



**Notes from INCA workshop:
Bidding for local BDUK contracts &
the Better Broadband Scheme
London, 28 February 2017**

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Date: 3 March 2017
Version: 1.0

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Introduction

Alternative networks operators with a rural focus have an opportunity to win funding under the latest raft of Broadband Delivery UK (BDUK) contracts. £150 million is available in current BDUK procurements with £350 million or more of gainshare funding from the original BDUK contracts also potentially available. Connection vouchers are being offered under the Government's Better Broadband Scheme (as well as by Wales and Devon & Somerset which have their own schemes).

Point Topic attended a workshop run by INCA, the Independent Networks Cooperative Association on 28 February 2017, designed to help altnets get through the bidding process and to understand the Government's voucher scheme. The following set of notes provides a basic account of the presentations given and discussions that followed. It does not form a comprehensive record but rather a nuance of what was presented. Slide packs accompanied several of the presentations.

Matt Agar, BDUK Commercial Lead

See slides. Background:

- Market has changed, much more competitive, BDUK reaching further areas with more cost effective solutions.
- Last year stopped using BDUK framework and worked with market for alternative process. Best of existing framework e.g. repeatability, but ensure as competitive as possible and builds on innovation pilot schemes.
- Don't want process to get in way of suppliers considering options – like to emphasize this.
- So back to drawing board for BDUK approach last year. Presented to over 100 suppliers on how saw process working. Taken BDUK framework model and developed templates for market to use and engage with market to improve understanding.
- One year into State aid approval. Expires in 2020. Hope is BDUK has established repeatable method. Hope sufficiently customisable for local authorities.

Standard key document structure – supplier solution, speed and coverage template etc. fit into the contract. All templates on website <https://www.gov.uk/government/publications/bduk-new-procurement-pipeline>

BDUK can provide one to one sessions to explain things e.g. how financial model works and OJ compliance etc.

The process:

- Kicked off procurements in Autumn 2016 – Devon and Somerset completed – four lots to Gigaclear (two more to come). Hereford and Gloucestershire one lot to Gigaclear (five lots to come). Northants one lot awarded to Gigaclear.
- So far £44m of public funding to Gigaclear. Matched by £48 million private. Cover 40,500 premises.
- See pipeline slides – next six weeks expecting six new procurement completed announcements. So process works. An efficient template. Second slide still have tenders out to market. In total £42 million left and there is also Scotland.

- Local authorities have to work out best competitive outcome so decide whether to chunk up areas or not, do whichever is most attractive to suppliers.
- Bidding process – preparation, procurement takes 17-20 weeks. Mapping exercises and talk to suppliers to understand target areas and interest. Leads to procurement strategy. Local body then takes BDUK templates and updates them. 10 weeks for bidders to respond. Evaluated. Contracted.
- Standard ITT structure – aim was to reduce the transaction costs for bidders. So if bid for one, the opportunity is straightforward to bid for others.
- Principle is that subsequent tenders don't need T&Cs etc., just focus on network design.
- Standard evaluation criteria but this can be weighted differently by local authorities.
- BDUK looks at commercial sustainability of solution. So look at take-up models. Look at funding availability. Ensure supplier has access to sufficient finance for their contribution and for working capital for project. Look at amount of coverage provided for the subsidy per premises passed. Look at design quality, look at wholesale offering, confidence in implementation and handing of stake holders.

Q & A / comments

Q/A Opportunity is there for suppliers, not a stitch up for BT. There is a lot of process but don't want this to get in way of bidders who have capacity for this, and we are here to help.

Q Good BDUK is offering one to one help. Vast amount of documentation, suppliers often growing out of fixed wireless areas, but no clue on how to put all this information together. One group I worked with failed to submit bid as ran out of time. But local authority refused them more time. So need bit more support and flexibility. And need to start process early.

A These are LA procurements; the process they have to follow is strict. As a new bidder to the process, I would seek advice early.

Malcolm Corbett, INCA – see strong desire of BDUK to encourage other bidders. Small number of quite well funded organisations capability of bidding. Chris Townsend said we need to be able to support development of more organisations. Can processes be more streamlined? Not looking at very large areas of coverage now but smaller areas which could be far more deliverable by local suppliers.

