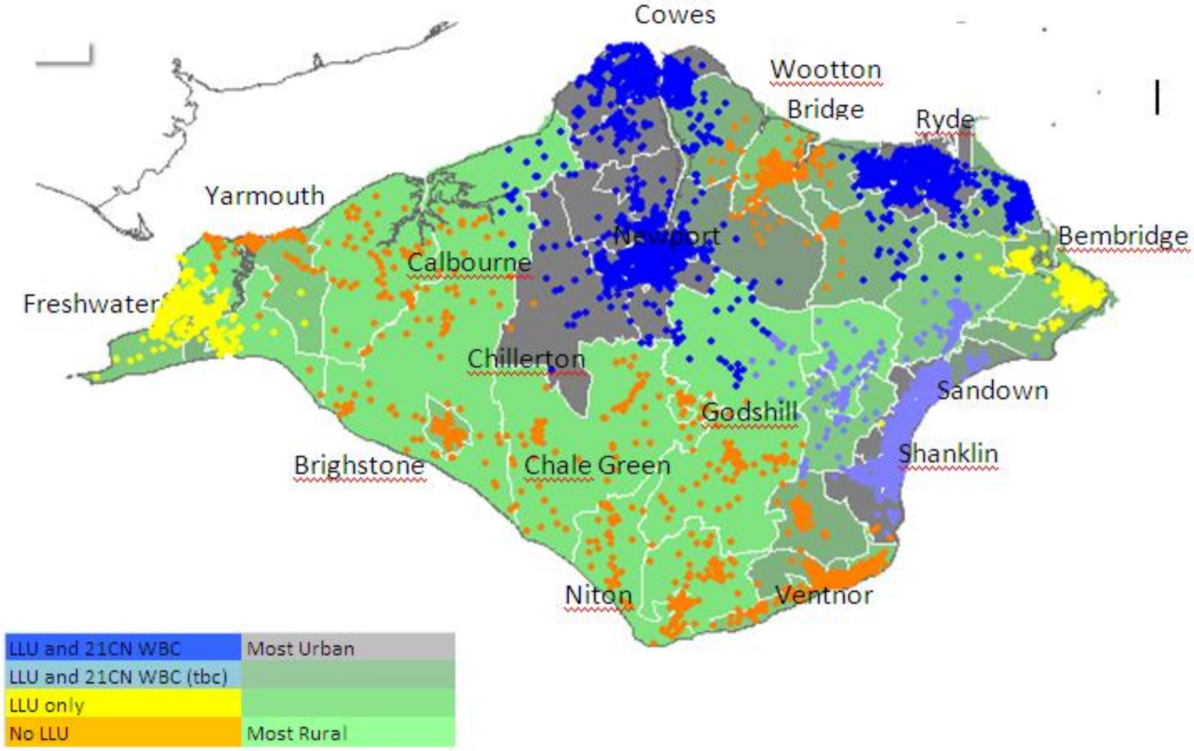
There are 63,521 residential premises and 4,610 non-residential premises on the Island (as of 2008).

The Island is served by 16 BT exchanges, mapped below in Figure 3. This shows the relative rurality of Island exchange locations, the distribution of premises, and where these have access to Local Loop Unbundling (LLU)[1] or BT's '21st Century Network' services[2]. Note: Cowes, Newport and Ryde are the main urban towns on the Island with approximately 50% of all premises.

[1] Where other providers install their own equipment on a BT exchange to offer a range of additional services

[2] Delivery of copper-based broadband up to 24 MBps. BT do not define this technology as 'superfast' or 'next generation'.

Figure 3 – BT exchange areas across the Island[3]



All of these exchanges are currently served by fibre to the exchange. 50% of these exchanges are currently unbundled and designated by Ofcom as Market type 1 – no competition. There are 229 cabinets on the Island as detailed in the table below:

Exchange	**No. Cabinets**
Cowes	40
Newport	46
Ryde	42
Ventnor	13
Sandown	22
Shanklin	17
Bembridge	8
Niton	5
Wootton	7
Brighstone	4
Freshwater	13
Yarmouth	7
Godshill	1
Chale	1
Calbourne	2
Chillerton	1
Total	**229**

[3] SamKnows (data obtained 2011)

The table below details current generation (basic) broadband available on the Island.

BT Exchange Area	Ofcom market	ADSL Max	SDSL	LLU Operators	21CN WBC	Ethernet	Residential premises	Non-Residential premises
Bembridge	2	✓	X	2	x	X	2772	139
Brighstone	1	✓	X	X	X	X	1072	48
Calbourne	1	✓	X	X	X	X	479	68
Chale Green	1	✓	X	X	X	X	309	25
Chillerton	1	✓	X	X	X	X	416	60
Cowes	3	✓	X	4	✓	✓	10502	507
Freshwater	2	✓	X	2	X	X	4124	513
Godshill	1	✓	X	X	X	X	656	57
Newport	3	✓	X	4	✓	✓	10170	1037
Niton	1	✓	X	X	X	X	1107	58
Ryde	3	✓	X	6	✓	✓	12721	640
Sandown	2	✓	X	4	tbc	X	6458	513
Shanklin	2	✓	X	4	X	Tbc	5134	503
Ventnor	2	✓	X	3	X	X	4176	241
Wootton Bridge	1	✓	X	X	X	X	2282	120
Yarmouth	1	✓	x	x	X	X	1143	81

BT has stated that they have plans for delivering Fibre To The Cabinet (FTTC) in Cowes, Newport, Ryde, and Ventnor. It is not yet known how many cabinets will be enabled in these areas, although BT has informed the council that not all cabinets will be upgraded.

Whilst not ruling it out in future, BT has stated that they currently have no plans for delivering Fibre To The Premises (FTTP) on the Island.

2.2 Existing infrastructure – Other

Cable

Wightcable provide broadband, telephone and television services over their private fibre network to homes in Cowes, Newport and Ryde (and some properties between these three towns). This network has been installed through ducting in the road, buried through garden or clipped to wall/fence. Outside this area, Wightcable offer a more limited range of services using the BT network and some wireless provision. They are currently offering residential packages with download speeds of up to 20MBps and bespoke business solutions up to 1GBps.

Virgin Media do not have a commercial network on the Island.

Wireless

Wireless solutions have been implemented by Wightcable using Wi-Max, which has limited bandwidth capacity. The company cited technological limitations of Wi-Max and the planning process (e.g. local objections to 10-15m masts) as a key barrier to deployment into the more rural parts of the Island.

High Point Infrastructure Limited also owns a secure network of WIBERTM providing MegabandTM across parts of the Isle of Wight, Portsmouth, Hampshire and Bournemouth. Their Click4Internet division is the 'brand name' under which they market and sell their WIBER Megaband product range. Their proprietary WIBER technology uses fibre optics combined with the wireless technology to beam internet connectivity directly to customers using long range wireless point to point links. This gives the 'performance of tomorrow's fibre optic cables with the economy and flexibility of secure high performance wireless transmissions.' WIBER does not use WI-Max technology. The company are looking to expand their coverage.

