

Cabinet
5 February 2015

6. SUPERFAST EXTENSION PROGRAMME – APPOINTING A PREFERRED SUPPLIER FOR A COUNTYWIDE BROADBAND INFRASTRUCTURE PARTNER

Relevant Cabinet Member	Mr S E Geraghty, Mr J P Campion
Relevant Officers	Director of Commercial and Change and Director of Business, Environment and Community
Recommendation	<ol style="list-style-type: none">1. The Cabinet Member with Responsibility for Economy, Skills and Infrastructure and the Cabinet Member with Responsibility for Transformation and Commissioning recommends that Cabinet:<ol style="list-style-type: none">(a) notes the significant progress to date on the Broadband programme, in particular the 'Superfast Worcestershire' partnership;(b) authorises the Director of Commercial and Change in consultation with the Cabinet Member with Responsibility for Economy, Skills and Infrastructure and the Director of Business, Environment and Community (DBEC) to complete the evaluation of tenders, undertake contract finalisation and to execute the contract;(c) subject to satisfactory completion of this finalisation process, authorises the Director of Commercial and Change in consultation with DBEC to award a contract to a preferred partner and supplier for the delivery of Worcestershire's Superfast Extension Programme; and(d) further authorises the Director of Commercial and Change, in consultation with the above Cabinet Members with Responsibility and DBEC to approve future change controls to both the Superfast Worcestershire Contract (signed 5 August 2013) and the Superfast Extension Programme to ensure programme pace is maintained following contract award of the Superfast Extension Programme projected for April 2015.
Background Information	<ol style="list-style-type: none">2. The details and recommendations from previous Cabinet

papers are included within the 'Background Papers' section to this report.

3. In line with Worcestershire County Council's vision of creating a prosperous and 'World Class Worcestershire', the delivery of Worcestershire's Local Broadband Plan 'Connecting Worcestershire' commenced with the signing of two broadband infrastructure contracts during July 2013, both of which are detailed below. The largest of these, 'Superfast Worcestershire' - a £20 million partnership with BT to improve fibre broadband speeds and coverage, is anticipated to facilitate a drive in economic growth; improve the quality of life for our residents and businesses and support our Digital Council transformation over the next decade.

4. As reported and evidenced at previous Cabinet meetings, local demand for improved broadband speeds amongst both businesses and residents is high. When surveyed, 95% of businesses, who responded, said faster Broadband would help their business grow in 2-5 years. Of the 95%, 75% said it would allow them to increase turnover.¹ This would indicate that the businesses themselves recognise the importance of improving fibre infrastructure to ensure the county is and remains 'Open for Business'.

5. This demand has since been further illustrated through the number of contacts from residents, businesses, elected members and local MPs who find parts of their area in the 5-10% of premises not in the current 90% of residential and business premises in the current deployment plan.

6. From the outset the Council recognised that despite the significant investment of public money, it would not be possible to achieve 100% coverage of the county. In the 2013 Spending Review, the Government announced a further allocation of broadband funding under the Broadband Delivery UK (BDUK) Superfast Phase 2 Programme, with the aim of increasing coverage across the UK to 95% by 2017, allocating potential funding to make this a reality.

7. Despite overmatching in the original contract with up to £8.5 million made available locally, the Council were advised local 'match' funding would again be required for the BDUK Phase 2 'Superfast Extension Programme'. It was re-iterated to BDUK that no further Council funding would be available to invest in to the Superfast Extension Programme. The 'Financial information' section below provides detail on the proposed Superfast Extension Programme funding arrangements.

¹ Figures are based upon demand registered by businesses as part of the Local Body's Broadband Business Survey as at 31/01/14

Benefits of Faster Broadband

8. The continued investment in broadband is vital to Worcestershire's residents and businesses alike as there are both economic and social benefits associated with faster broadband.

9. For businesses faster Broadband speeds are essential to access new technologies, ensuring Worcestershire's companies can compete in national and international markets.

10. Home working opportunities will make it easier for people to have an improved quality of life, with greater control over where and when they choose to work with home broadband connections as powerful as in a city office. The benefits also extend to the employer, reducing office management costs, desk space, utility bills; the reduction in travel will also have environmental benefits. Supporting sustainable working practices supports the Council's environmental policy of reducing the carbon footprint.