A – Streamlining process was intention last year when templates up for feedback and we are on version 3. These were tweaks really. If people have key feedback on approach really want to hear from them. Not pretending approach is as streamlined as possible. BDUK always going to want a minimum level of information e.g. commercial sustainability, in order to do the due diligence. See slide on standard award criteria – price and quality.

Q/A Would BDUK encourage local authority considering partnership approach? Nothing to stop LA doing this and would encourage this. Demand from LAs has been to continue gap funding. Suppliers also supported this in 2016 when we spoke to them. Scotland has done more work on these other types of models. LAs should rely on good practice developed over years on partnership models.

Q [from FWA provider] Is it really a level playing field in the bidding? What are State aid rules on this? Warwickshire really wants FTTP so it is not really considering us. Is there now a second company winning all these tenders?

A It is a level playing field. Up to each LA to tailor requirements to meet its needs. So can push evaluation to maximum coverage or gigabit capacity over superfast.

Jenny Nuttall, BDUK VFM Team

See slides

- Team leader for assessing value for money on bids. Invite suppliers to talk through the model template; guarantee that the first bid will be wrong if they don't.
- 24 procurements underway for 600,000 premises. These are the premises that all suppliers in the country have said they are not going to deliver superfast service to now or in next two years. Done commercial assessments and realise the cost is far more than you'll ever make in profit. Why use gap funding as approach to procurement? To make it worth your while to get to these premises.
- Realistically think will get to 300,000 of these premises. Objective of the funding is to get to as many as can – but it won't deliver to 600,000.

Q Funding model needs to address £12bn to get to final 20% to get them superfast bb rather than just an improvement.

Matt Agar – superfast 75-76% with commercial BDUK delivering extra 5m takes it to 95% by end of year. Those not getting superfast are counted in the 600,000 even if benefiting from superfast.

Jenny – gap funding principles model – tell us build cost and tell us the future profits – difference is the gap.

Q Urge build in non-profit situation – BDUK won't allow us to run network as non-profit making. We have to offer wholesale pricing and we cannot do this.

Malcolm – B4RN type solutions not in this process. And yet such solutions ought to be part of this.

Jenny – 'profit' wrong word – we should use revenue. NGA build costs – everything direct and incremental including resourcing up and recruiting new people, management team to do programme, can be included in build cost. So directly attributable and incremental costs e.g. to legal team.

Have had seven or eight bidders so far and three or four examples had no experts [consultants] involved, but does require more hand holding from BDUK.

We have pointed out examples when costs are understated.

Q/A With smaller operators profit transparency is difficult? Should be counting costs of third party contractors, should be putting on margin e.g. for managing them, cost of preparing bid can count. But you will have to evidence costs were incurred e.g. timesheets, during the in-life claim process.

Expected to show wholesale prices, planning and design of masts, unit rate to build etc. So we can assess if your costs and future cash flows are right.

Q/A If assess gap and get it wrong, then pay back – BT doing this. But with final few per cent the difference [margin of error] is going to be huge. So will lead to exclusion zones. Malcom – we can get to them with community schemes. Design of network in last areas will need to be much more led by demand.

Q Aren't you cherry picking by saying funding will not reach all of 600,000? If I've got £4m need to decide how many premises I can get to, take-up, running costs, total build costs, what's my gap. The gap just falls out.

Lothian broadband fund – available to cover those different costs to get to individual premises.

Jenny – sometimes find bidder can't use all funding as can't get to all premises hoped to.

Q – If not asked for 100% coverage, how clear is it to bidder compared to others where the weighting is in terms of less money for less premises? So greater coverage means including harder to reach premises but this fact is not given more weighting. Matt Smith (Fastershire) – we add two layers of scoring to higher speeds. So made it more likely that bidders go for harder areas.

Q – Some of gaps in points scored were negligible. No way to differentiate in current process if cost of premises higher but more, than lower and less.

Jenny – if all was equal with the bids then the winner is the person who does the most premises.

Q/A If more points for ultrafast then it makes it more difficult for FWA to compete. But most LAS are going for best value.

Jenny – would award to bidder which does most premises even if it uses all the funding.