3G coverage

3G coverage on the Island is highly limited to extreme coastal areas (nearest mainland provision) and some parts of Newport.

In addition to the POPs provided through the BT network, neos (a subsidiary of Scottish and Southern Electric) have a sub-Solent pipe delivering bandwidth to the island – with one POP at Cowes.

2.3 Population density and topography

The Isle of Wight has a land area of 380 square kilometres (146 square miles) and its population density is 370.7 people per square kilometre, compared with 395 in England. Only 16% of the Island's land area is classified as urban, although 64% of the Island's population live in urban areas (2001 Census).

The remaining 84% of the Island's land area is classified as rural. 75% of the Island is classified as villages, hamlets or isolated dwellings. These areas face significant difficulties in accessing broadband services, and present challenges for service delivery. A number of premises in rural areas are connected directly to the exchange, while many more have a line length to the cabinet greater than 1.5km.

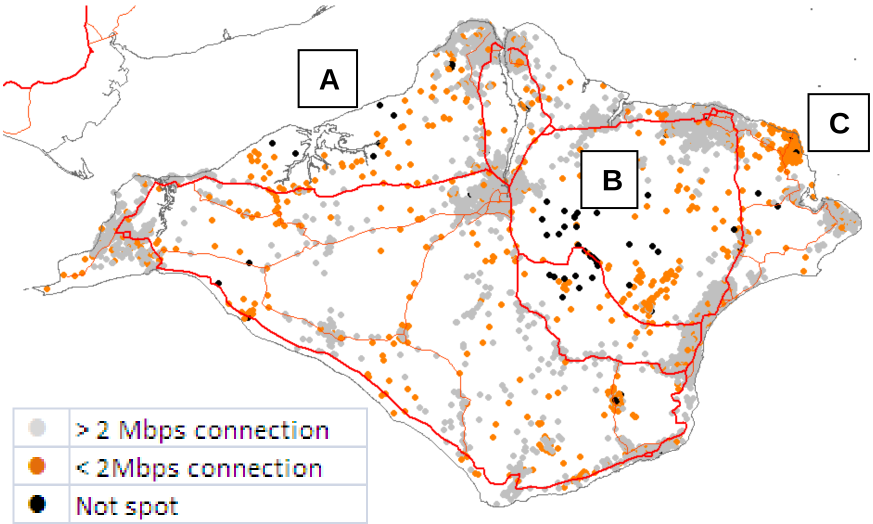
The most rural areas have no access to Local Loop Unbundling (LLU) with large parts of the rural population having either no access to broadband or speeds of less than 2 Mb/s.

A3 Local Broadband Context Evidence of Need/Gap Analysis

3.1 Current broadband connections

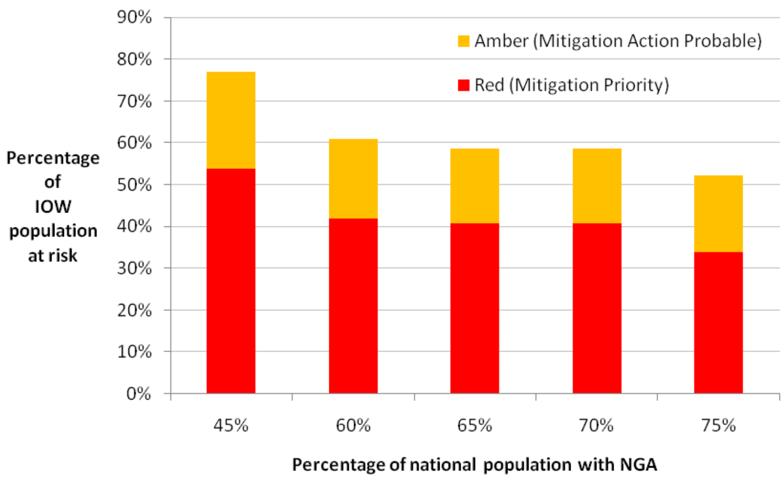
Large parts of the Island currently suffer from inconsistent access to low bandwidth broadband connections. Three key concentrations of highly limited (and no) service provision exist around the Yarmouth exchange (A), the area surrounding Arreton (B) and Seaview/Nettlestone (C), as shown in Figure 4.

Figure 4 - Postcode locations with less than 2Mbps connections / no connection[4]



Although the urban centres of Cowes, Newport and Ryde are considered the most commercially viable centres for superfast investment (as with other services to date), it is worth highlighting that this still excludes a very large proportion of the Island's area and population, considered to fall within the priority areas (red and amber) for mitigation to market failure.

Figure 5: Percentage of Island population at risk of falling into the 'final third'[5]



40% of the Island population are at considerable risk of having no access to NGA services well beyond the initial stages of rollout into the final third. This largely rural population is amongst the most disadvantaged on the Island, in terms of the Indices of Deprivation (see figure 1 in section A1, above) and amongst the most hard-to-reach in terms of public service delivery.

[4] SEEDA Broadband Survey 2008

[5] Analysys Mason (2010)

It is also evident that significant parts of the Island, mainly in the most rural areas suffer from significant barriers to services relative to the rest of the UK and Solent sub-region. This has significant implications for how reliable broadband technology could be used to promote greater equality of access.

3.2 Awareness of other broadband projects

Natural Enterprise is an Island based Community Interest Company (CIC) which has secured funding via RDPE to unbundle the Yarmouth exchange and the council has also been asked to support bids to DEFRA from both Natural Enterprise and another organisation called Rural Internet Solutions Enterprise (RISE) to help fund faster broadband in the 'final 10%' of low density areas on the Island.

In addition BT has announced its intention to provide Fibre To The Cabinet (FTTC) in Cowes, Newport, Ryde, and Ventnor. While Click4 – an Island based wifi company – are also looking to expand their coverage on the Island.

However, it is not possible for the council to estimate how many premises will be enabled by these developments, although it can confirm that no over-lap will occur between proposed BDUK funded activity and other broadband projects on the Island.