11. The Council are seeking to make the web and the internet core to how we operate, deliver our services and communicate with citizens and businesses in the future. The aim is to make the web and other digital channels our customers' channel of choice to access Council services and information. Our ambition is that 100% of services are available on line. A clear underlying assumption to this theme is that every citizen – tax payer, business, social care user, family, and child – who can, will meaningfully integrate the internet into their daily lives. Faster and more reliable connections are key to enabling and encouraging residents and businesses to choose the 'digital channel'.

12. There is further evidence to suggest children in rural areas can be disadvantaged because they do not have access to fast broadband speeds at home. This impacts both their ability to do homework and learn independently, but also deprives them of the social networking world that young people rely upon. The same issues can be applied to adult and vocational training, in order to fulfil the objective of a highly skilled knowledge economy it is important that the workforce has the qualifications and skills required by employers. Availability of Superfast Broadband could increase the amount of online distance learning and qualifications available to adult learners.

13. Broadband services are anticipated to play an increasingly important role in supporting older people by providing access to on-line services, shopping, banking etc. It could also enable people to stay in touch with family and friends and support people to stay at home for longer, by supporting the introduction of new health and Social Care services, such as assistive technology e.g. tele-medicine and tele-care.

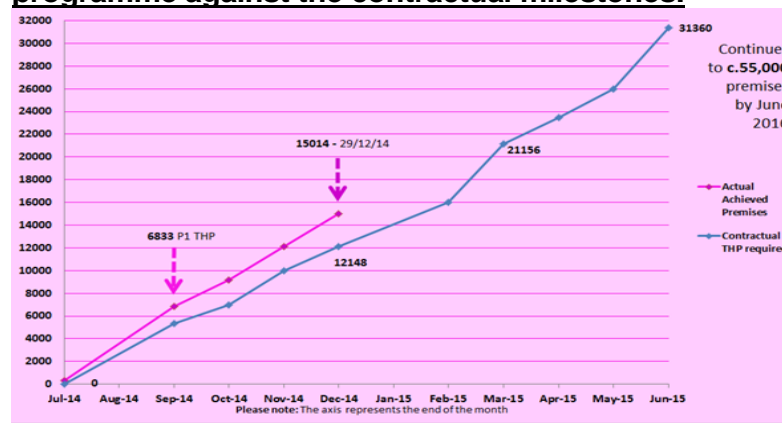
Update on success within Superfast Worcestershire & Broadband Community Pathfinder Project

14. The current Superfast Worcestershire Programme is expected to enable around 55,000 premises access to 'Next Generation Access' (NGA) infrastructure by June 2016. NGA is defined as premises being able to connect to fibre based broadband technology (should they choose to do so). The programme commenced deployment two months earlier than schedule in May 2014 and has continued at pace throughout the year. Planning and surveying activities are currently over 3 months ahead of schedule.

15. Without Superfast Worcestershire, commercial broadband providers were only expected to reach 73% of Worcestershire with fibre. Superfast Worcestershire is expected to increase this coverage above 90%. In addition, business coverage following commercial activity was around only around 41% across the county; impressively the programme is expected to increase this to 90%.

16. To date **85** green broadband cabinets have been fibre enabled, totalling **15014** premises that are now able to 'sign-up' with their preferred internet service provider to improved broadband speeds. Whilst it is clearly good news that the deployment continues ahead of schedule the partnership are not resting on their laurels. The graph below illustrates the sheer number of premises involved in this large scale engineering programme and it is acknowledged that further challenges are expected ahead.²

Graph illustrating the actual number of premises that can access improved broadband as a result of the programme against the contractual milestones.



17. Since contract signature there have been further successes including enabling nearly 2,000 more homes and businesses to be added to the deployment plan, partly as a result of securing further external funding of £1.1m.

18. Moving into 2015 the current deployment will continue and further marketing and promotional activities will take

² Graph and figures accurate as of 29 December 2014

place to raise awareness on the benefits and availability of faster broadband speeds in the county, to drive the take-up rate in the programme area beyond the 10% recorded at the end of December 2014. Following deployment if this figure is above 20% the partnership would trigger a clause in the contract to enable re-investment from both parties into the programmes fund to extend coverage further still.

19. The importance of a successful Demand Stimulation campaign cannot be underestimated in order to recognise the benefits of the broadband programme and to trigger the potential financial claw back if take-up exceeds 20%.

20. Indications to date suggest that further significant efforts will need to be made locally to ensure residents and businesses are both aware of when fibre arrives in their community and the fact that they will need to 'sign-up' with their chosen supplier in order to receive the service. Premises will not be automatically connected to the new infrastructure.