- You should put contingency in build costs – would be clawback if not spend. Not in the guidance but I'm telling you now to do this.
- Unlike most procurement, you don't fix a price. Two clawback mechanisms are designed to fix any over stated gap:
 - If you generate or connect more customers than expected in the bid you will share in the profit of those extra customers based on the ratio of investment of LA to yourselves. Only based on customer numbers. Not on profit. It also accounts for time of payback if that is shorter.
 - You will be required to show evidence cost of build – submit timesheets and supplier invoices. If cost is less then we get that back through payment at end of deployment [gainshare].
- Both go back to the LA. Take-up clawback is for 10 years. Anything extra after those 10 years is yours.
- More to come from BT gainshare. £350m as result of understatement over 10 years. The vast majority cannot be spent through BT and will have to be re-procured. Important as this means more money coming in.

Q/A Can BT gainshare go straight to a phase 3 contractor? – No – will have to be re-procured. £350m not been through State aid approval so will have to go back to re-procurement. Still allocated locally, so if Wiltshire BT gainshare is £5m then that goes back to Wiltshire.

- Underspend clawback for BT has got State aid approval and can be procured through existing BT contract. But the £350m gainshare, most cannot be spent under existing BT contracts and vast majority will have to go to OJ. Most LAs running procurements are building in headroom with these prospective funds.
- We make sure use profits plus gap minus capex, <= zero over 20 years. Reporting and assurance for 7 years post deployment. Most work is during build when evidencing the cost. But for 7 years after you need to report on customer base.

Adrian Wooster, Gigaclear, presentation given by Malcolm Corbett, INCA, in Adrian's absence

It was useful for us to contrast our bids to Fastershire 18 months ago with how we bid this time; I'm sure Matt Smith would agree there is a very different level of maturity.

I'm going to focus now only on the bigger tenders. Major BDUK contracts are necessarily onerous – apart from anything else the delivery is an even larger task. The bigger the tender, the more onerous the task – if the process feels too much then the delivery is likely to feel even worse so this may not be the process for you.

I'll focus on three themes:

People

- These bigger tenders need high quality specialists and not generalists; this is a step change from past opportunities and requires high-quality dedicated specialists – this is not a process for small team of generalists
- We have 170 people, so we have someone whose job is nothing but Health & Safety, or testing, or financial modelling. We could not have embarked on these bids without them
- We have a department of experienced project managers who understand our architecture and how to delivery it, who can pull together a realistic programme of works that won't surprise us or the local body later.
- In preparing to bid we hired a specialist bid manager
- Overall, over 20 people had an input into our bid development.

Planning

- Developing a response to a major tender is a significant task.
- We started work on understanding the needs and preparing several months before a single tender was issued.
- We took on-board the need for accurate and documented solution modelling; my team now had a data scientist and a geospatial analyst helping to generate scenarios and models who joined forces with our IT department to make sure we were ready;

- We invested in technology well ahead of when it was needed to ensure we could meet the needs to the local bodies and our investors;
- Our tools mean we can model up to 20,000 properties an hour which is necessary when each model for CDS contained up to 100,000 properties and we ran 7 scenarios before submitting
- The project plan for each tender means we get board approval 2 weeks before the deadline and we upload all documents at least 24 hours ahead to make sure nothing goes wrong; CDS was over 200 documents which takes some checking!

Mindset

- This is not free money – State aid is the investor of last resort.
- All investors have different appetites and their money has different characteristics – public investment is no different.
- While we are focused on investors return on investment, public bodies are focused on economic and social return on their investment; understanding and aligning these three motivations is essential to delivering a sustainable bid
- We have a clearly defined strategy supported by our existing investors – BDUK tenders simply bring forward our need to share that with an additional possible investor (the local body) who has aligned goals and is willing to invest in properties that would otherwise be beyond our existing investors' appetite.
- Gigaclear's strategy means we won't bid everything; only those which meet our goals. We developed our own strategic scorecard, and we only bid solutions which pass the benchmark.
- Between CDS, Fastershire and Northamptonshire there were 15 lots; we bid 12 with three failing to meet our strategic goals. Had we bid the other three we would have distorted our business with a high chance we would under deliver and miss local authority objectives.

In summary, to successfully bid, you need:

- Quality people appropriate for the bid; the bigger the bid the higher the quality and larger the number;
- Robust planning starting well ahead of the bids;
- A strategic mindset.

Public tenders are not free money – they are an opportunity to gain an additional investor with an appetite for harder to reach areas.

Malcolm – saying need 10 more of these [Gigaclears] with capacity to deliver. Collectively shifted the mindset of Government to 5G and fibre and Government clearly want to see more than BT because competition pushes BT.

