

**MINUTES OF THE MEETING OF SCRUTINY
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 22 JULY 2010**

MEMBERS

* Cllr C M Pannell - Chairman

* Cllr K J Baldry - Vice-Chairman

* Cllr J H Baverstock

* Cllr R D Gilbert

* Cllr P H Cook

* Cllr J W Squire

* Cllr G J Fielden

* Cllr J A Westacott MBE

* Denotes attendance

Also in attendance and participating:

Cllrs H D Bastone and M J Hicks

Officers in attendance:

For all items: Member Support Services Manager and Member Support Officer;

For Item 8 (Minute SC.18/10 below refers): Customer Services Manager (West Devon Borough Council); and

For Item 9 (Minute SC.19/10 below refers): Economic Development Officer.

SC.14/10 **MINUTES**

The minutes of the meeting of Scrutiny held on 27 May 2010 were confirmed as a correct record and signed by the Chairman.

SC.15/10 **DECLARATIONS OF INTEREST**

Members were invited to declare any interests in the items of business to be considered during the course of the meeting, but none were made.

SC.16/10 **URGENT BUSINESS**

As an update, the Chairman informed that with regard to the matter of dual use agreements for the leisure centres at both Dartmouth and Kingsbridge (Minute SC.09/10 refers), a meeting had recently taken place at Devon County Council (DCC) and it was anticipated that a way forward was being negotiated. It was therefore considered to be unnecessary for the lead DCC Cabinet Member to be invited to attend the next Group meeting. However, should a satisfactory conclusion not be reached in the near future, then it was felt the invitation should be extended. The Head of Landscape and Leisure was also asked to provide a further update to the next Group meeting in September 2010.

SC.17/10 EXECUTIVE FORWARD PLAN

The Member Support Services Manager highlighted to Members that there was now a corporate drive for the Forward Plan to include agenda items much further in advance of their scheduled consideration by the Executive. This was in order to allow non-Executive Members adequate time to request the attendance of a lead Executive Member and Head of Service to present the proposals to them sufficiently in advance of any report being prepared and presented to the Executive. This would allow Scrutiny the opportunity to make comment, seek clarification, or have an input into any agenda item at a much earlier stage in the process.

Members stated that they should now be in a position to review the agenda items due for the Executive meeting in October and therefore this would require a cultural shift for the Plan to be populated three to four months in advance or it would not serve its function. The Lead Member for Community Affairs agreed that this was a serious point and stated that sufficient prior notice had also been a problem for the Executive. He agreed that this was a cultural change that officers would need to adopt.

SC.18/10 THE VILLAGE HUB, COMMUNITY ACCESS AND INFORMATION POINTS

The Lead Member for Community Affairs and the Customer Services Manager (WDBC) provided Members with a background to the project commissioned by South Hams District Council, West Devon Borough Council and Torridge District Council, that sought to research how Information and Communication Technologies could be used to deliver public services in small villages with populations of less than 1000 across the three councils. Sixty five such villages had been identified in the South Hams district.

The project had been funded by South West Regional Improvement and Efficiency Partnership (SWRIEP). The research had shown that as a result of the 'hubs' many more enquiries for public services had been received and this had been a more efficient and cost effective method than more other labour intensive means of providing outreach. The 'hubs' would also provide 'internet café style access to broadband for residents.

However, whilst funding had been provided to undertake the research project, due to the budgetary cuts, there was currently no further funding on offer to move forward with the project or to enable the authorities to match fund and other avenues were therefore being sought.

During the discussion, the following points were made:

- a) Some Members felt that the focus should be on getting broadband connected to every home rather than to community hubs, which were seen as an interim measure, and stated they would rather lend their support to that outcome;

- b) Other Members expressed concern at the considerable cost, e.g. to town and parish councils, for the initial outlay of the equipment and also as to how likely it was that volunteers could be sourced to manage and run the hubs;
- c) The Lead Member for Community Affairs stated that the intention of the item had been to inform Members of the project and to highlight that if funding could be sourced it was the intention that the project would be progressed. It was suggested that a representative from BT could be asked to attend a future meeting or provide evidence to a task and finish group.