3.3 Public sector assets

There are a number of public sector assets, including planned physical regeneration and infrastructure schemes on the Island (over the next few years) which the council propose to link to the development of broadband infrastructure to help maximise opportunities and reduce costs. These include:

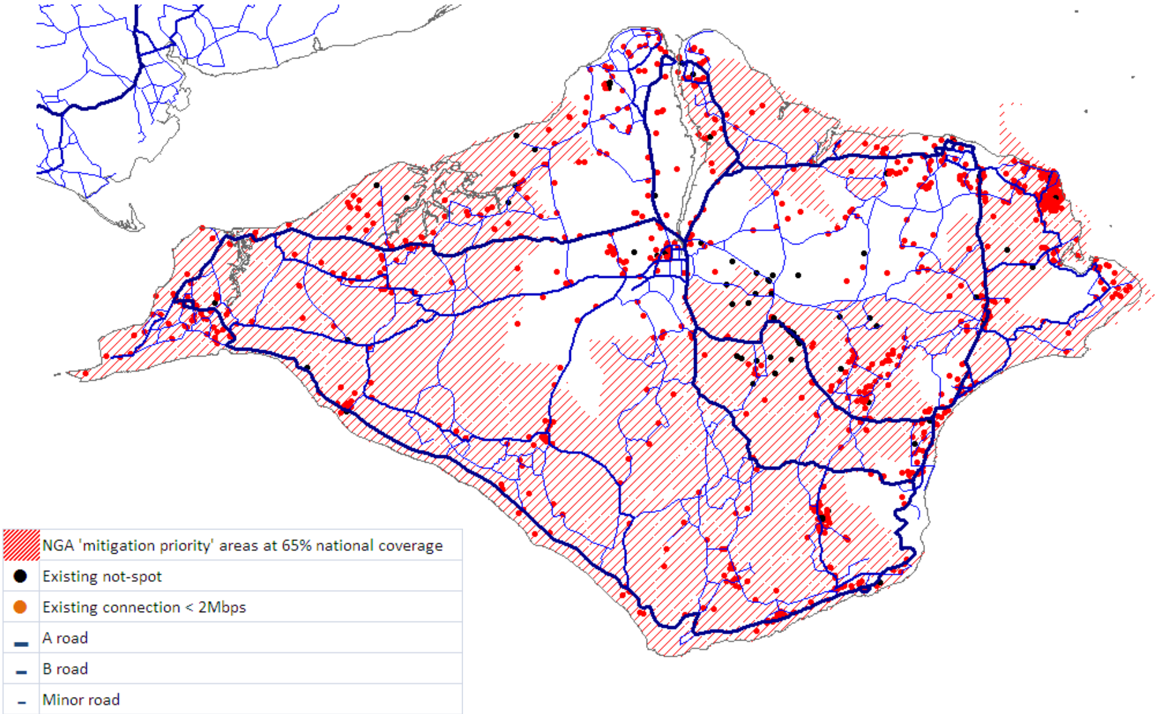
- An Island wide PFI highways maintenance contract, which will begin in 2013.
- The procurement of new broadband services to support Isle of Wight schools
- The provision of broadband infrastructure to new homes at the Pan development, near Newport (Barratt Homes), and
- The East Cowes regeneration development (partners include: HCA, Barratt Homes and Southern Housing Group).

The **Isle of Wight Highways PFI** project will include the entire Island's road network, encompassing the management and maintenance of 514 miles of highways, 11,700 street lighting columns and a further 2,600 illuminated street furniture items. As well as funding from central government, the PFI will be supported by an annual council contribution of around £10.5 million, in line with what the council currently spends. It is anticipated most of the major works will take place in the first seven years (2013-2020).

This contract will cover all aspects of the road that sits between the fences – this includes the road surface, drainage, street lighting, kerbs, footways, grass verges, signs, bus shelters, etc.

The following map demonstrates how the maintenance of A, B and minor roads provide unrivalled opportunities for linking physical highways maintenance works with installation of ducting and FTC and FTH (depending on premise location) across the Island, especially in areas of highest risk at NGA exclusion.

Figure 6: Connectivity of PFI Highways and broadband infrastructure



Depending upon the works programme schedule in the first two years, this offers significant potential to address national USC targets by 2015.

The council is committed to working collaboratively to integrate highways and broadband development. The procurement process for the PFI Highways initiative will ask preferred contractors to consider this aspect of the plan and how ducting will be laid to facilitate the installation of broadband infrastructure. The schedule of works for the PFI Highways will prioritise road sides and lighting to be completed across the Island by the end of 2015. This will facilitate a gap funding approach with BDUK.

The **Pan Urban extension** is a housing and regeneration project being delivered in partnership between the Isle of Wight Council and Spectrum Housing Group. The development will provide 1,009 homes, with a minimum of 240 of these being affordable housing. The project is located on a 21ha site on the south east edge of Newport, bordering Pan Estate, a low density residential area built between the 1950's and 1970's by the local authority, now partly in private ownership and part held by Medina Housing Association.

The council is aware that a local Telcom provider - Wightcable - has been engaged with Barratt Homes in discussion over the deployment of FTTP within the development. However, at present some network infrastructure costs may be prohibitive. There are opportunities to connect these new homes to superfast broadband, via FTTP, as part of the BDUL gap funding proposals.

The masterplan for the 11 hectare **East Cowes** site includes a mixed-use development with a marine employment quarter on the waterfront site. A planning application for a 300 berth marina has already been submitted and HCA have committed around £18 million to the regeneration of East Cowes, which has included masterplanning, land acquisition, remediation and major infrastructure improvements including a new link road.

A4 Scope of Project

The scope of the Island's Broadband Project is linked to the Island's wider vision for economic development, to enable economic growth and digital inclusion for all residents and businesses via access to faster broadband by 2015 and superfast broadband by 2020. By 2015 the project aims to achieve:

- 2Mb/s as a minimum, right across the Island, and
- Faster broadband at a minimum of 24Mb/s for over 90% of all premises on the Island.

The Island has 63,521 residential and 4610 non-residential premises. BT has announced their plans for the Island exchanges at Cowes, Newport, Ryde, and Ventnor. It is not know how many cabinets will be enabled as part of this development, although these are likely to include the most commercially viable cabinets. Further BT announcements may follow. However, our planning assumptions are based on current broadband connections and Island wide coverage, although it is anticipated that this project may ultimately target those premises considered highly at risk of not having their connectivity upgraded by BT Openreach as part of their investment programme. The Island plan will therefore be updated once this information is known.

It is expected that public funding, including BDUK and council investment would help to gap fund all premises on the Island. Initial discussions with BT suggest that using a mixed-technology approach, it may be possible to deliver 95%+ 'superfast' coverage to Island premises within an acceptable cost range.

The council is are currently proposing to fully develop a gap-funding model that is linked to planned physical regeneration and infrastructure schemes on the Island (over the next few years) as discussed above in Section A3. The PFI Highways is of critical importance and likely to influence the proposed phasing and roll out of the project. The scheduled work programme for the PFI Highways will commence in 2014 and aims to complete all road sides and lighting across the Island by the end of 2015. This timeframe presents the most cost effective opportunity for providing a ducting for fibre to cabinets and / or premises in communities that are unlikely to be served by existing providers.

It is also planned to link the proposed investment programme with a wider strategic realignment of public service delivery, ensuring that opportunities to transform delivery and facilitate efficiencies using technology are realised. In particular, the following key opportunities are identified for stimulating demand to support investment in new infrastructure on the Island.

• Broader Eco-Island vision (see www.eco-island.org.uk). In particular, possibilities to maximise research and business opportunities connected with offshore wind

development, solar investments and the proposed Solent Ocean Energy Centre – additional to other community initiatives.
- Ageing population. Significant ability to implement superfast broadband in transformation of health services across the Island. There is potential scope to use our strategic partnership with the University of Southampton to evidence this, identifying potential project linkages and potential funding opportunities.
- Educational 'cloud computing' pilots. The Isle of Wight has been selected as one of only three in the UK in association with BT.
- Transformational 21st century tourism offer – significant opportunities to use technology to transform how tourism related services and information are made available.

