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**Meeting:** Executive

**Date:** 27 May 2014

**Subject:** Superfast Broadband Extension Programme

**Report of:** Cllr Nigel Young Executive Member for Regeneration

**Summary:** The report proposes the Council fully participates in the Broadband Delivery UK (BDUK) Superfast Extension Programme, in order to deliver necessary infrastructure to provide superfast broadband (speeds of at least 24 Megabits per second) to at least 95% of premises and at least 2 Megabits per second to all premises. Furthermore, an additional £500,000 capital funding is approved to fully match Broadband Delivery UK funding.

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**Advising Officer:** Jason Longhurst, Director of Regeneration and Business

**Contact Officer:** James Cushing, Economic Policy and Investment Manager

**Public/Exempt:** Public

**Wards Affected:** All

**Function of:** Council

**Key Decision** Yes

**Reason for urgency/  
exemption from call-in  
(if appropriate)** Not Applicable

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

1. The delivery of superfast broadband directly addresses the Council's priority of Better infrastructure – improved roads, broadband reach and transport and the delivery of the Council's Joint Broadband Plan.
2. Additionally, superfast broadband can also contribute to a range of wider Council objectives including Enhancing Central Bedfordshire – particularly creating jobs and enabling businesses to grow providing, delivering great services and value for money, through supporting the accessing of services online and on demand. Likewise, participating in the project will secure significant public and private match funding to support the delivery of the Council's priorities.

**Financial:**

3. The Council has approved £1M net (£2M gross with £1M external funding from BDUK) in for 2016/17 and 2017/18 in MTFP capital programme towards the delivery of the Superfast Extension Programme. Subsequent external funding details now indicate an allocation of an additional £740,000 from BDUK (subject to match funding and formal approval). The Council has already secured £250,000 from Central Bedfordshire Together, but to realise the full BDUK allocation an additional £500,000 in local match funding is still required.
4. Private sector contributions to the project will be sought through the procurement process. This will increase the value of the project and resulting coverage levels. This will not impact on the Council's capital contribution.
5. The Council would continue its role as lead accountable body for the wider Local Broadband Partnership (including Bedford and Milton Keynes Councils). As such the total value of public sector funding including Broadband Delivery UK (BDUK) funds for the project is £6.36 Million. This figure could increase if other sources of funding can be secured.
6. Project development and management costs will be funded through existing reserves. Any projects cost will be shared amongst project partners.
7. The additional £500,000 will increase the overall capital spend of the Council, unless an alternative saving is made elsewhere. This will lead to a resultant revenue pressure in the financing of the £500,000 of approximately £40k per annum from 2016/17.
8. The Council's Constitution requires that the Council must approve expenditure over £500,000 before commencing any procurement. Approval for additional resources is sought at this stage due to BDUK project approval requirements.

**Legal:**

9. The Council can undertake activities to promote or improve the economic well-being of its area under Section 2 of the Local Government Act 2000. There are no statutory requirements for the Council to undertake improved broadband works. The Council will be able to secure a private sector partner and undertake delivery activities utilising a national BDUK State Aid notification and a procurement framework which is compliant with European Union (EU) requirements. Council legal, financial and procurement rules will also be adhered to throughout delivery of the plan.
10. A binding collaboration agreement between the Council and Bedford and Milton Keynes Council has been developed to ensure that funding is directed according to each local authority's requirements and in line with BDUK contractual requirements, ensuring a proportionate bearing of risk. This will be updated inline with project requirements.

**Risk Management:**

11. There will be a number of procurement and state aid risks associated with the project. The use of the BDUK procurement and state aid frameworks and the use of specialist consultancy services will mitigate against these risks.
12. The project will utilise formal project management techniques, including a project risk register, which is reviewed at all programme board meetings.
13. There will be a number of risks associated with delivering the plan, in terms of securing a private sector partner and in project delivery risks. These will be mitigated through the use of the BDUK frameworks and early market engagement, continuing with the existing dedicated joint project management resource and processes for delivery, and through contracting with a private sector partner require sufficient project and risk management plans and processes to be put in place, with appropriate risk ownership clauses.