Q/A Really hard to step up to challenge and to have the wherewithal and the capacity to do this. Gigaclear bid ahead of everyone else. Is difficult and complex process and yes need to work how to make simpler. But Gigaclear is not bidding for everything. Gigaclear is going to max out at certain point, it's more than doubled homes passed this year.

Q/A There is no funding to help with the bid itself, but perhaps there are funds via some sort of SME support scheme. If BDUK wants to promote the altnet market, most have hands tied, so suggest should be accredited team of consultants [to support bidders] and there should be funding laid down here else excluding the majority of altnets.

Malcolm – A few years ago Gigaclear wasn't interested. So BDUK process has created Gigaclear – found way to change its business to incorporate some bids. Doesn't mean give up; rather it means it's possible. Gigaclear cannot get everywhere. Is a limit to what they can do.

Dan McCathy and Simon Staddon, Cambrian

- 2016 huge push on fibre by INCA, and support from Hancock. These are most difficult to reach premises in UK. Most networks going to be hybrid solutions in these areas. Work with Airband etc. developing NGA compliance document. So if looking to incorporate wireless solutions as part of your bids, get copy.
- Wireless can cover huge areas and get back to fibre at some point. High-speed backhaul typically licenced or unlicensed microwave. Work with Quickline, Airband, Lothian. When comes to tenders had a lot of response – had LAs checking with us that data rates can be done and we can prove it as a vendor. We can fill in documents on behalf of suppliers and say what equipment is being used etc. And can help model, say how to increase the capacity in two or five years' time.
- Have planner download tool suppliers can use. Can do frequency reuse, spectrum efficiency. 15km max, 5-6km is sweet spot for FWA. Suppliers need be aware of capacity from single tower – almost look at on case to case basis.
- Will support anyone wanting to use our equipment in a bid. Done this for Quickline, Airband etc.

Local authorities: Martyn Smith, Milton Keynes, and Matt Smith, Fastershire

See slides

- First of four BDUK pilots 2010. First to have contract outside BT (with Gigaclear). 4 x £m procurement exercises to date. Assessed advanced stage bids from five altnets.
- Some LAs have lower or higher tolerance to risk. Some very hands on, others hands off. Some susceptible to BDUK opinions – BDUK has to think nationally and set precedents.
- Think about our motives as public sector. Coverage is king – absolutely paramount. So flexibility of range of 50 to 80%. Our recent procurements got 70% marks on coverage alone. So looking for coverage all the time.
- Ours stake is political – about our reputation and not commercial stake. So be prepared to forgo some of the glory. Our politicians want the photo – so think of this when writing the bids. First round of procurement BT did get that right. So we've got a strong brand and our politicians like seeing that brand. It's about acknowledging that you forgo the limelight.

Martyn - All LA budgets being cut and this is large investment so important bidders understand councillors will want to benefit and have equal share in the good news.

Malcolm – altnets not have known brands, so could be advantage that LA brand is strong.

Martyn – Milton Keynes, Bedfordshire and Luton partnership but we are three councils with own brands but for contract we come together. We want to get the benefit of political capital and publicity.

Matt – risk and reward – LAs may think a particular supplier or model is just too much of a liability to take on at this present moment.

Martyn – whereas gap funding done before. We don't understand other funding models.

Q/A Herefordshire – have done different models with enterprise zone. But on a small scale.

Matt

- Once bitten, LA been around a long time, may have been bitten by smaller providers and council takes flack so worth seeing what might have failed before and use bid as opportunity to overcome any shortcomings.
- Strengths – not the incumbent so will be received positively if bid. We were ecstatic to get bids outside.
- Differentiate selves – access to decision makers. Relationships and access to CEO is great.
- Transparency and partnership – trust. So better than is has been in past. Tight supply chain – streamlined approach to delivery. Push local knowledge especially on planning. Also approach to site negotiation, main programme wastage and delay trying to negate from distance or via subcontractors and you can do this direct so you are streamlined.
- Recognise and address what could be perceived as your weakness and in your technology – be upfront about it. Looked at the risks and ways of mitigating those risks.
- Business plan sensitivity – if costs higher, uptake lower, what means for your business. Security of finance we need to understand your backing. Real world experience, look at alternative technologies and show us how perform in real world.
- State aid – check NBS and that you quality – financial set up and technology. If you don't comply then you are wasting your time. How network designed and access offered. Make sure you've modelled. Gap funding is not about price but the gap – build commercial case approach. This will be vigorously tested – BDUK will do this, LAs not have the expertise.