SECTION B – CUSTOMER AND COMMUNITY ENGAGEMENT

B1 Demand Stimulation

The council has launched a campaign to stimulate broadband demand on the Island and are conducting market research to clearly identify the numbers, location and characteristics of the target customers for this project. Questionnaires have been designed for both residents and businesses. This research will help to show the pattern of internet use (age, families with dependent children, socio-economic groups), reasons for internet use, and willingness to pay more for a faster service. Both questionnaires are available on the council's Superfast broadband page (Superfast broadband webpage). The business survey has also been distributed by the Isle of Wight Chamber of Commerce and Tourism and the Federation of Small Businesses to all their members via email. The resident questionnaire is also available in hard copy from Parish Councils and community organisations. The information gained from these surveys will inform the development of a comprehensive demand stimulation programme which is already underway.

Although the campaign to stimulate demand is Island wide, the primary target will be those households and businesses in low density areas that may currently achieve more than 2Mb/s but are unlikely to see commercial investment in superfast broadband before 2015. BT has recently announced plans to enable their exchanges with Fibre To The Cabinet (FTTC) in Cowes, Ryde, Newport, and Ventnor. Our research will therefore help us to assess the potential take up of broadband amongst residents where BT is unlikely to invest in FTTC, including those areas where connectivity is less than 2Mb/s. This market information will also be used by the council in supporting a bid to DEFRA from a local organisation 'Natural Enterprise' to help fund faster broadband in the 'final 10%' of low density areas on the Island.

It is recognised that the campaign to stimulate demand will need to be sustained beyond the timeframe for BDUK funding and that this will eventually be taken up by service providers on the Island. In the meantime the council has made a commitment to:

1. Continue communications and marketing with businesses and representative organisations;
2. Promote superfast broadband to residents and visitors via iwight.com, public access points, community consultation events, roadshows, and through the Isle of Wight County Press and broadcast media;

3. Encourage community and parish activity, like the Ventnor Blog, and third sector organisations across the Island to help 'call to arms' for communities;
4. Involve of cross-council directorates and public sector partners in project steering group for superfast broadband;
5. Brief and updates for MPs, council and Parish Councillors.

These will be included within a communication plan for demand simulation and stakeholder engagement which is being developed.

B2. Demand Registration

The Isle of Wight Council has implemented a demand registration scheme. This is an Island wide campaign that went live on Friday 13th January 2012. (Superfast broadband webpage). The campaign has been promoted by the Isle of Wight County Press – the Island's local newspaper – and supported by strategic partners including the Isle of Wight Chamber of Commerce and Tourism and the Federation of Small Businesses. The council has so far received over 2,181 registrations from residents and businesses in support of improved broadband services.

Evidence of demand - business

The Isle of Wight Council conducts a quarterly business survey to help assess the state of the Island economy. In June 2011 businesses were asked three questions about their broadband service provision on the Island:

1. Whether they were satisfied with the speed and reliability of their broadband service
2. Whether their current broadband provision was sufficient for their current business needs
3. Whether access to superfast broadband would allow the development of their business

This survey identified that overall, just over six in ten businesses are satisfied with the speed and reliability of broadband provision available to them. This figure is highest among small businesses, and sectorally is highest among firms in other services, followed by construction firms and those in finance. Just over one in five businesses report that they are not satisfied with the broadband provision on the Island; this figure is highest among finance firms.

In terms of their current broadband service provision, two thirds of businesses feel that the service is sufficient to meet their business demands. Again this is highest among small businesses, and firms in other services. Overall, 15% of businesses feel the service is not sufficient to meet their demands; this figure is highest among finance firms, despite them also being one of the most likely to say the service is sufficient. This is down to the low proportion of finance firms that replied 'don't know/not applicable' compared to other sectors, as firms in this sector are probably the most likely to use broadband in their day to day business life.

Over a third of businesses felt that superfast broadband would make a difference to their business, with the slight majority feeling it would make a small difference rather than a big one. Firms in finance were by far the most likely sector to feel that superfast broadband would make a difference, either big or small, to their business. Companies in other services and construction were the least likely to feel it would make a difference to their business.

Figure 7: Broadband service provision – results from June 2011 – all figures in %

	Total	Employees				Sector				
		<10	10-49	50-99	>100	Manufacturing	Construction	Retail, hospitality	Transport, comms	Finance
Satisfied with speed and reliability of broadband:										
Yes	62	61	68	54	44	59	68	58	60	67
No	22	20	25	31	44	26	24	20	20	32
Don't know - not applicable	16	20	7	15	11	16	8	21	20	2
Current broadband provision sufficient for business demands:										
Yes	66	65	71	62	56	66	64	63	64	73
No	15	13	20	15	33	19	16	13	16	23
Don't know - not applicable	18	21	9	23	11	16	20	24	20	3
Access to superfast broadband allow development of business:										
Yes - it would make a big difference to my business	16	12	24	46	22	16	8	15	12	27
Yes - it would make a small difference to my business	20	20	18	15	33	17	16	21	28	27
No - it would not make any significant difference to my business	64	68	57	38	44	67	76	65	60	47

It is anticipated that the results of the broadband business survey (as described in B1 above), in addition to the residents survey, will provide a finer grained analysis of the demand for broadband on the Island.

Evidence of demand – stakeholder engagement

The Isle of Wight Council has consulted extensively with public sector partners as well as private sector Telcom and Internet service providers to help gauge demand and to better understand the potential role of superfast broadband in facilitating public service transformation. A list of stakeholders is provided at B3, below.

The council has consulted with both businesses and residents in developing surveys to assess demand for broadband. The questionnaire for businesses has been tested with both national and local Telcom providers as well as a sample of Island based SMEs across a range of sectors. The resident survey was tested with a Parish Council focus group. All comments made by stakeholders have been incorporated in the final version.

Wider engagement with community groups including the Isle of Wight Rural Community Council and parish councils, as part of the council's transformation programme has identified a significant need for improved broadband infrastructure to take forward the continuing transformation of public services.

B3 Stakeholders

The Isle of Wight Council has an extensive stakeholder engagement programme which includes public sector bodies and the business community. Stakeholders include:

Island service providers:

Click4Internet
Navigate
Wightcable
Natural Enterprise

National Telcom providers:

BT
Fujitsu/ Virgin Media

Public sector partners:

St. Mary's NHS / PCT
IWC – Planning
IWC – Education
IWC – PFI Highways
IWC – IT services
IWC – Procurement
IWC – Communities

Business support organisations:

Federation for Small Businesses
IW Chamber of Commerce

MPs and Elected Members:
Andrew Turner, MP
David Pugh, Cllr – Leader of the Isle of Wight Council
George Brown, Cllr – Deputy Leader and Cabinet Lead for the Economy

Superfast broadband is an important strand in the Island's 3 year economic development plan. In May 2011 the council held a breakfast meeting with Island businesses to discuss the plan. The Island's business community provided a clear message of support for faster broadband. The Island's demand stimulation campaign builds on this support from Island businesses and business membership organisations.