It was then:

RESOLVED

That the report be accepted and the Group look forward to hearing about progress made on the project.

SC.19/10

DIGITAL BRITAIN/NEXT GENERATION ACCESS

The Economic Development Officer tabled a report (appended to the minutes as appendix A) which provided Members with the background to the advent of superfast broadband as alluded to in the previous Government's report 'Digital Britain'. It was highlighted how important access to fast broadband would be to the economic well being of the district, as without such access, local businesses would be at a serious disadvantage in a competitive environment. As a result, the Group was urged to work collaboratively with others across the region to lobby for this to be a national priority. The officer also urged that current representation on the South West Regional Development Agency Group 'Connectivity South West' be maintained.

During the discussion, the following points were raised:

- a) Members thanked the officer for an excellent and well informed presentation and were in full agreement that faster broadband would be essential for business viability and wished to lend their support to this issue;
- b) It was felt beneficial for a task and finish group to be convened to consider two related areas. Firstly, the provision of basic broadband to isolated rural areas currently without access, and secondly to consider in-depth the provision of superfast broadband. It was also felt that the composition of the Group should not be limited to Scrutiny Members and expressions of interest could be invited from Policy Development Group colleagues. These suggestions were subsequently endorsed;

- c) Due to the wide ranging impact of adequate rural broadband provision and the need to continue to raise the profile of the issue, it was suggested that this matter also be included on a future agenda of the South Hams Strategic Partnership;
- d) Members wished to thank the officer for all the excellent work he had undertaken during his employment with the council and proceeded to wish him well in his future undertakings.

It was then:

RESOLVED

That the Group:

1. would welcome the appropriate officer representation from South Hams District and West Devon Borough Councils on the Connectivity South West Group;
2. request that rural broadband be scheduled as an item on to a future agenda for the South Hams Strategic Partnership;
3. endorse the establishment of a task and finish group to consider the rural broadband issue. The Group feel that the paper (as attached at Appendix A) is a good starting point and it should have two main remits. Firstly to consider the issue of basic broadband provision in rural areas, and secondly, the issue of high speed provision. Since it was indicated that West Devon Borough Council colleagues may be undertaking a similar piece of work, that officers investigate this matter; and
4. thank the Economic Development Officer for his years of service with the Council and wish him well for the future.

SC.20/10

FUTURE AGENDA ITEMS

Funding of Affordable Housing: October 2010 Meeting

Cllr C Jones had requested that Scrutiny consider an item at its October meeting that allowed for the opportunity to scrutinise how the Council supported and prioritised, both directly and indirectly, the funding of affordable housing. This request was endorsed by the Group (providing Lead Members and Officers were available on this date) and it was suggested that the Chairman of the Community Policy Development Group also be invited to attend, in addition to the Lead Executive Member for Housing.

NHS Devon – Early 2011

In light of the recent news of the Government's intention to reform the NHS, and in particular the phasing out of Strategic Health Authorities and Primary Care Trusts, it was suggested that this matter be closely monitored. In terms of emerging information on the future direction, a Member suggested that he had a contact through his involvement with the Children's Trust who might be able to assist.

Crime and Disorder Reduction Partnership (CDRP)

Members recommended that the annual CDRP item be presented to the Group meeting in December.

Review of Citizens Advice Bureau and Council of Voluntary Services – October 2010 meeting

The Group was informed that progress could now be made on this review and it was intended that the item be deferred to the Group meeting in October.

Additional Scrutiny Meeting – 17 February 2011

It was noted by a Member that no meeting had been scheduled to be held during February 2011. Therefore, after mutual agreement, it was agreed that a meeting would be scheduled for Thursday, 17 February 2011.

(Meeting commenced at 10.00 am and concluded at 12 noon.)

Chairman

APPENDIX A

DIGITAL BRITAIN / NEXT GENERATION ACCESS / SUPERFAST BROADBAND

Oral Report of Economic Development Officer

Statutory Powers: None

Financial Implications: None: apart from officer and prospectively Member time.

