
Meeting: Executive

Date: 19 August 2014

Subject: Superfast Broadband Extension Programme

Report of: Cllr Nigel Young, Executive Member for Regeneration

Summary: The report proposes that the Council funds an additional £350,000 capital, over the £1.5 million already approved (May 2014) to further extend superfast broadband coverage as part of the Council's participation within the Broadband Delivery UK Superfast Extension Programme. This will be matched by £300,000 Broadband Delivery UK to allow approximately an additional 1,200 premises to be supported.

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, 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 funding profile for the Superfast Extension Project is highlighted below. Further BDUK funding has become available and it is with this in mind that an additional £350k is requested, £300k to be matched by BDUK and £50k to support project management costs.

	Gross Expenditure	External Funding	Net Expenditure
	£ 000	£ 000	£ 000
Council initial Medium Financial Plan Approval	2,000	1,000	1,000
Additional Council Approval (May 2014)	1,490	990	500
Total currently approved	3,490	1,990	1,500
Additional Funding being requested for increased coverage	600	300	300
Additional funding being requested for Project Management Costs	50		50
Total scheme	£4,140	£2,290	£1,850

4. The Council will continue its role as lead accountable body for the wider Local Broadband Partnership (including Bedford and Milton Keynes Councils).
5. Project development and management costs are currently funded through existing reserves. Extending the duration and scope of the project will require continued project management investment to meet the Council's obligations as part of the Joint Collaboration Agreement. As such £50k is sought to cover direct project costs, such as project management and external technical support. Any projects cost will be shared amongst project partners, in line with the Joint Collaboration Agreement. Under the collaboration agreement, other Local Authorities are responsible for putting in place their own project management resources.
6. The additional £350k 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 £350k of approximately £28,245 per annum.
7. Subject to BDUK's approvals and state aid approval, it is estimated that spend will be undertaken in 2016/17 and 2017/18 financial years.
8. The Council's Constitution requires that the Council must approve expenditure over £350k 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. A joint project manager is currently in place and the requested £50k will fund the Council's continued contribution to project management costs. Other staffing inputs will be through existing resources.

Equalities/Human Rights:

15. 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.

16. 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:

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

Community Safety:

18. Not applicable.

Sustainability:

19. 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:

20. 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:

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

RECOMMENDATION:

The Executive is asked to:

1. **recommend to Council to approve an additional £350,000 capital funding to secure additional external funding, and to extend coverage of superfast broadband infrastructure.**

Reason for Recommendations: To secure additional external resources and put in place the necessary infrastructure at the earliest opportunity to accelerate and extend the delivery of superfast broadband to Central Bedfordshire residents and businesses in line with achieving the Council's Medium Term Plan Objectives and Joint Local Broadband Plan.

Executive Summary

22. 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.
23. It is proposed that an additional £350k capital funding is allocated to the Superfast Extension Programme. This will be matched by £300k BDUK funding. This is in addition funding already approved by the Council (May 2014) and external funding secured. This additional funding will enable approximately an additional 1,200 premises to receive superfast broadband services, over an above the expected 5,900 estimated premises to be supported through the Council's previous approvals to participate in the Superfast Extension Programme, and put in place necessary project management capacity.

Background

24. 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.
25. 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 Council has invested £1million in the project, and secured external public funding of £1.4 million. The contract was awarded in August 2013, with the first telecommunication cabinet going live in Stanford in June 2014. In Central Bedfordshire this project is delivering superfast services to almost 15,500 premises, with deployment complete in Quarter 1 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.
26. 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. The total allocation to the Central Superfast Area and Luton was £3.18 million.

Superfast Extension Project

27. Participating in the SEP is likely to result in accelerated delivery and support at least an additional 5,900 premises 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.
28. The Council has already approved participation in the Superfast Extension Programme and allocated £1.5 million to deliver extended coverage of superfast broadband (May 2014). In addition to this, £250k has been secured through Central Bedfordshire Together to match the BDUK allocation. Through a competitive process, the Council will again select a private partner to put in place necessary broadband infrastructure and seek to maximize coverage above the 95% target. Depending on BDUK approvals and timescales, it is expected that funding will be spent in 2016/17 and early 2017/18.
29. 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.
30. BDUK have extended the national procurement framework and state aid framework, and inline with previous approvals, the Council will utilise these in selecting a private sector bidder.
31. BDUK have indicated that additional funding is now available, if Local Authorities are able to match this. As such an additional £300k capital is sought, to match available BDUK resources. Additional resources of a total of £600k would be expected to support approximately an additional 1,200 premises, bringing the total number of premises supported under the Superfast Extension Programme to approximately 7,100. The exact number will be dependent on the outcome of the procurement process, and the Council will seek to maximise coverage in line with priorities previously agreed by the Council.
32. In order to support effective project management of the project and comply with the Council's obligations under the Joint Collaboration Agreement, £50k is sought for the Council's contributions to the Joint Project Manager and associated project development costs, such as external technical support. This brings the total additional investment by the Council to £350k.

Conclusion and Next Steps

33. The Council will begin the necessary pre procurement and state aid requirements, including undertaking an Open Market Review in August, looking to go out to tender in October, before selecting a provider in January/ February 2015, dependent on BDUK approvals processes.

34. 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.

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

Current BDUK project and rollout plans: www.centralbedfordshire.gov.uk/broadband