The Council also engages with communities via parish councils, the web, networking events, local briefings, and media campaigns to maintain awareness whilst managing public expectations. The Council also briefs MPs and local councillors. Plans for further engagement with these groups include the following:

1. Continued communications and marketing with businesses and representative organisations encouraging member sign-up

2. Promotion of superfast broadband to residents and visitors via iwight.com, public access points, community consultation events, roadshows, and through the Isle of Wight County Press and broadcast media
3. Encouraging community and parish activity, like the Ventnor Blog, and third sector organisations across the Island to help 'call to arms' for communities
4. Involvement of cross-council directorates and public sector partners in project steering group for superfast broadband.
5. Briefings and updates for MPs, council and Parish Councillors

Members of Parliament

The Right Honourable Andrew Turner MP has been briefed about the Island's plans for superfast broadband and is fully supportive of the council's plan.

Elected members

Elected Members of the Isle of Wight Council have been consulted regularly over the last 12 months on the development of a superfast broadband project for the Island. The IWC cabinet for economic development was first consulted in April 2011 when the council endorsed the 3 year plan and the priority of a superfast broadband bid to BDUK. Engagement with the wider group of elected members has been driven by Cabinet members.

In addition, a report was submitted to full council cabinet in November 2011 where Members agreed the superfast broadband project management and funding arrangements, and that the programme be given a high priority.

The council's capital investment priorities for the medium term will consist of a mixture of maintaining existing infrastructure assets such as roads, buildings and IT projects that provide a rate of return whilst also meeting other strategic ambitions. These include sustainable energy, rural broadband and service based schemes which enhance the offer of the council's service to the public through the provision of new or improved facilities.

SECTION C – FINANCIAL INFORMATION

C1 Funding Requirements

The total capital cost of our deployment plan to 2015 is up to £12.36m. BDUK have announced an indicative funding level for the Isle of Wight of £3.09m. The Isle of Wight Council has committed capital funding of up to £3.09m.

It is assumed that a competitively-selected commercial operator would match the total public sector contribution (up to £6.18m).

The capital contribution from the Isle of Wight Council is reflected in the corporate capital programme planning processes, and are duly authorised. The council will want to review the budget for 2013/2014 and 2014/15 in light of future the funding settlement with Government, with a view to increasing the funding available for demand stimulation if early work on demand stimulation suggests that additional funding would be of benefit in those later years.

The council has set-out the financial requirements to deliver the targets to 2015. Further funding would be required beyond 2014/15 to fulfil our vision of Superfast Broadband (fixed and mobile), delivering typical speeds up to 100Mbps, to 100% of homes and businesses on the Island by 2020.

It is planned to scope a second phase project and funding requirements from 2015 – 2020 during 2014/15, on the basis of what will have been achieved by the end of the present project, and a renewed assessment of demand, and any likely future gaps in provision.

Funding Table

Total funding required (GBP)	*2011-2012*	*2012-2013*	*2013-2014*	*2014-2015*
£	millions	millions	millions	millions
Private sector (Telecom Company) investment		0.66	3.66	1.86
Sub Total		**0.66**	**3.66**	**1.86**
BDUK funding		0.33	1.83	0.93
Other Funding (Local Authority)		0.53	1.53	1.03
Sub Total		**0.86**	**3.36**	**1.96**
Other funding (e.g. ERDF)		-	-	-
TOTAL		**1.52**	**7.02**	**3.82**
Number of postcodes covered by the funding				3,154
Number of premises (residential and non-residential) covered by the funding				68,131

C2 Funding Structure

It is planned to deliver the Isle of Wight Local Broadband Plan by using public funding to lever further investment by commercial operators through a competitive procurement process.

The commercial operator is expected to match capital investment to deliver an agreed delivery plan. The commercial operator will build, own and operate the broadband infrastructure and services to an agreed plan. However, the Isle of Wight Council is considering the options to own ducting that can be installed as part of the Island's PFI Highways contract. This ducting would be leased to the successful operator to enable fibre to cabinet or premise, where existing ducts are not available.

The council would expect to agree with the successful operator a capital clawback mechanism and threshold level, that would return public capital grants made, in the event that sufficient demand emerges in a grant-enabled area to justify commercial investment without public subsidy. Any capital clawed back in this way would be reinvested in extending broadband coverage in other parts of the county.

Isle of Wight Council would act as the Accountable Body for the funding agreement with BDUK and for the contract with the successful commercial operator.

The council will describe the overall outcomes required and ask bidders to demonstrate these will be delivered. The successful supplier will therefore need to demonstrate geographical coverage and speeds and proposed mix of technologies to meeting our requirements within budget and affordability to the user. The council expect the delivery of an open access infrastructure that will allow any communications provider to offer services, and that mobile 'not spots' will be addressed as well as FTTC solutions. The potential 'future proofing' of proposed technical solutions, with any limitations will also be considered.

SECTION D – COMMERCIAL INFORMATION

D1 Commercial Case

Isle of Wight Council intends to use the BDUK framework and the 'gap funding' model for the development of superfast broadband.

D2 Market Engagement

The Isle of Wight Council has consulted extensively with both national and local providers.

The council has a long-standing strategic relationship with BT and is involved in ongoing discussion about superfast broadband on the Island. BT is currently the only national Telcom provider on the Island.

In addition the council has been in discussion with Fujitsu / Virgin Media about their plans for broadband infrastructure and the potential for their market entry on the Island.

The council has also held talks with several other Island telecoms to ascertain their ambitions to deploy standard and superfast broadband on the Island. As these discussions have been held under NDA terms it is not possible to discuss the specific content of those meetings in this document. However, as a result of recent announcements by BT outlining their plans for superfast broadband on the Island, and the analysis which the council has undertaken - based on the distance from the exchange (meaning that service is poor) and the household density (which precludes commercial investment) - the area where superfast broadband is unlikely to be delivered through market penetration can be better understood and defined.

In most areas across the Island the only service provider is BT Openreach with either BT Wholesale or LLU services delivered over this core infrastructure. While consumers have access to multiple service providers the core infrastructure is provided by BT Openreach and consumers have limited choices of service providers.

Alternative services on the Island include:

- Natural Enterprise – a community project which has unbundled an exchange in Freshwater utilising RDPE funds
- Wightcable – a private company operating mainly in Cowes
- Click4Internet – a private company providing a wireless service to the more remote parts of the Island.

Based on our discussions with providers it has been concluded that the announcements by BT are likely to limit the opportunity of a new market entrant (e.g. Fujitsu) coming to the Island. BT's existing and planned footprint together with the presence of local providers will therefore determine the scope of the proposed BDUK funding.

