

BROADBAND – SUPPLIER SELECTED

Following a thorough evaluation process by a Broadband Panel composed of officials from Wealden District Council, a representative from Isfield and another from Little Horsted, a preferred bidder for the implementation of broadband for the subscribers on the telephone exchange based in Isfield has been selected.

The preferred bidder is Call Flow and the Panel is satisfied from the evidence provided by all bidders that Call Flow's proposal best meets the needs of the residents and businesses served by this exchange.

Unfortunately, we now find this presents another hurdle. EU State Aid regulations prevent private companies receiving more than a set amount of public funding (state aid) unless their project receives European Commission (EC) approval - a process known as 'Notification'. By awarding a contract to Call Flow, it will push them over the €200,000 EU state funding limit. However, this could also have applied to some of the unsuccessful tenderers.

We are not alone with this problem. A number of other broadband schemes across the country have run up against EU State Aid regulations. The Department for Food Environment and Rural Affairs (Defra) is currently working with Broadband Delivery UK (BDUK) to negotiate a UK-wide State Aid exemption for rural broadband projects which meet the Commission's Broadband Guidelines. Unfortunately, Defra estimates that the Notification process will not be completed until April/May 2012.

Isfield Parish Council and Wealden District Council, having worked closely to obtain the grant, are extremely disappointed at the delay but the rules of the tendering process do not allow State Aid limits to be taken into account in the decision process. To avoid incurring EC legal action, Wealden District Council has to wait until next spring and the completion of the Notification process before signing any contract. However, it is expected that work would begin as soon as possible after the contract had been signed.

We hope that it may be possible to provide a further update at the November parish meeting. In the meantime Wealden District Council is lobbying to try to speed up the Notification process.

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Andy Conibere, Managing Director, Call Flow Solutions Ltd has provided the following summary of the Call Flow proposal:

CALL FLOW SOLUTIONS TO DELIVER FAST BROADBAND SERVICES TO ISFIELD

Call Flow Solutions are delighted to have been chosen to deliver high speed broadband to Isfield, via Local Loop Unbundling (LLU) and our existing radio network.

Call Flow have a long history of providing a somewhat slower radio broadband service to Isfield. However, the installation of a new fibre circuit will dramatically improve capacity, and hence broadband speeds will soon be up to 20Mbps for many. Existing customers will be given a choice of keeping a (faster) radio service, or migrating to the new, more traditional, 'over the telephone line' service. This 'hybrid' approach means that most residents and businesses will be able to receive fast internet speeds, irrespective of how far they live from the BT exchange.

Additionally, Call Flow have committed to delivering 100% broadband coverage/availability i.e. to everyone who receives their telephone service via the Isfield telephone exchange. Giving such an undertaking is extremely challenging, and one that most operators would not be able to offer. However, Call Flow are leading the way (along with Fujitsu) in using BT's poles and ducts to install our own cables to deliver fast broadband to rural communities. This provides a third option, where needed, to complement our hybrid radio and telephone line services.

As part of the solution, broadband equipment will be installed close to the BT exchange, so that a broadband signal can be 'injected' over telephone lines i.e. generally regarded as 'normal' broadband. Customers will then simply need a microfilter and router (provided by Call Flow) plugged into their telephone socket to receive the service.

By keeping the radio service, Call Flow will be able to offer distant (to the exchange) customers, download speeds higher than those that may be available via the telephone line. This will mean that Isfield will have better overall coverage than the vast majority of similar rural areas i.e. where the choice is simply a service over the telephone line.

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SUMMARY OF CALL FLOW PROPOSAL (CONTINUED)

A new pricing structure will be implemented when the combined radio/phone line service goes live. A website detailing the speeds and options will be published at www.cfsbroadband.com nearer the time of the service launch. However, prices and speeds will broadly mirror those that are currently detailed on this site for Kings Hill e.g. monthly rental starting from £8.99 pcm (inc VAT). Indeed, existing customers wishing to retain their radio service will also be able to benefit from a £2 pcm rental reduction - meaning rental options will start from only £6.99 pcm (inc VAT)! Call Flow know that existing and prospective customers will be keen to understand the pricing and speed options as soon as possible, and will naturally endeavour to get the details on our information web-site well in advance of the new solution going live.

Call Flow recognise that Wealden District Council and the representatives from Isfield and Little Horsted must have had a very difficult job in deciding between various technology, speed and price options. We believe that our solution achieves the best balance between these competing demands, and that the residents of Isfield will benefit considerably from significantly improved broadband when the service goes live.

Naturally we are disappointed that the State Aid rules mean that there will be a delay in starting this project until sometime in 2012. However, we are confident that the new, significantly faster and cheaper service, will be well worth the wait.

Further information about State Aid and the Notification process can be found on the following links:

<http://www.bis.gov.uk/assets/biscore/consumer-issues/docs/10-951-state-aid-beginners-guide>

http://ec.europa.eu/competition/state_aid/overview/index_en.html

For information on the Community Guidelines for the application of State aid rules in relation to rapid deployment of broadband networks ('Broadband Guidelines') (2009/C 235/04) mentioned above, visit:

<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:235:0007:0025:EN:PDF>

27th October 2011