**Staffing (including Trades Unions):**

14. Existing staffing resources are being utilised to manage the procurement phase of the project.
15. The Council's contribution to joint project management costs will come from the existing economic growth budget.

**Equalities/Human Rights:**

16. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination and to foster good relations in respect of nine protected characteristics; age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
17. In developing the Local Broadband Plan consideration of the need to improve access for all has been a core principle. Analysis of options for intervention, while meeting state aid guidelines, has mapped access to areas of deprivation and found very little correlations. Likewise through the deployment process the Council will work with suppliers to ensure that broadband services are available to the maximum number of people and that access is not discriminated against in anyway.

**Public Health:**

18. Increasing accessibility to broadband will allow for increased tele-health opportunities and access to online information, albeit that services will need to be independently.

**Community Safety:**

19. Not applicable.

**Sustainability:**

20. Delivery of the extended coverage of superfast broadband will positively impact on a number of sustainability considerations, including reducing the need to travel (by increasing access to online services and opportunities for home working) and resulting emission reductions. Further to this, the provision of superfast broadband will also support the delivery of jobs growth aspirations for the area, by supporting growth in existing businesses productivity, ensuring the area remains attractive to new inward investment and supporting new business to start up, through taking advantage of new technologies and market opportunities.

**Procurement:**

21. The National BDUK procurement framework, which has already been out to Official Journal of the European Union competitive tender, will be used to competitively select a private sector partner. A mini competition process will be used to call off providers to deliver infrastructure locally.

**Overview and Scrutiny:**

22. This matter has not been considered by Overview and Scrutiny.

**RECOMMENDATIONS:****The Executive is asked to:**

1. **recommend to Council to approve an additional £500,000 capital funding to fully match BDUK allocations for the delivery of superfast broadband infrastructure;**
2. **approve the use of the BDUK procurement framework to select a private partner to put in place necessary infrastructure to deliver at least 95% superfast coverage (speeds of at least 24 megabits per second) and ensure and ensure access to infrastructure able to provide at least 2 Megabits per second to all premises;**
3. **approve the local procurement priority, to maximise total coverage, and subject this, seek to achieve a balance of residential and business premise coverage and seek to achieve a reasonable geographic spread, taking into account local demand, demonstrated through responses to the Broadband survey;**
4. **approve a delegation to the Director of Regeneration and Business, in consultation with the Executive Member for Regeneration and Deputy Executive Member for Corporate Resources, to select the contractor based on any priorities the Council sets and the successful completion of the BDUK procurement process and sign and vary the contract if additional resources are secured during the lifetime of the contract;**

5.	<p><b>approve the Deputy Executive Member for Corporate Resources, in consultation with the Executive Member for Regeneration to represent the Council through the Superfast Extension Programme; and</b></p>
6.	<p><b>approve the Council's continued participation with the existing partnership arrangements, updating the collaboration agreement as required. Furthermore, that the Deputy Executive Member for Corporate Resources, in consultation with the Director of Regeneration and Business, approves any proposed changes to the membership and terms of reference to the partnership.</b></p>
<i>Reason for Recommendations:</i>	<p><i>To secure external resources and put in place the necessary infrastructure at the earliest opportunity to accelerate the delivery of superfast broadband to at least 95% of premises and support towards a minimum speed of 2 megabits per second for all in Central Bedfordshire, in line with achieving the Council's Medium Term Plan Objectives and Joint Local Broadband Plan.</i></p>