BT's announcements are likely to have an impact on local competition. Wightcable will be immediately affected by BT's plans for Cowes, Ryde and Newport. The existing and future plans of Click4Internet may also be impacted by BDUK funding and a proposed bid by Natural Enterprise for funding from DEFRA. However, it is the council's intention to involve all local providers in ongoing discussion to avoid any State Aid rules or anti-competitive practice where possible. In moving towards total coverage of superfast broadband across the Island, a mixed economy of providers as well as different technical solutions for different areas will be sought. This will include fibre and wireless technology.

The council will engage with the market via several routes and as it approaches the procurement phase a formal structure for market engagement will be created as follows:

1. A Community Consultation Event, which is designed to bring together local businesses, community groups and Parish Councils so that they can help the project team to define and explore possible solutions to their broadband needs as well as, timescales, environmental impacts (including digging up roads) location of cabinets and aerials.
2. An Industry Day, framework prime contractors will be invited to an Open Industry Day. This will: lay out the ambitions of the project; provide the market with information about the area to be addressed; prepare bidders for the competition; outline the procurement process
3. Start of procurement phase, using all the information gathered from the community and industry days documentation will be drawn up and distributed via BDUK to bidding companies on the framework.

D3 Procurement Strategy

The Isle of Wight Council will undertake a gap funding mini competition procurement exercise via the BDUK framework agreement and anticipate commencing our call off exercise post the award of the framework agreement.

BDUK have identified that the framework will set out the core technical and operational requirements that each supplier would need to meet as well as the terms of call off. The mini competition would assess the capabilities of the framework suppliers to deliver the Island's specific rural broadband needs, and as such would assess each of the framework provider's ability to design and implement a solution that provides the best value for money for the Isle of Wight.

Local delivery

The council is operating an online demand registration scheme and running a public campaign to encourage sign up. The call-off evaluation criteria will be weighted to consider local needs including: geographical and premises coverage, speed and reliability, and costs.

The delivery programme will be aligned with service sign up, with expressed interest used as a signal to commence roll out in a local area. The council will mobilise local campaigners where customer response is weak and seek to share experiences from areas that have already gone live.

The council expect to work with the appointed broadband contractor to manage and agree roll out and implementation plans for each deployment. It will carefully monitor delivery under the service level agreement to ensure that the provider is meeting required performance levels.

Value for money

The council will use a range of evaluation criteria as set out under the call off terms of the framework, which will award the contract to the bidder with the most economically advantageous tender submission to ensure value for money.

The procurement process will determine financial gap funding for the entire geographical area unlikely to achieve NGA investment before 2015. Bidders will be required to develop detailed network design solutions that will allow us to test the specified service standards at various bandings of network coverage. This will include assessment under:

- Cost – including a financial model calculating gap funding for the wholesale infrastructure, access and consumer retail costs via ISP providers
- Technical Capability – including ability to demonstrate capability to deliver multiple technology solutions, how the provider will ensure coverage, and optimise the solution delivery, to reduce over all gap funding costs.
- Quality/Risk – including ability to demonstrate consumer choice and competition in ISP provision, delivery to required timescales, scalability, sustainability in their delivery model, and retail and demand stimulation plan

Managing the procurement process

The Isle of Wight Council would act as the Accountable Body for the procurement process, and for the contract with the successful commercial operator. Our procurement team have the necessary skills to manage the process, however, the council envisage close working with BDUK to undertake the procurement process. Discussions are also taking place with Hampshire County Council about the potential for sharing expertise and experience through the procurement process, in relation to the availability of the Hampshire Public Service Network HPSN2.

SECTION E – DELIVERABILITY

E1 Project Management, Resourcing and Funding

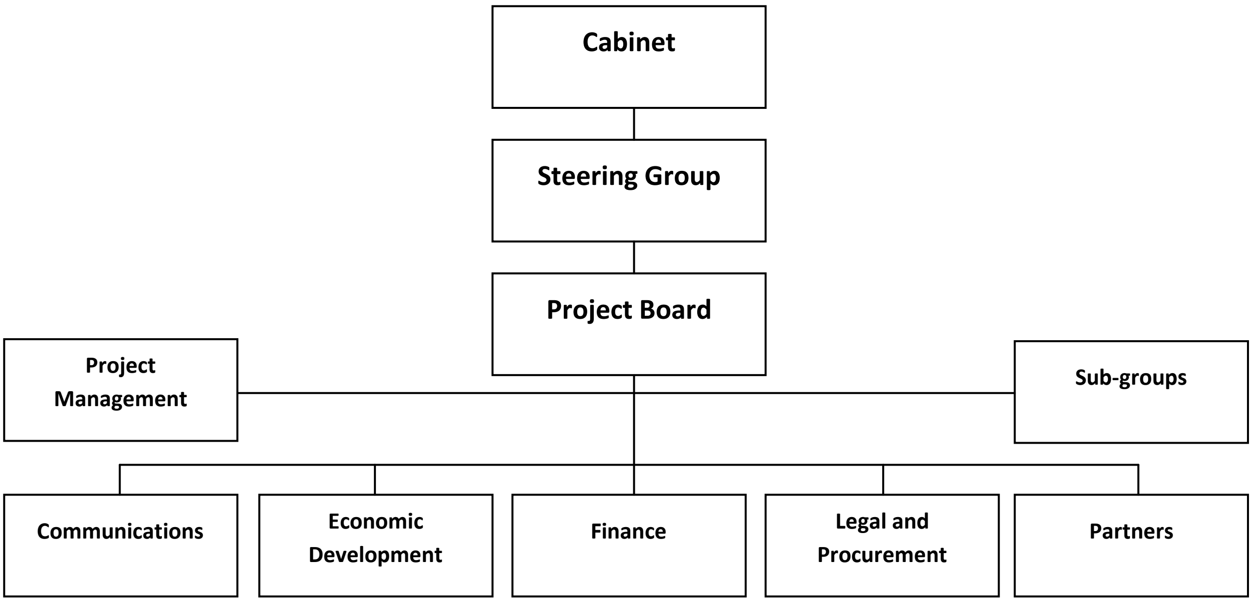
The following Project Team has been established to support this project:

Work stream	Officer	Responsibilities	Time Commitment
Lead officer	John Metcalfe, Deputy Director - Economy, Tourism and Leisure	Overall project delivery and achievement of outcomes	Less than 1 day per week
Project Manager	Matthew Ford, Project Manager FRS	Overall project management	5 days per week
Project Administrator	TBC	Project support	2.5 days per week
ICT	Richard Williams, Head of ICT	Technical support to project team and internal quality assurance	Less than 1 day per week
Communications	Simon Butler, Media and Web Publishing Officer	Stakeholder engagement	Less than 1 day per week
Economic Development	Ashley Curzon, Strategic Manager - Economy, Tourism and Events	Economic development baseline and benefits realisation. Economic demand stimulation	1 day per week
Finance	Rob Cooney, Budget Accountant	Project finance	Less than 1 day per week
Legal	Helen Miles, Strategic Manager Legal Services	Legal and State Aid approvals	Less than 1 day per week
Procurement	Sue Dasent, Strategic Manager Procurement & Contract	Overall procurement and contract process	Less than 1 day per week
PFI Highways	Tracy Ringer, Highways PFI Commercial Manager	Integration of broadband (ducting) and highways maintenance	Less than 1 day per week
Planning	Phil Salmon, Deputy HOS Planning (Development)	Ensure planning application schedule is well managed	Less than 1 day per week
Education	Janet Newton, Head of Education Services	ICT / ISP in schools. Ensuring benefits are realised	Less than 1 day per week
Communities	Astrid Davies, Commissioning	Links to community groups, outreach,	Less than 1 day per week