Martyn – we completely rely on BDUK and take its advice. A lot of paperwork involved and critical. We don't have the resources.

Jenny – we also see the national picture so are able to compare.

Matt – could bid highest coverage and lowest price but not win as not meet gap funding viability.

- Focus on evaluation criteria – Matt Agar slides – first two tiers mixed, third tier and allotment of scores can be adapted locally. Coverage will be king. Look for minimum thresholds. Get someone who hasn't written document to score it, see where marks are being lost.
- Careful of bold statements later undermined, are you consistent throughout e.g. THP, network elements, values, required take up %.
- Watch out for cut and paste, do second read through.

- Interacting with authority. Doesn't happen as much as expect. Few people attend industry day. Raise awareness. Build credibility. Get to know authority and locality and what happened in past. For ITT there is clarification process, most other than BT don't use this, don't worry about asking questions and get better understanding of bid.
- Post evaluation – you clarify from us, and us from you. We cannot coach you into improving your bid but most of process is trying to tease out a better answer from you for a better score – so take time to consider a proper response and read between the lines.

Martyn – we've no experience of non-BT procurement. First will be in March. We need to have confidence you are credible.

Q/A Do ask questions before bid goes in for clarification, so build credibility and relationship else first time LA sees your name is when bid is in.

Martyn – 21 March 2017 £3.5m and potential for more because of gainshare. One or two lots. Might be Milton Keynes and Bedfordshire lot or the full monty.

Matt – we did 8 lots on smaller scale and didn't do much to entice wider range of providers.

Martyn – our three authorities are in Central Superfast – each LA has money to be spent in that LA. So we need to understand what will be delivered where.

Matt – 29 March 2017 in Telford – have EU funding which we are matching. 100% grant to SMEs in Herefordshire, Shropshire, Telford and Wrekin, and Gloucestershire from April 2017. To fund bespoke NGA broadband or business grade connectivity. See slide.

Will be further tranche going onwards – outcome of latest procurements end 2018, because these are contracted at premises level. BT contracts were uncertain as not on specific premises. So the recent bids have said which premises they will deliver to. So from where were two years ago this is a fundamental change. So there will be clarity.

Q/A Geospatial mapping tools – Gigaclear employed specialist.

Matt – Gigaclear a breath of fresh air, product almost unbelievable, very approachable – access to decision makers. Not quite so good at the branding stuff. Transparency . Can do attitude, virtually no delays.

Malcolm – altnets advantage because approachable.

Q/A – requirement that any LA has to examine and justify its choice of commercial model. There are four commercial models within EU guide. Where get additional learning from – across the channels case studies?

Jenny – we are going to run out of road with the gap funding model.

Q/A Wouldn't it be good if additional funding for residential so demand aggregation? Matt – do have residential scheme too but not as big. Get presence and then more commercially viable to other premises in residential places.

Malcolm – other models needed for harder to reach premises. Better Broadband Scheme one example. USO coming up.

Matt – State aid consultation and industry events local bodies doing. INCA helped with one last week.

Martyn – open invitation to learn about procurement and partnership with LA. Time for our procurement is tight now but lessons for future procurements. Want to look for more to bid and encourage competition.

Q/A Wales held event asking for models such as concessions and others, but not received anything yet. So will follow up with another event as keen to hear. Willing explore any possible solution. 16 March 2017 event.

James Saunby – Moving away from BT as look for value for money, beyond 95% BT find this harder; assurance going to do the job, which is down to relationships as problems will happen, what want is realistic and will fix it attitude; what does it feel like for end users, how different to BT.

Wales – Welsh Procurement Policy – looks at longer term of procurement with community benefits. Keen on this in our focus and evaluation.

Martyn – our procurement takes account of social value – how will you involve community and show value.

