

20 January 2014
Draft

**Suffolk Better Broadband Programme:
New Procurement to further extend coverage of Better Broadband across Suffolk:**

OPEN MARKET REVIEW – REQUEST FOR INFORMATION

1. Introduction

The Suffolk Better Broadband Programme is working to extend better coverage of broadband across Suffolk, beyond the reach of commercially-funded deployments.

We signed an initial contract with BT at the end of 2012 to extend better broadband to ~85% of Suffolk premises by the end of 2015, together with a Universal Service Commitment of at least 2Mbps for any premises not getting the higher-speeds enabled by the investment in fibre-based broadband. We are making good progress with the deployment of this contract, beating our target of 10,000 premises by the end of 2013, and on track to reach ~100,000 premises by the end of 2015.

We have recently secured additional public funding to further extend better broadband across Suffolk with the aim of increasing coverage to ~95% by 2017. In order to deploy this additional funding, we intend to conduct a further mini-competition under the BDUK Rural Broadband Programme Procurement Framework to award a second Local Call-off Contract to a supplier to deploy the extended coverage.

As part of this new procurement process, we are now commencing an Open Market Review to establish existing and planned (next 3 years) commercial coverage of broadband services in Suffolk by all existing, and any prospective, broadband infrastructure providers. We intend to use the information gathered as part of the Open Market Review to define the Intervention Areas to be targetted by the new contract. Once we have defined these Intervention Areas from the Open Market Review, we will be conducting a 30 day State Aid public consultation on our proposed Intervention Areas.

Once we have defined our Intervention Areas, we will be issuing an Invitation to Tender (ITT) to Framework Suppliers to bid for the opportunity to fulfill a new contract to deliver the extended coverage. We aim to complete the procurement by the summer of 2014, and for the extended deployment of infrastructure to begin by the end of 2014 (in parallel with the on-going deployment under the existing contract with BT).

The purpose of this document is to set-out our Request for Information as part of the Open Market Review.

2. State Aid Framework

Please note: this section provides a brief introduction to the State Aid Framework for the purpose of informing responses to this Request for Information. Parties may wish to obtain their own professional/legal advice on the application of the State Aid Framework to this proposal.

The European Union State Aid rules are designed to ensure that any use of public funding ('State Aid') is targeted at market failures and ensuring positive market outcomes (more/faster broadband coverage, reducing the 'digital divide'), while minimising any distortions of competition.

The State Aid rules require public interventions to be targeted so as to limit the risk of crowding-out or disincentivising existing and/or credible planned private sector investments that would otherwise meet the desired policy objectives. In the context of broadband, the State Aid rules require using public funding only to extend broadband coverage in geographic areas where there is no economic incentive for commercial operators to invest to the extent required to achieve rapid deployment of high-speed broadband services that are capable of meeting current and future demands.

The 'EU Guidelines for the application of State Aid rules in relation to the rapid deployment of broadband networks (2013/C 25/01)' can be found at:

[http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52009XC0930\(02\):EN:NOT](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52009XC0930(02):EN:NOT)

Planned public interventions can seek clearance under the State Aid rules directly from the European Commission (EC), or (as is the case with this proposal) seek clearance under a national scheme pre-approved by the EC. The EC's State Aid decision on the 'National Broadband Scheme for the UK (C(2012) 8223)' can be found at:

http://ec.europa.eu/competition/state_aid/cases/243212/243212_1387832_172_1.pdf

State Aid compliance with the National Broadband Scheme for the UK is the responsibility of the National Competency Centre (NCC), part of Broadband Delivery UK (BDUK) within the Department for Culture, Media and Sport (DCMS).

The EC State Aid Guidelines distinguish between two types of broadband networks: Basic Broadband, and Next Generation Access (NGA) networks.

Basic Broadband networks are generally those based on currently widely-deployed technologies such as fixed wired telephony networks (using ADSL/ADSL2+ technologies), non-enhanced cable TV networks (eg DOCSIS 2.0), mobile networks (2G/3G (UMTS)), fixed wireless access (FWA) networks, and satellite networks.

NGA networks rely wholly or partly on optical elements (optical fibre) and are capable of delivering an enhanced broadband capability compared to existing Basic Broadband networks.

The EC Guidelines allow for the possibility that advanced wireless technologies (eg LTE-Advanced) could be a viable alternative to wired NGA, but only if certain conditions are met. Further guidance on NGA technologies is available from the BDUK NCC at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/236341/NGA_Technology_Guidelines_300813.pdf

The EC Decision on the National Broadband Scheme for the UK requires that public funding granted under the scheme shall ensure a 'step change' in broadband capability (typically providing at least a doubling of average access speeds).

The EC Guidelines also distinguish between geographic areas on the basis of current or planned (next 3 years) broadband infrastructures thus:

- ‘White’ areas are those in which there is no broadband infrastructure and none is likely to be developed in the near future;
- ‘Grey’ areas are those where one network operator is present and another network is unlikely to be developed in the near future; and
- ‘Black’ areas are those where there are, or there will be in the near future, at least two network operators.