Purpose: To draw Scrutiny's attention to the importance of the advent of Superfast Broadband, its relevance to communities and businesses in rural areas, the perceived Government's stance, cheaper and more efficient delivery of government services, and the current position of the Telecommunications industry

Council Priorities Link: Principally CP2 & CP5: This subject is relevant for every segment of our communities – residents, businesses, the voluntary sector, and the public sector agencies (including South Hams District Council and West Devon Borough Council themselves)

RECOMMENDATION: There cannot be any particular recommendation – merely advice as to the significance of Superfast Broadband, what it probably means for the provision of public sector services, why it is relevant to our entire community (individuals, businesses, and communities), and how the District Councils should become more involved.

1) Summary

I believe this is a big issue; I think we should place it on our agenda and give it an appropriately high priority. Since two small local authorities have, in themselves, little influence upon a national issue, it would be essential to join with partners across the region to achieve the objective highlighted in SHDC's and WDBC's joint NGA response to government – i.e. that rural areas (not least ours) must not be disadvantaged by a potential two-tier' next generation broadband network. We have to work collaboratively in order to be heard or stand any chance of exerting influence.

2) Background

Lord Carter's 'Digital Britain' report, published by the previous government in June 2009, covered a range of issues relating to creative industry, telecommunications, broadcasting, internet policy, and next generation broadband. In relation to broadband, it identified four key principles for delivering a 'Digital Britain' as follows:

- the internet is a 'general purpose technology' that should be accessible, affordable, and used by all;

- a two-speed Next Generation Digital Britain would diminish UK competitiveness;
- fibre-optics should be pushed deeply into the network to ‘future-proof’ investment and UK competitiveness; and
- intelligent procurement across the public sector estate should be used to encourage demand for next generation broadband networks.

The report specifically refers to a Universal Service Commitment (USC) that suggests 90% of the UK’s population would receive a minimum 2Mbps service by 2012. By way of context but in the absence of any fixed definitions, industry commentators generally refer to:

- | | | |
|-----------------------|---|---------------------------------|
| ▪ USC | = | 2Mbps |
| ▪ Current generation | = | 10Mbps |
| ▪ Superfast Broadband | = | 20Mbps (potentially to 100Mbps) |

Therefore, the USC is viewed by commentators as not particularly ambitious. Three quarters of broadband connections in the UK already achieve this (as monitored in Q3 2009). Those same commentators also observe that BT’s current fibre-optic broadband investment roadmap will only take superfast access to two-thirds of the nation by 2015; thus the term the ‘final third’ has been coined to describe those whose future connectivity requirements will not be met by the market in the foreseeable future.

In January 2010, the government announced the creation of a £1 billion ‘Next Generation Fund’ and proceeded to consult, broadly speaking, on how and where it should be spent. SHDC and WDBC provided a joint response on March 29 2010 that argued in favour of intervention to offset market failure in rural areas (not least our two council areas) wherein the business case for private sector investment by the main players is unattractive to them given the scale of investment required and the lengthy ‘return on capital’ term. The response also strongly suggested that - “poor broadband connectivity and the inconsistent and unreliable mobile telephone coverage across our respective areas are arguably the greatest economic impediments to competitiveness and inward investment, and a severe threat to the social viability of our rural communities.”

Whether or not the NG Fund existed or not is a moot point but recent history strongly suggests there is no such funding under the current administration and is therefore academic.

2) Current Position – Government (as understood)

Under the new central administration, the issue of Superfast Broadband has not disappeared; it is quoted as being “a key policy focus.” We have heard a number of announcements emanating from the Department of Business, Innovation & Skills (BIS), from the Department of Culture, Media & Sport (Jeremy Hunt), and from the newly created Broadband Minister, Ed Vaizey (a joint DCMS & BIS minister).

We have also seen a shift away from the previous governments unpopular suggestion that public broadband investment could be part-funded by a blanket 50p 'landline levy' to the currently held view that "that the markets must lead the way" with the expectation that the telecommunications industry should merely be facilitated by government. More favoured is a diversion from other tax accounts – eg: the TV licence fee.

The government wants the telecommunications industry itself to suggest regulatory changes that would help superfast broadband to extend to commercially unattractive areas and has launched a consultation to this effect running until September 16 2010. For example, would the ability to share infrastructure (both within the telecoms industry and with the utilities) help to reduce the roll-out costs of superfast broadband? Should BT be obliged to open its ducts to competitors?

