**SUPERFAST BROADBAND PROVISION**

**OPEN MARKET REVIEW**

**June 2014**

**Superfast Lancashire**

**Request for Information:**

**1. Introduction**

The Superfast Lancashire Partnership (‘Superfast Lancashire') comprises of Lancashire County Council, Blackpool Borough Council and Blackburn with Darwen Council. In January 2013, Superfast Lancashire went live with its roll out plans, which will result in c. 97% (this figured is derived from our public consultation carried out in 2012 and 2013) of the region’s premises being able to access a fibre broadband service by June 2015 (see [www.superfastlancashire.com](http://www.superfastlancashire.com)). At the end of March 2014, over 40,000 premises have been reached during the first phases of deployment.

In support of revised government broadband policy, Lancashire County Council was allocated additional funding as part of Broadband Delivery UK’s Superfast Extension Programme. Lancashire County Council is now planning an additional phase of activity to reach a more ambitious target of c. 99% of homes and businesses with superfast broadband service by 2017. We aim to complete procurement in 2014 and for the extended deployment of infrastructure to begin as soon as possible.

Therefore we are commencing an Open Market Review (OMR) to establish existing and planned (next 3 years) commercial coverage of broadband services in the Lancashire area by all existing, and prospective, broadband infrastructure providers. We intend to use the information gathered to define the Intervention Areas (IA) to be targeted by a second additional phase of activity. Once defined, we will undertake a 30 day State Aid public consultation on our proposed IA.

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

**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 when submitting a response.*

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 (e.g. 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 dis-incentivising existing and/or credible planned private sector investments that would otherwise meet the desired policy objectives. In the context of broadband, State Aid rules require using public funding only to enhance broadband coverage in geographic areas where there is clearly market failure, often a result of a lack of economic incentive for commercial operators to invest.

Guidelines for State Aid can be found at: <https://www.gov.uk/state-aid>. 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 networks, 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 (e.g. 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 sets out that at the current stage of market and technological development NGA networks are considered to be fibre based networks (FTTX), advanced upgraded cable networks and certain advanced wireless networks capable of delivering reliable high speeds per subscriber.

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 networks and NGA networks.

Public interventions to provide NGA networks 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 networks 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 OMR process and is intended to gather information on existing and planned (next 3 years) broadband deployments to help us to define our IA, in which we would plan to utilise the additional public funding we have secured to further extend broadband coverage across the county of Lancashire including Lancashire, Blackpool and Blackburn. The OMR is a precursor to the formal State Aid public consultation on our proposed IA. The OMR process is not a specific requirement of the EC Guidelines, but is regarded as good practice to help to inform the definition of the IA 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 who provide or intend to provide services in Lancashire, Blackpool and Blackburn. This includes those providers that currently operate broadband infrastructure, and any providers who have previously registered a potential interest in investing in broadband infrastructure, in the region. We have also published the OMR Request for Information on our website, please see:

<http://www3.lancashire.gov.uk/corporate/atoz/a_to_z/service.asp?u_id=3690&tab=1>

**4. Responding to this Request for Information**

The information we are requesting is specified in section 5 of this document. 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 30th June 2014.

Please send your responses to: Andrew Halliwell, Assistant Project Director, Lancashire County Council, PO Box 78, County Hall, Fishergate, Preston, Lancashire, PR1 8XJ or via email to: andrew.halliwell@lancashire.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 in confidence with professional advisors and other parties as required to obtain 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 represent our IA 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 a per-operator basis.

If you have any questions about this OMR Request for Information process, please contact: andrew.halliwell@lancashire.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 ‘Instructions’ 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 Lancashire, Blackpool and Blackburn. We have pre-loaded the ‘Reference Data’ tab of the attached spreadsheet template with the relevant post codes, and the number of premises per post code as the source of the pre-loaded post code and premise data. This data has been obtained Address Base Premium.

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 (in the case of wireless or satellite coverage), potentially subject to the installation of a suitable antenna.

For Basic Broadband an area will be mapped white in the event that no qualifying technologies are present or served by a qualifying technology but are in receipt of a service with an access line speed of less than or equal to 2Mbps. For NGA Broadband an area will be mapped white in the event that that no qualifying technologies are present or served by a qualifying technology but are in receipt of a service with an access line speeds of less than or equal to 15Mbps. It has been set at this level to ensure compliance with 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).

The assessment of technologies for suitability will include aspects such as affordability and scalability.

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 funding to provide more marginal increases in broadband capability for premises already getting higher broadband speeds (>15Mbps).

As well as providing details of NGA coverage, we require details of coverage capable of receiving Superfast Broadband speeds, defined as >24Mbs. This information is necessary for us to determine the likelihood of Lancashire reaching the government's policy commitment of 95% Superfast Broadband by 2017, and as an indicator to meet the European Policy commitment of 100% Superfast Broadband Coverage by 2020. We consider it a key requirement to be able to report accurately on coverage using this specific speed threshold.

Alongside completing the attached spreadsheet or equivalent, 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 separate maps detailing the planned investment in Basic Broadband and NGA for the next 3 years.
* Details of premises covered or passed i.e. 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 (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 and where these claim to be NGA, demonstrate how they meet the minimum standards as set-out in the BDUK Technology Guidelines.
* A description of the services/products currently offered, and separately those services/products to be offered within the next 3 years.
* 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.
* 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).
* Appropriate indicators of the quality of services (e.g. contention ratios, bandwidth allocation per user, etc), including any characteristics (e.g. latency, jitter) that are required to support advanced services such as video conferencing or HD video streaming.
* Evidence to substantiate actual or planned coverage claims, including business cases and evidence of available funding to enable plans to be fulfilled.
* 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 (e.g. links to public websites).

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, if required we will contact you.

**6. Next Steps**

Based upon the responses received as part of our OMR process, we plan to publish our proposed Interventions Areas for a 30 day State Aid public consultation commencing during July 2014. In parallel we will be preparing to run procurement(s) from July 2014 to establish new contracts to deliver the extended coverage.