Hiren Dhimar, Assistant Commercial Lead, BDUK Better Broadband Scheme

See slides

- Scheme a temporary safety net for those without access to 2Mbps across UK – speed as policy at time for basic bb connection.
- Entitled to get up to £350 to help cost of connection. Subsidiary that customer gets.
- BDUK estimates there are 184,000 premises eligible under scheme.
- Jointly managed by BDUK and local bb programme but Wales and Devon & Somerset have own schemes.
- Home and businesses can access subsidy if not access at least 2Mbps. Originally was a satellite provider scheme. No affordable bb services available which would provide a download speed of at least 12Mbps. And if no plans for provision of superfast bb in next 12 months.
- Eligibility for suppliers – min download speed of 10Mbps and up load 0.5Mbps. Min data usage allowance of 10G per month. Minimum contractual 12 month term. Installation and 12 months must not be less than £400 after subsidy has been applied. Supplier must offer at least 12 months as long as doesn't exceed £400 – so need entry level package – so can offer better products but need a minimum package on offer.
- Only subsidising installing connection from existing network to a premises. Where existing infrastructure is in place. So not fund building network infrastructure.

- Customer checks if eligible, fills out form, 60 days to choose supplier (sent code and list of suppliers), supplier then 60 days to install, then end of each month registered suppliers submit report with connections. BDUK assurance activity, then release the funds.
- Customers can pool subsidy with installation cost to help raise funds so having a new bb network built – community schemes aggregating demand e.g. B4RN.
- Supplier applies for community scheme package with BDUK, BDUK reviews, if approved supplier promotes product, customer pre-registers, supplier builds network, join customer journey process.

Q SugarNet uses scheme a lot and customers find it quick and easy process.

- May not have network presence already.
- As of 23 February 2017 13,818 issued so far, 4,341 codes taken up – see slide. Scotland lot going on. [Andrew Glover, Air Broadband – lot not found a supplier but applied for voucher.]
- Marketing activity coming up to promote scheme. 90,000 target email addresses. And Google ads. And adverts via third parties.

Nic McCormick, Lothian Broadband – registered for six months. Fantastic, people loving it. Encouraging us to areas wouldn't have gone to. People like fact that government backing us as FWA. Doing 15 and 20 vouchers per month.

Andrew Glover – Air Broadband – two steps 60 days to install, if don't know in advance and manage process, up against it with kit stocks. Step 8 claim process tripped up on tight response time to deal with BDUK query, paperwork for about 10% to install. Arrived half term, missed 7 days now supply everything, which not a problem. Done 30 vouchers so far. In areas Cambridgeshire people screaming for voucher.

Self-documentation possible by customer that cannot get at 2Mbps. Councils vary. Some turn round applications matter of days, other take weeks.

David Cullen, ITS Technology – putting new entrants onto scheme using it to extend offer and demonstrate demand and estates with mixed technology, use to bring backhaul to an area. 0 vouchers yet. Putting schemes on during this month.

Oliver Helm, Sugarnet – significantly brought customer numbers up, hardest part getting money back from BDUK, aggregation is best aspect. People will not apply to code until we get a presence. So cost competitive. Gets rid of distrust of Wisp as on Oxfordshire website so credible. 50 connections now. Like to use one in Wales which looking at.

Q/A How many could you fund? Level of subsidy depends on package. Till end of this year. We've got enough money. To December 2017.

Malcolm – easy to operate.

Andrew – previous schemes funds disappear rapidly at the end. This got to have the customer first.

David – clear scheme, validates the scheme, paid money once photo showing it works.

Oliver – admin fee virtually nothing, fill in form with customer but nothing else after submit initial packages. Use 4G connectivity for some customers. High monthly cost and trying to get into subsidiary.

Q/A Apply to superfast? £500 to £2,000 plus per premises passed. If scheme paid up to say £3,000 would that allow us to do a Fastershire? Needs to be eligible infrastructure.

David – FTTP scheme, build and benefit community. Where does infrastructure start and access begin?

Malcolm – why can't USO be done like this?

Lords suggesting 30Mbps on USO. But Ofcom saying no.

David – extend the BBS and say who needs a USO anymore?

Hiren – difference between BBS and BDUK procurements. BBS is a solution of 10 or 20Mbps to make available a temporary solution. BDUK procuring infrastructure.

Q/A – getting 30Mbps as all suppliers giving this under BBS. James – still step up in saying NGA infrastructure.

Oliver – private sector will not connect as business models not stack up. FWA can connect NGA standard, allow us to get there so RoI is shorter. FWA can deliver. Proven there is commercial case for connecting last 5% with FWA. David – FWA proved access layer for NGA solution.