21. Whilst a number of residents and businesses 'demanded faster broadband' during the procurement of the first contract the programme will continue to invest in effective communication of the benefits of fibre broadband and stimulate demand.

22. Locally small amounts of funding have already been secured to develop initial training opportunities for small and medium sized businesses to ensure they are ready to take advantage of the new infrastructure when it is deployed. These projects have been developed by Worcestershire Business Central and are currently in delivery.

23. The challenge facing the local programme is ensuring appropriate levels of revenue funding to enable this work to be fully effective and maximise the return on the initial investment of the £8.5 million capital money that Worcestershire have already committed and the additional funds secured from public sources.

Broadband Community Pathfinder Project

24. Having worked with local communities the county procured a supplier for 'enhanced basic broadband'. The preferred supplier for the infrastructure was Airband. The communities were split into three distinct project areas covering circa 2,200 premises.

25. The successful delivery of Airband's faster broadband infrastructure was completed in the Summer of 2013 and is now available to residential and business premises in Little Witley Parish; the North-West Malvern Consortium comprising the parishes of Bockleton, Kyre, Hanley, Rochford, Eastham, Lindridge, Mamble and Bayton; and the

Redditch Travel Arc Consortium comprising the parishes of: Tibberton, Crowle, part of Hanbury, Stock and Bradley and Feckenham.

26. The coverage provided from the Airband infrastructure is in addition to the 90% business and residential target within Superfast Worcestershire. A 'customer satisfaction' survey in the 2014 showed that 80% of respondents were either 'satisfied' or 'very satisfied' with the service provided. The current take-up of the Airband service is positive at 24% of all premises across the project area³.

27. The areas and communities that make up the 'Broadband Community Pathfinder' project have not been removed from the 'intervention area' (area in which public money can be spent) for the Superfast Extension Programme. This means they remain eligible to benefit from further funding and may form part of the solution provided for the Superfast Extension Programme.

28. Cabinet is asked to note that for both the current 'Superfast Worcestershire' contract and the proposed 'Superfast Extension Programme' the 'intervention areas' are set using recognised premise data available prior to the release of the invitation to tender. Therefore, the Council is only able to include premises that exist at that time; it does not include planned developments that exist within local development plans. Therefore, when the respective programmes are complete the 'new build' premises are not included in the coverage figures.

29. The risk this presents is that all planned and many newly built homes and business premises are not eligible in their own right to receive public funding. It should not be assumed that all developments will be fibre enabled by commercial providers. The emphasis is on the 'developer' to ensure they engage with communications infrastructure providers to discuss the payment for and provision of fibre infrastructure.

30. To mitigate the risk of developers not understanding their responsibility, guidance has been provided in the documentation of local development plans. The partnership is also facilitating contacts between developers and broadband infrastructure providers when requested. Further work is needed in this area to educate developers and potential buyers of new builds to understand the current situation.

31. The total amount of funding available for the Superfast Extension Programme is £4.78 million, comprising £2.39 million grant funding each from the Broadband Delivery UK (BDUK) fund and the Local Growth Fund (LGF) from the

New Build Developments

Financial information for the Superfast Extension Programme

³ Figures accurate as at 1 December 2014

Development of Superfast Extension Programme

Business Improvement and Skills Department (BIS). There is no financial commitment for the Council other than the revenue costs of managing the contract and stimulating demand.

32. The LGF grant funding has not yet been formally confirmed as having been allocated, although indicative notice has been given and the Council have secured assurances from Sir Bob Kerlake, Permanent Secretary for the DCLG, that the money will be available.

33. Although unlikely, in the event of this funding not being received, the Council will need to consider alternative sources of funding, such as prudential borrowing, and this will be detailed in a further report to Cabinet if required.

34. The LGF grant allocation indicated that the funding is required to be used by March 2016 and that all other schemes financed by the total allocation will need to deliver in order for the Broadband funds to be released. The Council will have flexibility to re-direct LGF funding from other schemes to the Superfast Extension Programme if delivery of these is not fully achieved to mitigate the risk of non-delivery. The March 2016 date is likely to be more challenging given the contract timings and we will need to pursue options around either extending this cut-off date or early draw down of funds with BIS once the formal grant allocation is received.