## **Executive Summary**

23. Broadband Delivery UK (BDUK) have announced details of the Superfast Extension programme (SEP) which seeks to support 95% of premises to receive superfast broadband services and ensure access to infrastructure able to provide at least 2 Megabits per second to all premises. Central Bedfordshire has been allocated £1.74 million through this.
24. The Council (in partnership with Milton Keynes and Bedford Councils) has already contracted with BT through the previous BDUK project to deliver new superfast infrastructure to approximately 15,500 premises (90% of all premises). Under the SEP at least an additional 5,900 premises would be supported in Central Bedfordshire.
25. It is proposed that an additional £500,000 capital funding is allocated to match BDUK funding (additional to the £1 million already allocated in the Capital Plan and £250,000 secured from Central Bedfordshire Together).
27. It is proposed that the national BDUK procurement framework is used to select a private partner, and that existing partnership arrangements to deliver the project are maintained.
28. It is proposed that Council's procurement priorities should be to maximise total coverage in Central Bedfordshire, and subject this, seek to achieve a balance of residential and business premise coverage and seek achieve a reasonable geographic spread, taking into account local demand.
29. A delegation to the Director of Regeneration and Business, in consultation with the Executive Member for Regeneration and Deputy Executive Member for Corporate Resources, is sought to select the contractor based on any priorities the Council sets and the successful completion of the BDUK procurement process, and sign and vary the contract if additional resources are secured during the lifetime of the contract.

## **Background**

30. The Council has entered into collaboration with the Councils of Bedford Borough and Milton Keynes and formed a joint Broadband Partnership (under the project title Central Superfast) to deliver the Joint Local Broadband Plan (endorsed by full Council at its meeting on the 14 February 2012), which set out plans to deliver access to superfast broadband (defined as being at least 24Mbit/s) to 90% of all premises with the aim to ensure that all premises in Central Bedfordshire have access to infrastructure able to provide at least 2 Megabits per second.
31. Following a successful application to Broadband Delivery UK (BDUK) for match funding and use of the competitive national procurement framework and state aid approval, BT were selected as a partner to deliver necessary infrastructure. The contract was awarded in August 2013, with initial deployment of services expected in May 2014. In Central Bedfordshire this is delivering superfast services to almost 15,500 premises, with deployment complete in Q1 2016. There has already been considerable public demand for increased coverage, for example the Council has developed an online demand registration tool which has already received well over 3,000 responses requesting better broadband, and over 98% would support investment in Superfast Broadband.
32. BDUK undertook a consultation process on possible mechanisms to increase coverage in Q3 2013. In the June 2013 Spending Round the Government announced a further £250m of funding to increase the availability of superfast broadband to 95% of premises in the UK by 2017. BDUK have developed the Superfast Extension Programme (SEP) to deliver this. Central Bedfordshire was indicatively allocated £1.74 Million as part of this. An initial expression of interest was submitted by the Central Superfast Partnership in March and BDUK have set in place a process for applying to secure funding, with an application required by the end of June 2014. The total allocation to the Central Superfast Area and Luton was £3.18 million.

## **Superfast Extension Project**

33. Participating in the SEP is likely to result in an accelerated delivery and support at least an additional 5,900 premises supported to receive superfast broadband services, if the 95% target is achieved. These premises are not currently being served through commercial plans or the existing Central Superfast Project and there is very little chance of these premises being supported through other means. To achieve the Council's corporate objectives and the Joint Local Broadband Plan goal of superfast broadband for all, it is recommended that the Council participates fully in the BDUK Superfast Extension Programme.