This geographic mapping of White/Grey/Black areas is to be carried-out separately in relation to Basic Broadband and NGA networks.

Public interventions to provide NGA is generally permitted in NGA White areas, only permitted in NGA Grey areas under limited special circumstances, and generally not permitted in NGA Black areas. Similarly, public interventions to provide Basic Broadband is generally permitted in Basic Broadband White areas, only permitted in Basic Broadband Grey areas under limited special circumstances, and generally not permitted in Basic Broadband Black areas.

We plan to define our Basic Broadband and NGA Intervention Areas to target Basic Broadband ‘White’ areas and NGA ‘White’ areas, respectively.

3. Request for Information

This Request for Information is part of our Open Market Review process, which is intended to gather information on existing and planned (next 3 years) broadband deployments to help us to define our Intervention Areas in which we would plan to deploy the additional public funding we have secured to further extend broadband coverage across Suffolk.

The Open Market Review is a precursor to the formal State Aid public consultation on our proposed Intervention Areas. The Open Market Review process is not a specific requirement of the EC Guidelines, but is regarded as good practise to help to inform the definition of the Intervention Areas prior to a State Aid public consultation (which is a requirement of the EC Guidelines).

This Request for Information is being sent to all known broadband infrastructure providers in Suffolk (including those providers that currently operate broadband infrastructure, and any providers who have previously registered a potential interest in investing in broadband infrastructure, in the county). We have also published the OMR Request for Information on our website at: <http://www.betterbroadbandsuffolk.com>. We also plan to meet with broadband infrastructure providers during the Open Market Review process to describe the process and to answer any questions you may have.

The Open Market Review process will also take account of the actual and planned extension of broadband coverage being delivered under the contract with BT to extend coverage to ~85% of Suffolk premises by the end of 2015.

4. Responding to this Request for Information

The information we are requesting is specified in the following section (Section 5). A spreadsheet template is attached, which is our preferred format for receiving your responses. However, if you prefer to submit your response in an alternative format, and/or if you wish to provide supplementary information in another format, we would be pleased to receive it.

When responding to this request, we would be grateful if you could confirm your organisation's name and address, as well as the name, position and contact details of the person responding on behalf of the consultation. We also request confirmation from an authorised signatory that the information provided is suitably accurate and up-to-date.

We require responses to this Request for Information not later than 28th February 2014.

Please send your responses to: Jonathan Chown, Suffolk County Council, Endeavour House, 8 Russell Road, Ipswich, Suffolk, IP1 2BX or via email to: jonathan.chown@suffolk.gov.uk.

Please note that any information you provide in your response will be treated as commercially confidential to your organisation. However, it may be necessary to share some or all of your response with our professional advisors and/or DCMS/BDUK, Ofcom, the BIS State Aid Branch, and the European Commission, in the course of seeking State Aid approval. We are also subject to certain legal obligations to disclose information in certain other limited circumstances.

It should also be noted that it is a State Aid requirement to utilise the information provided to produce State Aid maps to define White/Grey/Black areas for Basic Broadband and NGA. These maps will be used to define our Intervention Areas and the maps will be published as part of our State Aid public consultation. However, the published maps will show the aggregated White/Grey/Black Basic Broadband and NGA areas, not the data provided on per-operator basis.

If you have any questions about this Open Market Review Request for Information process, please contact Jonathan Chown on 01473 265211 or email: jonathan.chown@suffolk.gov.uk

5. Information Requested

This section specifies the information you are requested to provide in response to this Request for Information.

The attached spreadsheet template provides a format for providing the requested information. Instructions on how to use the template are included in the first ('Welcome') tab of the spreadsheet.

We are requesting information on, and supporting evidence for, any current or planned (next 3 years) investment in broadband infrastructure in the county of Suffolk. We have pre-loaded the 'Reference Data' tab of the attached spreadsheet template with the post codes, and the number of premises per post code, in Suffolk (we have used OS Codepoint V? as the source of the pre-loaded post code and premises data).

We are requesting information on the post codes, and the number of premises within each post code, covered (or planned to be covered) by your broadband infrastructure investment. We are asking for information on coverage of Basic Broadband and NGA coverage separately (to enable us to map the Basic Broadband and NGA White/Grey/Black maps required for State Aid purposes). By 'covered' (or 'passed') we mean that fixed network infrastructure is available to the premises, potentially subject to a final drop connection, or that the premises are able to receive a suitable

quality radio signal over the air interface (in the case of wireless or satellite coverage), potentially subject to the installation of a suitable antenna.

