

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE		
DATE:	26 SEPTEMBER 2019		
TITLE:	HYPEROPTIC FULL FIBRE INSTALLATION TO COUNCIL HOUSING STOCK		
LEAD COUNCILLORS:	COUNCILLOR ENNIS COUNCILLOR EMBERSON	PORTFOLIO:	HOUSING CORPORATE & CONSUMER SERVICES
SERVICE:	ALL	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To set out the business case for entering into a non-exclusive Wayleave Agreement between the Council and Hyperoptic (a specialist Fibre Optic installer to high rise dwellings) to install Fibre To The Premise (FTTP) initially to the Council's own high rise housing stock (subject to survey), but with the potential for further expansion to cover up to 75% of the geographic area of the Borough subject to further Hyperoptic investment and surveys.
- 1.2 To request approval to sign a Portfolio Wayleave Agreement negotiated between the Council and Hyperoptic.

2. RECOMMENDED ACTION

- 2.1 To agree the business case for the Council to enter into a Wayleave Agreement with Hyperoptic to install "Fibre To The Premise" digital infrastructure capability to the Council's own high-rise housing stock (recognising the potential for further expansion subject to Hyperoptic investment and surveys) and;
- 2.2 To agree to the Council signing a Wayleave Agreement with Hyperoptic on a non-exclusive basis to install "Fibre To The Premise" to the Council's own high-rise housing stock.

3. POLICY CONTEXT

- 3.1 The availability of digital fibre optic infrastructure supports the delivery of the following Council's priorities as set out in the Corporate Plan 2018-21:
 - **Secure the economic success of Reading** by having a local high quality, high capacity, digital infrastructure to attract and retain businesses who increasingly demand these services in order to have an economic competitive advantage in world markets;
 - **Improving Access to Decent Housing to Meet Local Needs** - Broadband services are now considered a 4th Utility service, so by providing high quality digital infrastructure into our Social Housing with low cost entry points for

broadband services, this helps to ensure digital inclusion and access to Council services as we move more on-line.

- **Keeping Reading's Environment Clean Green and Safe** through providing a digital infrastructure that allows people to work from home, avoid travel, and access Council and other services safely on-line 24/7.
- **Promoting Health, Education, Culture and Well Being** - research by Broadband Delivery UK (BDUK) has already drawn links between Well Being and Broadband availability (24mbs) and these benefits generally increase with higher speed (gigabit) fibre optic speeds. The availability of this infrastructure will continue to attract students and workforce to a vibrant technology based area at the heart of the Thames "Silicon" Valley.
- **Ensuring the Council is Fit For The Future** - the availability of this infrastructure for some of our Social Housing Tenants will help ensure that as the Council moves to more digital service delivery, access to services will be maintain on a digitally inclusive basis that is fair for all.

3.2 Installation of full fibre infrastructure will also directly support the realisation of the Reading 2050 vision by providing a future proofed digital infrastructure that will help keep Reading at the leading edge of infrastructure that will increasingly be demanded by businesses and residents to support new ways of working and give access to digital services.

3.3 Central Government are encouraging Local Authorities to support and not "frustrate" the delivery of Full Fibreoptic and 5G networks in their areas given the national significance of these to the continued economic prosperity of the U.K.

3.4 The Council has already supported the delivery of Broadband technology (up to 24 mbs) working through the Superfast Berkshire Broadband Project to ensure minimum coverage levels are available to everyone and this is the next logical step for improvement to increase speed to Gigabit levels. This need is recognised Nationally and Regionally (Reading UK CIC and Thames Valley Berkshire LEP confirm SME's and larger business require this infrastructure now).

4. THE PROPOSAL

4.1 Current Position:

4.1.1 The Council has financed improvements for Basic Broadband Delivery (24 mbs) through the Superfast Berkshire Broadband Project working with BT Openreach. This work is expected to conclude by the end of 2019. However, the next major improvement step up is to full fibre, which is capable of gigabit speeds.

4.1.2 Reading is currently around the national average with only 6% of residents and businesses having access to the gigabit speeds offered by full fibre to the premise (FFTP) installations. The aspiration is to rapidly improve this coverage in support of the Government' recognition of the associated economic and life benefits.