	Manager for Building Community Capacity	demand stimulation and community benefits	
Social Care	Peter Hopkins, Commissioning Manager: Safe & Secure Homes	Ensuring links to social care services and that benefits are realised	Less than 1 day per week
Health	Paul Dubery, Deputy Director for IM&T, St. Marys NHS Hospital	Co-ordination and liaison. Ensuring health benefits are realized.	Less than 1 day per week
Private sector advisor (local ISP)	Paul Wood, Director, Navigate Ltd	Project advisor and critical friend.	Less than 1 day per week

Governance
At Councillor level, the project reports to the Cabinet for the Economy, Tourism and Leisure. The lead Executive Member is also the Deputy Leader of the council.

The project will be managed using PRINCE2 and the following project structure will apply.



The project is sponsored by the Isle of Wight Council's Chief Executive.

The Steering Group will include the Chief Executive, the Director Group and the Cabinet Member for Economic Development.

The Project Board will be chaired by the Lead Officer and attended by the project manager and Work-stream Leads.

Agreed key project deliverables will be approved by the Steering Group, all other decisions will be taken at Project Board within agreed tolerances.

Internal quality assurance will be undertaken by the ICT Quality Assurance Manager and the Technical Quality Assurance Manager.

An independent Risk Assessment will be applied to key project gateways.

Sub-groups will be formed to address:

- Demand stimulation
- Linkages with community projects (e.g. funded via DEFRA) should these be successful.

Specialists will be engaged in the following areas; all other skills exist within our Project Team:

- Benefits Specialist, to develop a detailed approach to tracking quantifiable benefits
- Industry specialist within the Telecommunication / Broadband sphere.

Authority approved funding for the Project Team and specialist support is already allocated within the council's revenue budget, as described in the following table:

Project Team and Programme Resource funds (Revenue)	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015
£	000	000	000	000
Budget:				
Demand Stimulation	10	10	10	10
Advisors	10	10	10	10
Project Team	10	100	100	100
Total	**30**	**120**	**120**	**120**

E2 Timetable

This Local Broadband Plan sets-out our approach for improving broadband infrastructure across the Island. This is a multi-phased project to be implemented between now and the end of 2015. It includes both upgrades to higher-speed broadband access and ensuring that all premises can achieve a basic level of service above 2Mbps.

A timetable for the initial phase of the programme is set-out in the table below, which is subject to agreement at key milestones with BDUK.

The timetable is based upon the current plan for the BDUK Procurement Framework, and dependent on when the procurement process can be completed, and a contract awarded to the successful commercial provider. All dates from 31st March 2012 are provisional at this stage.

Key Milestones	Expected Date
Match funding for IOW broadband agreed by council	29th February, 2012
BDUK approval of broadband plan	31st March, 2012
BDUK State Aid Scheme in place	April 2012
Commence IOW state aid public consultation	1st April, 2012
Demand Stimulation with Registration	May, 2012
BDUK Framework prequalification complete	May, 2012
Conclude IOW state aid public consultation	June, 2012
BDUK Umbrella State Aid approval confirmed	July, 2012
Bidder Supply Event	July, 2012
Mini-tender invitation to bid	July, 2012
Framework call-off commences	August, 2012
Contract award	December, 2012
Detailed first phase site surveys to confirm final technical design	March, 2013
Commencement of implementation	May, 2013
First phase rollout complete (30%)	September, 2013
Second phase complete (60%)	September, 2014
Third phase complete (100%)	September, 2015

E3 Expected Strategic Benefits

Economic benefits

With over 4,000 businesses the Isle of Wight generates £1.5 billion a year in GVA. In terms of GVA per employee the Island lags behind the more prosperous South East region and the national average (£29,000 per Island employee compared with £37,000 in the UK and £39,000 in the South East). There has been little growth in this figure since 2004.

Fast broadband is a vital component of the Island's plan for economic growth. A recent report from Ericsson, aggregating 124 different surveys of broadband usage, found that on average a 10% increase in high-speed internet access in most countries was worth one percentage point of GDP, and that for each 1,000 homes connected to broadband 80 net jobs are created. Based on this evidence and assuming an overall increase in broadband speed of 10% and a faster connection to all premises, growth in the Island's economy by £290 per employee and the creation of over 5,000 new jobs is estimated.

While the Island has some important concentrations of high technology manufacturing clustered around the Medina Valley, most of the Island is rural. Extending faster broadband to local micro-businesses operating in the agricultural, manufacturing and service sectors (including but not only tourism) will provide these with the opportunity to grow through exploiting the marketing, customer-care and supply-chain opportunities of the internet. While these considerations apply to all rural areas they are particularly pressing for the Isle of Wight because of our constrained transport connectivity and also because of our distinctive Eco-Island ambitions.

Faster broadband will therefore contribute to the headline targets for 2020 outlined in its Economic Development Delivery Action Plan, including:

- A reduction in the number and rate of JSA claimants by 1,532 to 2.6% in line with the Solent LEP
- An increase in the number of new business start ups, by 117 per annum in line with England
- An increase in business survival rates (% after 5 years) from 45% to 47.9% in line with the Solent LEP
- An increase in qualifications (% population with NVQ level 2) by 2000 in line with the Solent LEP
- An increase in private sector jobs (no. and %) by 3,000 in line with the Solent LEP
- An increase in productivity (GVA per capita) by 5%

Other targets to meet in relation to strategic benefits, include:

Educational attainment, is a priority for the Island and the council are looking to improve performance at age 5, 11 and 16 in line with national averages.

Health and Care, where a key driver is cost reduction via broadband enabled tele-care, tele-medicine and tele-health. The objectives are:

- more people helped to live independently, reducing the cost of residential care
- increased access to healthcare
- reduced waiting and consultation times
- faster, more accurate, diagnosis and treatment
- reduction in unnecessary transfers and investigations
- reduction in the number and cost of acute admissions to hospitals
- increased adherence to medication
- higher employment participation and earnings
- reduced morbidity/mortality avoidance.

Reducing CO_2 emissions, to support our Eco-Island vision, by using new technology (including higher-speed broadband) to reduce travel and CO_2 emissions by 4% per annum, equivalent to 0.25 34,000 tonnes per annum.

Public service reform
Faster broadband will accelerate the delivery of web based public services, helping to reduce costs and access to services. Faster broadband infrastructure will enable the public sector to share health, care and schools data between professionals at the point of service and with the public. Access to information and support services electronically will enable intermediary service providers to provide better support to those who need it.

Access to broadband in rural areas in particular is key to successful delivery of all these ambitions. This will require access to broadband from home, on the move and from small rural offices, not just in main public service buildings.