34. The Council has already allocated £1 million through the Capital Plan to deliver extended coverage of superfast broadband. In addition to this, £250,000 has been secured through Central Bedfordshire Together to match the BDUK allocation. However, an additional £500,000 is required to fully match and secure the BDUK allocation and ensure that sufficient resources are in place to achieve at least the 95% target. Through a competitive process, the Council will seek to maximize coverage above the 95% target. It is proposed that an additional £500,000 is allocated to the budget, bringing the Council's total contribution to the SEP of £1.5 million. Depending on BDUK approvals and timescales, it is expected that funding will be spent in 2016/17 and early 2017/18, though an accelerated delivery and alignment with the current BDUK project will be sought through the procurement process.
35. Private sector contributions to the project will be sought through the procurement process. This will increase the value of the project and resulting coverage levels. This will not impact in the Council's capital contribution.
36. Cllr Richard Wenham, Deputy Executive Member for Corporate Resources, has been representing the Council in the current BDUK project. It is recommended that this engagement, in consultation with the Member for Regeneration is continued through the Superfast Extension Programme.
37. BDUK are putting in place another national procurement process and state aid approval to enable local authorities to select a private sector provider. This is considered the lowest risk and most efficient option for the Council to secure a provider. This is due to the use of a national framework most closely aligning to BDUK approvals process, possibility of accelerating deployment and also reduced costs and risks associated with undertaking a separate Official Journal of the European Union procurement process. As such it is recommended that the Council utilises the BDUK procurement framework. The Council will comply with all state aid requirements, including undertaking a revised Open Market Review, to develop an updated and clear understanding of the private sectors future deployment plans in the area, ensuring that public funding is not over building private investment.
38. It is recommended that the Council continues with the existing priorities set out through the previous BDUK procurement, through the SEP procurement process:
- maximising overall superfast broadband coverage;
  - ensuring all have a minimum access to infrastructure able to deliver 2 Mbps services;
  - subject to maximising superfast, seek a balance between residential and business premise coverage; and
  - subject to maximising superfast coverage, achieve a reasonable geographic spread, taking into account local demand, demonstrated through responses to the Broadband survey and response to consultation.

This is based on the supporting the maximum number of residents and businesses in Central Bedfordshire, fit with the medium term plan priorities and balancing the risk of increased perceived complexity of the project and risk that the private sector may choose not to bid for and invest in the area. These priorities will be tested through the BDUK bidder engagement process, to ensure the optimum procurement outcome for Central Bedfordshire.

39. In order to comply with BDUK timescales and focus on accelerated delivery, it is recommended that a delegation is sought to the Director of Regeneration and Business, in consultation with the Executive Member for Regeneration and Deputy Executive Member for Corporate Resources , to select the contractor based on any priorities the Council sets and the successful completion of the BDUK procurement process and sign and vary the contract if additional resources are secured during the lifetime of the contract.
40. BDUK have previously required the Council to form a partnership with Bedford Borough and Milton Keynes Councils, in order to maximise the attractiveness of the project to bidders and drive efficiencies through economies of scale. BDUK have indicated that they wish to see existing partnerships continue, as the basis of the SEP. A formal collaboration agreement and joint project board has been developed for the previous BDUK project. BDUK have indicated that they are expecting local partnerships to continue into the SEP. There is also the potential for the need to alter the membership of the partnership, for example Luton, which was previously not eligible to participate in the project, could now be included in the project. To build upon proven working arrangements and meet BDUK expectations It is recommended that the Council continues with the existing partnership arrangements, updating the collaboration agreement as required. Furthermore, that the Deputy Executive Member for Corporate Resources, in consultation with the Director of Regeneration and Business, approves any proposed changes to the membership and terms of reference to the partnership.

## **Conclusion and Next Steps**

41. BDUK have indicated that applications for the SEP are to be completed by the end of June 2014. Every effort would be made to ensure that the procurement process would be completed at the earliest opportunity, and all opportunities to accelerate deployment of services are undertaken.
42. In addition to the BDUK projects to tackle existing premises, the Council's Draft Development Strategy highlights the requirement for new developments to consider putting in place superfast broadband infrastructure, to ensure that new premises are planned for from the outset and so not creating future need for public sector intervention.



43. Further resources will also be sought to increase coverage and support take up of services. For example through the South East Midlands Local enterprise Partnership with a particular focus on supporting businesses premises. Likewise through Council activities and external funding a series of programmes to support business and residents maximise the take up and benefit of broadband will be put in place.

**Appendices:**

**N/A**

**Background Papers:** (open to public inspection)

Joint Local broadband Plan:

[http://www.centralbedfordshire.gov.uk/Images/Joint%20Local%20Broadband%20Plan\\_tcm6-41719.pdf#False](http://www.centralbedfordshire.gov.uk/Images/Joint%20Local%20Broadband%20Plan_tcm6-41719.pdf#False)

Current BDUK project and rollout plans: [www.centralbedfordshire.gov.uk/broadband](http://www.centralbedfordshire.gov.uk/broadband)