35. The BDUK allocation has an end date of December 2017 which, although still challenging, is likely to be more in line with the timing of the contract. We are also aware from the current Broadband contract and discussions with the Department for Culture, Media and Sport that there is likely to be flexibility around extending this date in order to deliver the ambitions of the programme.

36. Having identified the availability of funding for the Superfast Extension Programme from BDUK and the LGF and in order to ensure Worcestershire is amongst the most 'connected counties' in the UK the county's main ambition for the Superfast Extension Programme contract is:

- 95% of all premises to have access to superfast broadband speeds (residential and business premises).

37. Cabinet is asked to note that percentages are based upon 264,313 premises within the county at the time of setting the intervention area.

38. On 5 December 2014 the Council released their Invitation to Tender for the Superfast Extension Programme. Cabinet approval of the recommendations in this report will enable the programme to finalise contracts before April 2015, following successful evaluation of the bids returned.

Proposals for Evaluation of Tender and Contract Finalisation

Summary of Risks

39. The additional coverage enabled will be communicated to key stakeholders, residents and businesses following contract signature through the established communications channels.

40. As with the initial evaluation, a cross-organisational tender scoring and evaluation team, including officers from Systems and Customer Access, Strategic Procurement, Finance, Research and Marketing, Legal Services and the Corporate Programme Team will be involved in the review, scoring, evaluation and challenge of tenders.

41. Cabinet approval is therefore being sought to ensure that Council officers can undertake this evaluation, appoint a preferred supplier and progress through contract finalisation and BDUK's final assurance gateway C "ready to contract" in line with the current timeline, mitigating any potential delays.

42. The high level risks associated with the final stages of the procurement and deployment have been identified in the paragraphs below.

43. Dependency on the delivery of 'Superfast Worcestershire' contract – prior to commencing an extension programme the deployment of the first contract should be complete, this is currently scheduled to end in June 2016. This is continuing to be mitigated through dedicated programme and project management and the support of other officers including finance and legal.

44. Funding – there remains a risk as the LGF funding has not been formally confirmed. Secondly the funding identified by the LGF and BDUK both contain restrictions that they must be spent by March 2016 and December 2017 respectively. Details of the current position can be found in the Financial Information section to this report.

45. Delays to procurement process beyond June 2015 – should the Council not contract a preferred supplier by the end of June 2015 the national programme's State Aid umbrella arrangement will expire and the Council will be unable to contract the allocated funds. This risk is being mitigated through dialogue with BDUK and supplier(s).

46. Achieving 95% 'Superfast' coverage – having undertaken statistical analysis of the revised 'intervention area' Council officers recognise that including further 'local requirements' for the supplier to include is unlikely to return a compliant response to the ITT.

47. Implementation of a Highways Permit Scheme – during Supplier Engagement it has been made clear to the Council

that should the county introduce a Highways Permit Scheme prior to or during deployment it is likely to have a negative impact on the numbers of premises able to be reached and an extension of the deployment end-date. Investigations are ongoing to establish the extent of the impact this risk could have on the programme.

Next Steps

48. Should Cabinet approve the recommendations of this report the next steps will be as follows, noting anticipated dates are subject to change based on the level of clarification required from tenders:

- a) Open and evaluate tenders – w/c 2 March 2015
- b) Appoint preferred Supplier – w/c 16 March 2015
- c) Progress with Contract Finalisation – w/c 16 March 2015
- d) Submit State Aid Part 2 forms to BDUK and other required documentation – w/c 16 March 2015
- e) Submit remaining documentation to BDUK in order to progress through Checkpoint C. – w/c 16 March 2015
- f) Following State Aid Approval and notification the checkpoint has been passed, the contract will be awarded – w/c 23 / 30 March 2015
- g) Commence with necessary 'Change controls' to original 'Superfast Worcestershire Contract – w/c 16 March 2015
- h) The Superfast Extension Programme is expected to commence following the successful deployment of the 'Superfast Worcestershire' contract - 2016
- i) An anticipated deployment outline plan of the Superfast Extension Programme will be made available in the weeks following contract signature with detailed plans to be available when the 'mobilisation phase' is complete – 2015 / 2016.

Supporting Information

[Worcestershire's Local Broadband Plan 'Connecting Worcestershire'](#)

Contact Points

Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Director of Commercial and Change) the following are the background papers relating to the subject matter of this report:-

Agenda and background papers for the meetings of Cabinet

held on [24 November 2011](#), [24 May 2012](#), [8 November 2012](#), [18 July 2013](#).