Monitoring and Evaluation
The council has undertaken considerable market research and data analysis to understand existing network infrastructure coverage and consumer and business attitudes to take up of

broadband services. The council will use this to estimate benchmarking when considering progress as the programme rolls out.

Within the procurement process and as part of the contractual arrangements for the winning supplier, there will be key performance indicators (KPIs), milestones and project reviews which will form a regular part of project management and governance.

E4 Risk Management/Log

Risk		**Risk Assessment (Low, Medium, High)**		**Threat to Project/Mitigation (L, M, H)**
No.	**Description**	**Likelihood**	**Severity**	
1	Any delay in securing BDUK funding and a procurement timeslot for IOW, and/or a delay in the BDUK Procurement Framework process	M	H	H Would delay start of deployment, and reduce the time available to complete deployment by 2015. Re-plan project for a later target date (2016-2017).
2	Failure to secure remaining local authority funding	L	H	H Seek alternative local funding.
3	Failure to secure Telcom provider / ISPs	L	H	M Already developing pipeline of ISPs
4	Risk of just a single supplier bidding for the call-off contract	H	L	L Likelihood is high but risk to project completion is low. IWC will engage the market early to encourage bidders but recognises that BT has significant market advantage.
5	Cost / time overruns	M	M	M Project deployment could be delayed. Transfer deployment risks to partner in contract.
6	Supplier match funding insufficient to meet project targets	L	M	M Could limit coverage achieved, and leave some premises with less than 2Mbp/s. Maximise competition among suppliers during procurement, and the attractiveness of the project to potential suppliers.
7	Legal Challenge to the procurement process and/or partner selection (delay,	M	M	M Project could be delayed, legal costs. Adoption of the BDUK

	cost).			Procurement Framework should share/mitigate most of the risk but Isle of Wight Council will bear the remaining risk associated with the IOW mini-competition/ call-off.
8	Failure to secure State Aid approval	L	M	L Project would be delayed and have to be re-scoped/ 'Umbrella' State Aid clearance under the BDUK Procurement Framework should mitigate most of the risk.
9	Chosen supplier has limited resources and/or resource conflicts with other projects to fully deliver the IOW project on-time.	M	M	M Project deployment could be delayed. Manage risk via procurement contract Department for Culture, Media and Sport.
10	Public sector fails to maximise the use of broadband to transform the delivery of public services to improve quality and reduce costs	L	M	L Broadband fails to fulfil its potential to transform the delivery of public services. IWC are committed to working with partners to develop a comprehensive plan for the use of broadband to transform the delivery of public services by December 2013.
11	Take-up of higher-speed broadband services remains below the level required for commercial sustainability/further growth in coverage	M	M	M Lack of commercial sustainability could risk continuity of service, and limit further investment in extending coverage. Plan, deliver and monitor effectiveness of demand stimulation programme.
12	Chosen suppler unable to complete deployment or to continue to provide service (e.g. due to becoming insolvent)	L	H	M Incomplete deployment or discontinuity of service. Establish financial strength of potential suppliers through procurement process; Work with Government/suppliers to transfer customers to an alternative supplier.

13	Change of project governance arrangements during the project	L	M	M Could delay/disrupt project 'in flight'. Build a robust governance arrangement, able to withstand some changes
14	Continuity of key project resources (over a 3 – 5 year project)	L	M	M Could impact project delivery. Build a project team with sufficient resources and breadth of view to cover for the loss of a key resource.
15	Benefits not evidenced	M	M	M Engage specialists to evidence the benefits
16	Insufficient superfast to meet expectations	M	H	L Actively engage with stakeholders to manage expectation and seek funding from alternative sources
17	Insufficient 'future proofing' achieved	M	H	M Ensure that this aspect is tested through the procurement process, so expectations are covered in contract
18	Services too expensive / lack of demand	L	H	M By creating an open infrastructure and robust Demand Stimulation Programme the risk will be minimised
19	Planning permission for broadband infrastructure (e.g. poles & ducts) not granted as required	M	M	M Test processes thoroughly through procurement. Ensure application schedule is well managed

<u>SECTION F – STATE AID</u>

F1 State Aid Confirmations

The Isle of Wight Council is aware of the State Aid implications of proceeding with this project.

It has defined the area where intervention will be required based on postcode areas and knowledge of availability of broadband services. In most areas across the Island the only service provider is BT Openreach with either BT Wholesale or LLU services delivered over this core infrastructure. Consumers on the Island have access to limited service providers with the core infrastructure provided by BT Openreach. Most consumers cannot choose an alternative service offering greater speeds.

Therefore the council can establish under state aid rules that the area to be covered is White or at least Grey based on the distance from the exchange (meaning that service is poor) and the household density (which precludes commercial investment) regardless of the BT exchange that the community is served from.

Other services currently available on the Island include: Wightcable – a private company operating mainly in Cowes; and Click4Internet – a private company providing a wireless service to the more remote parts of the Island.

BT's recent announcements to enable exchanges in Cowes, Ryde, Newport, Ventnor and Wootton Bridge are likely to have an impact on local competition. Wightcable will be immediately affected by BT's plans for Cowes, Ryde and Newport. The existing and future plans of Click4Internet may also be impacted by BDUK funding and a proposed bid by Natural Enterprise for funding from DEFRA.

However, it is the council's intention to involve all local providers through public consultation and ongoing discussion to avoid any State Aid rules or anti-competitive practice where possible. This process will help improve detailed mapping and understanding of provision. In moving towards total coverage of superfast broadband across the Island, the creation of a mixed economy of providers as well as different technical solutions for different areas will be sort. This will include fibre and wireless technology.

The council confirms that it will undertake further detailed mapping and a public consultation of at least one month and will conduct an open tender process to deliver the most economically advantageous offer. This tender process and specification will be technology neutral. The council will ensure that a minimum 7 year effective wholesale access obligation is imposed on the successful supplier and that prices for wholesale access to the subsidised network will be subject to a benchmarking mechanism to be included in our contract with the successful supplier. A claw-back mechanism (and associated reporting obligations) will be included in our contract with the successful supplier.

CEO sign off/Section 151 Officer/Executive Member (portfolio holder)

a) Submission:

In submitting the Local Broadband Plan, I verify that the proposal fits with corporate policy

Signed: Steve Bey—	
Name: Steve Beynon	
Job Title: Chief Executive	Date: 11 April 2012

The Local Broadband Plan should be sent to BDUK when ready and should consist of a completed Plan covering all the topics as set out in this template. Proposals should not exceed 40 pages in length. Please do not include supplementary material other than mapping information and a project plan.

Three hard copies of bids and supporting material should be submitted to:

Barbara Booth
Broadband Delivery UK
Department for Culture, Media and Sport (DCMS)
2 - 4 Cockspur Street
London
SW1Y 5DH

Envelopes should be marked '**Submission for BDUK Broadband Funding**'.

An electronic copy should also be submitted to kevin.hanlon@culture.gsi.gov.uk