Malcolm – if public sector makes sure backhaul is available? James – but have to trust if put in backhaul there that it will be used.

Malcolm – can this scheme, clearly working at small scale, show ways forward? No complexity of BDUK?

Hiren – one scheme is connection to individual premises, other is NGA infrastructure to geographical area.

Nic – have own rollout plan each month to spend on infrastructure but this scheme allows us to go to areas sooner, else we'd cherry pick first. And still parts need gap funding as would never go there at all.

Oliver – been lot of small Wisps where network quality not great, now BT there and our networks have to be NGA, if look at Gigaclear their service crystal clear, so as soon as not NGA connection we get to have a bad reputation again.

Malcolm – FWA issue to deal with, enough NGA muscle? A challenge. FTTP easy to funnel investment. Investment fund struggles to see case for FWA provider. NGA compliance is important to demonstrate and to protect selves against open market reviews, and for demonstrating FWA networks do stand up. Helps investment case and the public sector in general.

Andrew – cannot leave last 3% with no supply while first 50% get FTTH. Else even more digital divide.

David – who is responsible, the worst body to siphon is government. If we siphoned it through the industry then it works better.

Demand aggregation session

Malcolm - Reggefiber 2005 in Netherlands. Set up to run fibre throughout Netherlands. Towns of about 10,000 people, money on desktop to mayor, get 30% sign up, else take money to another town. Gigaclear has used demand aggregation effectively in rural areas.

Q/A Now modelling demand using experience from registration processes, in order to close timeframe between registration/marketing and build.

Q/A Still barrier waiting for big boys to come along. How much cost and are we going to be in BDUK rollout? But if you do nothing then nothing will happen.

We know where BDUK programme isn't going to reach. That ought to be public information. Next procurement going to be very different from previous. OMRs publish data, next round of procurements done, then that coverage will come into public domain.

Hiren – final map will be public, but will be phased, but will publish where they intend to go. And we encourage LAs to share their white areas.

James – will be a political problem as people will say why aren't you going to my area. David – last time around that info sat in BT contract and was not released. James – way to solve this is to publish that information so independent sector knows where the gaps are. Andrew – and you could launch a voucher scheme to those who will be excluded. Get two responses – thank goodness and can do something now, and then those still complain.

Hiren's BDUK colleague – waiting for next round of coverage data back – speak to all wireless providers, we can help get message out there. We encourage. Oxfordshire is thinking of running own voucher scheme.

Oliver – uncertainty because of delay on which areas can go to. Uncertainty is stifling investment. Oxfordshire council proactive – so if other LAs can do this be good.

Malcolm – In Oxfordshire case voucher scheme response might be better. B4RN – one of best examples of demand aggregation. Use the taking over the local shop model. David – look at assets.

Oliver – shop very different to running a network. James – as soon as get professional organisation involved everyone wants their wayleaves. Nic – CBS funded project – just finished building and used simple two page wayleave. That community ownership made whole build easier. James – only work if get the communities involved. David – or the landlords. Skye – only about 23 landlords on Skye. £600,000 of business plans come from community shares.

Lloyd Felton – need for community engagement and need a method for it. Got DCMS grant for aggregation tool for community engagement but BDUK then published BT Openreach tool on their website that defeated object of ours. So dormant and unused – rural broadband partnership. Was for Essex CC.

Bob Cushing – FTTH project, wanted £3,000 per home to sign up. Partially because community decided not want CIC, so 18 people looking at contract independently. West Sussex made voucher scheme from connected cities from Brighton. So float West Sussex voucher scheme outside Brighton. Nine months got three people. Problem was it required you to get an estimate. Most people would place contract with BT.

James – level of aggregation needed for access network different to what need to backhaul. So have gap funded procurement for backhaul and then for access have a better broadband type voucher scheme. Or have voucher scheme to aggregate properly, city scheme too many restrictions on infrastructure.

Still need to prove demand? Skye – running into depopulation issue. James – at moment still need people to sign up to specific service being offered as not guaranteed they will. David – and it's the price point, why not same price as middle of Manchester. So use the voucher as a churn agent. Still takes time. Nic – 250 potential properties but only 50% take up. Age is what stops take-up – not interested in internet. 70% less than 2Mbps but still take-up rate less than expected. Depends on starting point – if 512kbps better take-up.

Andrew – talking about isolated premises rather than communities.