The Coalition also (and unusually) established a new quango on March 04 2010 - Broadband Delivery UK (BDUK) - and tasked it to oversee the delivery of the USC 2Mbps broadband and superfast deployments. BDUK's goal is - "within this parliament, we want Britain to have the best superfast broadband network in Europe."

BDUK has four primary goals:

- effectively use the funds provided to meet the USC;
- increase the penetration of high speed connectivity and plan for the use of public money (from whatever source) if necessary;
- explore the potential for re-use of public networks and assets to reduce the cost of making high-speed connectivity available to poorly served areas in the UK; and
- work with and influence other areas of the public sector (e.g. OFCOM) involved with and responsible for the delivery of the Coalition Government's policy objective to ensure the rapid roll-out of high speed connectivity services across the country.

To achieve these goals, BDUK is engaging with a wide range of stakeholders (including the industry, public sector bodies, OFCOM, regional bodies and community groups) to:

- develop the commercial models that will be used to implement the USC;
- agree the minimum service specification required to achieve the policy objectives of the USC;
- plan the deployment of the Superfast Broadband 'market testing' projects to ensure that the maximum information is gained for targeting potential future government intervention; and
- investigate the detail of re-using public sector networks and assets, identify the challenges, and develop solutions.

4) **Regional Position (as perceived)**

Our two authorities have achieved representation on a SWRDA-led group called Connectivity South West (CSW). Tim Beavon (previously at WDBC) gained that place and I have succeeded him, based purely on the professional judgement that it is a group well-worth joining.

Its advantage is a significantly louder voice - based on a substantial number of members, including County Councils (most notably, Cornwall with its advantageous European funding regime and an advanced Superfast roll-out plan in place), Unitary Authorities, District Councils, with top-level industry advice (Broadband Access Strategies), and SWRDA itself that still retains its objectives and has the 'ear' of central government and, very importantly, that of BDUK referred to above.

Significantly, CSW was very recently a party to a BDUK Industry Day attended by:

- the Secretary of State for Culture, Media, & Sport (DCMS) – Jeremy Hunt
- the Secretary of State for the Environment, Food, & Rural Affairs (DEFRA) – Caroline Spelman
- the UK Digital Champion – Martha Lane-Fox
- BDUK Chief Executive – Adrian Kamellard
- the big Telecommunication Operators (eg: BT, Virgin Media),

This appears to have been the first time that central government, the region, local government, and the telecommunications industry have been brought together to discuss an immensely complex situation versus an eminently desirable outcome. The conclusions are not yet evident but the milestone is that of top-level engagement on the Superfast Broadband agenda. I suggest that our engagement at a local level would be noticed and that it would do our respective Councils no harm to continue that presence and influence at little cost.

5) **Local Position (as understood)**

Devon County Council considers Superfast Broadband to be a key priority for its current administration. The Cabinet Member for Economic Regeneration (Cllr William Mumford) has publicly identified that next generation broadband is of critical concern for the county generally and, in particular, for four areas that had the greatest economic potential but suffered poor broadband connectivity. These are:

- area around Ilfracombe;
- area to the east of Exeter;
- area around Totnes; and
- area around Tavistock.

6) Lobbyists

BDOUK apart, the Federation of Small Businesses (FSB) has also been active in promoting its own report, 'Broadband – Steps for an Incoming Government' in May 2010. The report asserted ... "more than half of small businesses rely on the internet for up to 50% of their annual turnover, so the online world is crucial to small business development. The Government must show its support for firms, particularly in rural Britain, where businesses have been waiting for years for promised Government action to deal with the 'not-spots' where there is no broadband access."

The Devon & Cornwall Business Council (DCBC) has continuously supported campaigns that accelerate the delivery of ICT solutions for businesses and, not least, the entire community irrespective of its segments.

Connectivity South West (CSW) appears now to be at the forefront of the interested network (my objective view only) in terms of its connections with government at all levels and with the telecommunications industry.