We propose to use the following criteria for determining coverage of Basic Broadband and NGA White/Grey/Black areas, respectively, and we are requesting that you classify the coverage of post codes and premises of your current or planned (next 3 years) broadband infrastructure using the same criteria (where the criteria is applicable to your organisation's broadband infrastructure):

For Basic Broadband, each post code (or partial post code) is turned Grey if:

- BT has upgraded the network infrastructure serving the area AND premises within the post code (or partial post code) have an estimated (VDSL for FTTC) Access Line Speed of >2Mbps AND it is not an 'exchange only' (EO) line OR the premises current ADSL speed is estimated at >2Mbps;
- OR if it is in a Virgin Media area;
- OR it is an area served by an alternative fixed infrastructure provider with Access Line Speeds of >2Mbps;
- OR if a wireless service is available at >2Mbps to premises in the post code (or partial post code),

and each post code (or partial post code) is turned Black if it satisfies two of these conditions. All other post codes (or partial post codes) remain White.

For NGA, each post code (or partial post code) is turned Grey if:

- BT has upgraded the network infrastructure serving the area AND premises within the post code (or partial post code) have an estimated (VDSL for FTTC) Access Line Speed of >15Mbps AND it is not an 'exchange only' (EO) line OR the premises current ADSL speed is estimated at >15Mbps;
- OR if it is in a Virgin Media area;
- OR if it is an area served by an alternative fibre-based infrastructure provider with Access Line Speed of >15Mbps;

and each post code (or partial post code) is turned Black if it satisfies two of these conditions. All other post codes (or partial post codes) remain White.

Note that where information is provided at post code level (rather than at a more detailed partial post code level into sub post code areas, which group premises with similar Access Line Speeds together into partial post codes), if more than 10% of the premises within the post code do not meet the minimum speed test (>2Mbps for Basic Broadband, >15Mbps for NGA), that post code shall be turned (Basic Broadband or NGA., respectively) White.

Having due regard for the EC Guidelines (which would enable NGA areas getting less than 30Mbps to be classified as NGA White), and the DCMS policy objective of delivering Superfast Broadband (>24Mbps) (which would similarly enable NGA areas getting less than or equal to 24Mbps to be classified as NGA White), we have set the above speed criteria for NGA White to be less than or equal to 15Mbps. We have set the NGA White speed criteria at this level having regard to the requirement in the EC State Aid Decision that public funding granted under the scheme shall ensure a 'step change' in broadband capability (typically provides at least a doubling of average access speeds) – our priority for targeting NGA interventions is to use the available public funding to provide a 'step change' in broadband capability for premises currently getting relatively slow broadband speeds (< 15Mbps), rather than using the available funding to provide more marginal increases in broadband capability for premises already getting higher broadband speeds (>15Mbps). We have also had regard for the current position in the UK retail market, whereby all of the major retail providers are using a threshold of at least 15Mbps for customers ordering a higher speed

broadband service designed to support a bundle of broadband, Pay TV and telephony products with a quality of service that ensures a fully satisfactory customer experience. However, we reserve our position in relation to any speed tests that might be used to define future intervention Areas for public funding, which may seek to establish a higher level of minimum NGA speed to fully support current policy objectives (eg DCMS >24Mbps, EU >30Mbps) or future policy objectives.

Beyond completion of the attached spreadsheet template (or instead of the spreadsheet if you are not able to provide the information in the required template form), any information provided in response to this Request for Information should include, but need not be limited to:

- Detailed maps for Basic Broadband and NGA showing the existing coverage, and separately maps detailing the planned investment in Basic Broadband and NGA for at least the next 3 years.
- Details of premises covered or passed, ie post codes and the number of premises by post code, that fixed network infrastructure is available to the premises, potentially subject to a final drop connection, or that the premises are able to receive a suitable quality radio signal over the air interface (in the case of wireless or satellite coverage), potentially subject to the installation of a suitable antenna.
- A detailed description of the technology solution(s) deployed (or to be deployed) in your broadband infrastructure.
- A description of the services/products currently offered, and separately those services/products to be offered within the next 3 years.
- Installation, annual/monthly subscription, and additional volume or per-service tariffs for those services/products (identifying whether such tariffs are inclusive or exclusive of VAT).
- Upload and download speeds typically experienced by end-users, and how these may vary by factors such as distance, increased take-up or demand, contention, etc.
- Appropriate indicators of the quality of services (eg contention ratios, bandwidth allocation per user, etc), including any characteristics (eg latency, jitter) that are required to support advanced services such as video conferencing or HD video streaming.
- Details and planned timing of roll-out of any future investments, including further investments required to cope with future increases in take-up and demand.

Please supplement the required information above with any supporting evidence as you consider appropriate (eg links to public websites, etc).

Please also note that further information may be required to substantiate actual or planned coverage claims, including business cases and evidence of available funding to enable plans to be fulfilled.

6. Next Steps

Based upon the responses received as part of our Open Market Review process, we plan to publish our proposed Interventions Areas for a 30 day State Aid public consultation commencing during

February 2014. We will then be issuing an Invitation to Tender (ITT) to Framework Suppliers to bid for the opportunity to fulfill a new contract to deliver the extended coverage.