4.1.3 Many Towns and Cities, recognising the significant economic benefits of full fibre infrastructure, are pushing ahead with their own improvement plans. Hyperoptic already work with more than 35 Housing Associations and 11 Local Authorities, including: Nottingham City Council, Newcastle City Council, Southwark, Southampton, Milton Keynes, Brent, Salford, City of London, Westminster, Tower Hamlets and Thurrock, as well as 100 UK housing developers. Milton Keynes and Thurrock are the most recent councils to have signed Wayleave Agreements.

- 4.1.4 Reading has experience of working with Hyperoptic improving Broadband availability to parts of the Kennet Island Housing estate where other providers were not prepared to address poor broadband coverage.
- 4.1.5 Hyperoptic are the largest UK “Fibre To The Premise” Internet Service Provider (ISP) and are also the fastest growing ISP company with a target to have provided services to 2 million homes and businesses by 2021 and 5 million by 2024.
- 4.1.6 Hyperoptic are a dedicated specialist installer considered expert at new builds and retrofits, residential blocks and business premises, all building types including modern high rise dwellings and build to rent developments.
- 4.1.7 The location of the Council’s housing stock provides an arterial basis to build out the infrastructure on a North/South/East/West basis which, based on Hyperoptic’s analysis, could potentially increase coverage to 75% of the Borough subject to further Hyperoptic investment and surveys over time.
- 4.1.8 Hyperoptic have an established training base for engineers already in Reading (and could bring further opportunity for jobs into the Town as a result of this work).

4.2 Options Proposed

- 4.2.1 The proposal is to install “Fibre to the premise” to the Council’s own high-rise housing stock, albeit the tenant is not obligated to take any services. This non-exclusive deal allows the Council to still move forward with its own Full-Fibre to the premise (FTTP) proposal should it be able to find funding, or to allow other suppliers to compete for business. This installation work will be fully funded by Hyperoptic without further Council funding required.
- 4.2.2 Hyperoptic will provide at their cost full-fibre and standard indoor Wi-Fi to up to 3 community centres of the Council’s choice (subject to surveys and deployment).
- 4.2.3 There is the further opportunity to potentially upgrade with Hyperoptic Gigabit full fibre (and standard indoor Wi-Fi) in a number of estate offices/hubs, in estates Hyperoptic upgrade, subject to surveys, commercial viability and deployment (this would be Hyperoptic funded). There may be opportunities for savings from the retirement of existing arrangements but would be premature to count these as subject to survey and assessment.
- 4.2.4 Initial installation will be undertaken in conjunction with the Council only to the outside/public space areas of properties, and there will be full engagement with the Council regarding planning the installation process to each high rise development with the opportunity for joint communications to Tenants. Tenants will be at liberty to decide whether to take up Hyperoptic services. Any Tenant disruption will only occur at the point they decide to take up Hyperoptic services when connection will then be made through to the internal property.
- 4.2.5 Packaged deals offered by Hyperoptic are competitive against other suppliers (e.g. BT/Virgin Media/Sky). A current example of a Residential Package (data only) based on 12 months contract includes 50 mbs download and 5 mbs upload speeds @ £21 per/month for 12 months (then £25 a month) and a £20 initial one-off installation connection fee. All Hyperoptic packages include unlimited data usage, no further line rental, 24/7 customer support, free setup and activation, a Hyperhub router.
- 4.2.6 From analysis of localities of the Council’s Social Housing, Hyperoptic have already calculated this will give a base infrastructure that can be built upon to potentially reach up to 75% of the Council’s geographical area enabling full fibre services to be bought to further residents and businesses (subject to Hyperoptic further investment and surveys, but they have considerable interest in development across the Borough).

4.2.7 Hyperoptic have confirmed they would jointly agree a priority deployment schedule which the Council can change and review ongoing. Hyperoptic will provide an installation proposal (scope of works proposal) for every site/estate, which the Council will approve before commencement of any on site work thus providing assurance and control working with Housing and Property Estates and Valuation.

4.3 Other Options Considered

4.3.1 Other providers have approached the Council but this is the first where negotiations have reached a stage where both parties could agree a Wayleave agreement and where the funding is fully provided by the supplier.