7) Funding

This is a fundamental, yet fraught topic. Deficit reduction tops the coalition government's agenda, almost irrespective of its activity. The recent drip-feed of bad news started in earnest on June 22 2010 and will, no doubt, continue up and until the Public Spending Review announcements that are expected to conclude in the Autumn of 2010. The likelihood of any significant resource being diverted to address the Superfast Broadband issue is, in the writer's opinion, slim.

On the other hand, there is a brighter likelihood that regulatory incentives may be brought forward to facilitate private sector activity – and that Ofcom (the regulatory body) may be given an ultimate authority to demand certain actions that enable progress. This suggestion should be treated as guesswork, at this stage.

8) The International Stage

Many countries in Europe, including Spain and Portugal (let alone the Netherlands, Sweden and Norway) already have significantly more advanced FttH (Fibre to the Home) deployments than the UK. Countries such as Finland have ambitions for nationwide 100Mbps services. All Finns have a legal right to broadband access (5.3 million in a very sparsely populated country). Finland has good reasons to ensure that all its citizens can get the best broadband; they are not solely about high-tech. It is also because Finland has some incredibly rural areas and it gets extremely cold in winter, meaning that it is preferable to stay where you are than to travel any distance to work if that work can be done via a computer and superfast connection.

In comparison, Britain is now ranked 26th in the world when it comes to broadband speed with an average that is nearly five times slower than South Korea."

Other countries have already taken different approaches. In Australia, the initiative has been driven by wholesale public intervention whereas, by stark comparison, South Korea tops the world-wide league (having given free reign to private sector infrastructure development) followed by Japan, and Hong Kong.

Romania, Sweden, and Eire top the European league meaning that the UK objective (“within this parliament, we want Britain to have the best superfast broadband network in Europe”) is a significant challenge even if (and when) the market dynamics are significantly shifted.

9) **Technologies**

Much of the foregoing might give the impression that the use of fibre optics is a preferred technology as a tool to deliver Superfast Broadband; this is not the case. There are at least two other technologies that I am aware of that are equally valid tools; these are wireless (3G) and satellite.

In the case of wireless, there is an inherent weakness to its application in a rural situation, not least in South Hams and West Devon – that is reliable 3G coverage. This network too is insufficiently developed to provide a consistent broadband connection (let alone superfast) and wireless performance and reliability is frequently affected by topography.

Satellite communications are commonplace and the kit is familiar to a large proportion of the population; it tends to be reliable (occasionally affected by adverse weather at all altitudes). However appropriate this technology might appear at first glance, the greatest unknown is price to the consumer given the massive capital investment required to literally launch a viable service.

10) **Corporate Considerations**

- impact on Council's reputation is positive
- impact on priorities, targets and / or commitments is to be determined upon review
- impact on Council's asset management (providing hubs etc)
- impact on sustainability credentials is immensely positive

11) **Statutory Considerations**

Such an initiative undertaken by this authority and WDBC would be positive in terms of:

- Equalities and Discrimination
- Human Rights
- Crime and Disorder
- Freedom of Information

12) **Risk Assessment**

The following are the significant risks and opportunities identified:

Opportunity	Issues / Obstacles	Benefits
To raise awareness of Superfast Broadband at all levels within the authorities	Competition with equally persuasive Member priorities	The potential to influence (with partners) central government's commitment to facilitating market conditions conducive to private sector collaboration and investment
To heighten awareness amongst strategic public sector partners (ie: Local Strategic Partnerships)	There should be none	Added weight toward the objective and a wider spread of influence
To increase awareness amongst our constituents (businesses, individuals, and community groups) and stimulate a latent demand	Beware of the potential cost factors and the need to manage expectations	Demand stimulated
Generate positive media interest in the local authorities' stance on Superfast Broadband	Beware of unwieldy raised expectations	Interest and demand stimulated

13) Conclusion

This is a hugely complex subject; this update goes nowhere near the detail and neither does it elaborate on recent detailed studies based on South Devon undertaken by Broadband Access Strategies (BAS) or the potential for BDUK investment pilots within our boundaries.

Current knowledge across a wide and complex subject is inevitably limited but questions on detail are welcomed nevertheless.

Michael Cozens
Economic Development Officer

Scrutiny
 July 22 2010