

BROADBAND BUSINESS FUND

PROGRESS REPORT NO. 4

This report is intended to inform businesses and local champions about the progress being made by the Broadband Business Fund project. The report covers the months of July and August 2004.

1. ACHIEVEMENTS SINCE PREVIOUS REPORT

The main achievements and factors affecting the project during July and August were:

- BT announced that, following successful 'extended reach' service trials, it was removing reach limitations from its service ordering process from 06 September 2004; this is welcome news, as it means a number of target areas for the project and non-target areas, originally envisaged as unlikely recipients of broadband services by the end of 2005, are now likely to have broadband availability without the need for funding intervention
- Encouragingly, the remaining gaps without service in Leicestershire, Northamptonshire and the South Kesteven region of Lincolnshire could be filled by the proposed solutions that were received in the response to our Invitation To Tender (ITT); supplier clarifications are ongoing to establish that the funding intervention is justified before any funding agreement is signed
- The European Commission (EC) sought clarifications to the project's state aid notification; the next communication from the EC is expected in mid-September, but delays to securing a fund agreement with a supplier could be compounded if a second round of clarifications is encountered, as experienced by another broadband project
- Desktop analysis for parts of Derbyshire and Nottinghamshire indicated that there would be widespread availability of broadband services by summer 2005, so a second ITT seeking supplier solutions in these areas will not proceed.

2. ITEMS PLANNED

The activities planned for September and October are:

- The focus on demand registrations across the region will now switch to a focus on identifying locations still without service where extended reach should now bring many of those locations previously too far from enabled exchanges into the scope of service
- We will be encouraging businesses to re-order a broadband service (if they have previously been told they are too far from the exchange) from an Internet Service Provider of choice providing they are in an enabled exchange area or a planned enabled exchange area
- The project will review what support can be offered to locations where there is evidence of difficulties in obtaining a broadband service or of poor quality service
- Supplier clarifications will continue until proposed solutions satisfy the ITT criteria and funding intervention requirements are justified; the project expects to reach an agreement in principle for service provision that will fill most of the coverage gaps in Leicestershire, Northamptonshire and the South Kesteven region of Lincolnshire

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- We will continue to liaise with the Department of Trade and Industry (DTI) State Aid Policy Unit (SAPU) and the UK's Permanent Representation to the European Union to seek state aid approval from the EC, as a matter of urgency; a fund agreement with a supplier cannot be finalised without state aid approval.

3. SERVICE DELIVERY

The extended reach announcement from BT means that previously out of reach areas, originally targeted for funding intervention, should have service availability from September 2004. Other areas originally targeted fall within the BT exchange enablement programme and will therefore have service availability by summer 2005.

The last remaining coverage gaps are being addressed by the BBF project. The latest plan, which factors in the likely state aid approval delay and proposed supplier dates, indicates that the earliest possible service delivery via funding intervention will be late March 2005.