4.3.2 As this is a non-exclusive deal this does not prevent other suppliers approaching the Council, or the Council progressing its own scheme should funding be available.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposal contributes to the Council's strategic aims as set out in paragraph 3.1 above.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 The proposal has been consulted with the Tenants Scrutiny Panel.

6.2 The selection of Community Centres will be done in conjunction with Hyperoptic, Housing, and the Tenants Scrutiny Panel (but is subject to economic viability to install following site surveys by Hyperoptic).

6.3 Joint Hyperoptic and Council communications will accompany the installation process to ensure tenants are aware of the works and service sign-up opportunity.

7. EQUALITY IMPACT ASSESSMENT

7.1 This decision will not have a differential impact on any racial groups; genders; people with disabilities; people of a particular sexual orientation; people due to their age; or on people due to their religious belief. It will have a positive impact on all of the Community.

8. LEGAL IMPLICATIONS

8.1 Procurement rules allow the signing of the Portfolio Wayleave agreement with Hyperoptic based on:

- a) The Council having agreed satisfactory terms with Hyperoptic;
- b) The Council is not being directly paid anything for this; and
- c) Is a non-exclusive deal so competition from others is open.

8.2 The Council Tenant does not have to take up Hyperoptic services if they do not want to. Installation is to the outside of the high-rise property/public area with only connection established to the internal property if and when the Tenant agrees to take services from Hyperoptic.

8.3 There is no health-risk associated with full-fibre network delivery as this does not involve radio transmission.

9. FINANCIAL IMPLICATIONS

- 9.1 Hyperoptic will provide its own investment to deliver Full Fibre to the Premise Infrastructure to the Council's own housing stock. No further Council investment is required.
- 9.2 As funding is provided by Hyperoptic, the Council cannot guarantee funding or the timings of further phases, however it is in the economic interest of Hyperoptic to build out their network before further competition steals the march on their progress.
- 9.3 The Council still has its statutory rights to insist the supplier makes good defects resulting from the installation process in highways etc.

10. ENVIRONMENT IMPACT

- 10.1 Installation disruption with roads will be minimised as Hyperoptic will use BT Openreach ducting wherever possible.
- 10.2 Normal supplier requirements for such works will apply to make good any defects.
- 10.3 Installation into each high-rise estate dwelling will only happen after full consultation with the Council to ensure required standards are met.

11. BACKGROUND PAPERS

- 11.1 None.

FINANCIAL IMPLICATIONS

The financial implications arising from the proposals set out in this report are set out below:-

1. Revenue Implications

Use this Table in the report or as an Appendix to set out the revenue implications:

	2019/20 £000	2020/21 £000	2021/22 £000
Employee costs (see note1)			
Other running costs			
Capital financings costs			
Expenditure	0	0	0
Income from:	0	0	0
Fees and charges (see note2)			
Grant funding (specify)			
Other income			
Total Income	0	0	0
Net Cost(+)/saving (-)	0	0	0

Industry statistics suggest that for every £1 invested there is potential for £30 in economic benefit in return. However, these benefits will be mainly realised in the wider community and returned to the Council through Business Rates. However, it would be wrong to build in a revenue growth due to other variables.

2. Capital Implications

Capital Programme reference from budget book: page line	2018/19 £000	2019/20 £000	2020/21 £000
Proposed Capital Expenditure	0	0	0
Funded by			
Grant (specify)			
Section 106 (specify)			
Other services			
Capital Receipts/Borrowing			
Total Funding	0	0	0

Note: where more than one option /proposal is being made it may be easier to set out the above information in an Appendix.

3. Value for Money (VFM)

The Council has a known benchmark through previous working with Hyperoptic at Kennet Island where the quality of their work and subsequent customer satisfaction ratings are known to have reached an acceptable standard. Customer satisfaction surveys by Trustpilot have awarded the top 5 stars.

4. Risk Assessment

The Council is not required to invest any public monies in this proposal. Hyperoptic are recognised in the industry as an expert and quality provider. As the Wayleave is non-exclusive this does not prevent the Council engaging with others or doing its own private fibre scheme should it find the money and have the appetite to do so.