

Report to the Leader of the County Council
Report submitted by: The Assistant Chief Executive
Date: 1 April 2015

Part I

Electoral Divisions affected:
All

The Superfast Lancashire Extension Programme
(Appendices 'A' and 'B' refer)

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Executive Summary

The report outlines how the County Council will work with BT Plc, to extend the coverage of Next Generation Access (NGA) to superfast broadband across Lancashire.

This programme is referred to as the Superfast Extension Programme (SEP)

This is deemed to be a Key Decision and the provisions of Standing Order No 25 have been complied with.

Recommendation

The Leader of the County Council is asked to approve the contents of the report and appoint BT Plc to deliver the Superfast Extension Programme (SEP).

Background and Advice

1. Introduction

Superfast Broadband (SFBB) refers to a range of measures to ensure businesses and consumers are best able to exploit the benefits of high speed broadband connections. Through Broadband Delivery UK (BDUK), the government has defined SFBB as a speed of not less than 24Mbs. Mbs stands for Megabits and is the expression used to measure broadband speeds.

The Government announced a Superfast Extension Programme (SEP) in June 2013. The £250m new investment programme is being made available to local authorities to extend the coverage of superfast broadband in their area by the end of 2017. BDUK have allocated £3.84m for Lancashire from this fund, on the basis of a 100% matched fund being available, which will result in a total investment of £7.68m for the Lancashire SEP. This new investment is intended to be used to extend superfast broadband and in doing so increase coverage in Lancashire to c.99%.

The remaining premises in the Lancashire intervention programme are the hardest to reach and consequently will cost more per premises to allow them to access SFBB. On that basis, and taking into account that there is no planned commercial rollout for SFBB to these premises, without the intervention proposed within this report these locations would remain on the wrong side of the digital divide.

Increasing the availability and take up of Superfast Broadband is a key driver for learning, delivery of services and enterprise and growth, and is a high priority for the County Council. Acknowledged benefits include:

- Supporting the development of new and more efficient, business models and enabling increase of international trade and collaborative innovation.
- Increasing the social and economic resilience of the county, its infrastructure and communities;
- A key ingredient in attracting inward investment into the county as well as supporting new housing and employment site developments.
- Extending deployment of superfast broadband in under-served areas can also support the safeguarding of employment in areas which have not and will not benefit from commercial roll out of SFBB Supporting access to services, including learning and health related activity particularly for residents furthest from the labour market and commercial centres and with specific need.
- Acting as a supporting mechanism for communities take on the delivery of certain public services through alternative operating models. For example, residents can benefit from greater e-commerce opportunities and interaction with public services through digital communications, including tele-health and tele-care. Increased broadband speeds and coverage underpins options for local community delivery of public services.

There are parts of Lancashire where there is above average unemployment/long term unemployment, and in-work poverty is a feature where average wages are below national levels. The current Superfast Broadband Lancashire programme helps to deliver the council's Digital Inclusion Strategy with the vision '*to help people get online, do more online and benefit from being online*'. The SEP will build upon this by supporting residents to have better access to job and training opportunities, ability to set up their own businesses, or to work from home and reduce travel costs and expenses. It is envisaged that through the SEP this programme of activity will continue, in partnership with our existing public, private and voluntary partners, through Go On Lancashire.

2. Procurement and Coverage

An Invitation to tender (ITT) was issued 03 October 2014 in compliance with BDUK's Framework. BT were the only supplier to submit a response in December 2014.

The ITT contained a list of those areas in Lancashire not covered under the current rollout and not scheduled to benefit from commercial SFBB activity. This list was based upon a modelling exercise to determine the scale and scope of the remaining approximately 20,000 of premises not able to be served under the current roll out as well as economic sites (business parks). Currently, this comprises a list of 26 A3 pages of 6 figure postcodes.

The SEP requirement, which is consistent with the current superfast broadband roll out, is for the funding to deliver a wholesale open access solution. The Public sector investment has to be deployed in a State Aid compliant manner to ensure that public funds are only used in areas of market failure, as determined by BDUK, and that there is no public subsidy for commercial activity. The funding therefore cannot be used to support the retail services offered to residents and businesses.

B4RN, an organisation who are seeking to roll out superfast broadband have demonstrated to BDUK that they have the commercial capacity, funding and capability to deliver superfast broadband to parts of rural Lancaster, approximately 8000 premises. On this basis, BDUK have accepted that they are a commercial operator and therefore B4RN will be responsible for delivering superfast broadband to these premises. B4RN have been asked to work with the County Council to ensure that these premises benefit from the County Council's digital inclusion and business support programmes. The Districts and wards included in B4RN's delivery are attached as Appendix A. A full list of postcodes is available upon request.

The SEP focuses on the harder to serve areas in the main which means the cost of delivery per premise is not the lowest that might be achieved if a different approach were taken or as compared to the current roll out. However, when this is weighed against the fact that without intervention, these areas would not otherwise receive a fibre solution for SFBB, the public sector intervention has been assessed by BDUK as being a value for money approach. The Districts and wards proposed to be included in the SEP are attached as Appendix B and a full list of postcodes are available upon request.

All delivery will be subject to survey and confirmation in line with the terms of the contract. Once the contract has been agreed steps will be taken, in conjunction with BDUK, to make publically available detailed information setting out delivery timescales by local geography.

3. Evaluation

BT's bid was evaluated and scored following BDUK's evaluation strategy and methodology. Each member of the panel followed the evaluation steps in terms of the two discrete areas;

- Evaluation of value and pricing
- Evaluation of quality

It was agreed by the evaluation panel (consisting of, amongst others, officers from Finance, Procurement and Policy, and Economic Development with a BDUK Representative present to provide guidance as necessary and appropriate) that BT's bid represented value for money with an appropriate area of coverage.

4. Governance

The current SFL programme is managed by the County Council and it is proposed that this arrangement will continue to support the SEP.

5. Financial

As part of the SEP the County Council are required to provide match funding of £3.84m. This will be partially funded from underspends within the current capital programme on Phase 1 Superfast Broadband (£2.44m) with the remaining amount (£1.4m) to be funded from 2014/15 underspends within the County Council's revenue budget. It is anticipated that as the County Council receives revenue shares that it is entitled to from BT under the current contract in relation to connections above 20% this will effectively enable the £1.4m to be recovered.

6. Legal considerations

There are no particular legal risks associated with this contract award save as is usual in terms of contracts of this size and involving State Aid. In using the BDUK framework, the County Council is required to adopt the BDUK template contract. Legal advice has been sought throughout the procurement process and will continue through contract finalisation.

Risk management considerations

The risk of managing the effective and efficient roll out of the SEP will be managed through the County Council's Programme Office.

Financial Considerations

As set out in the body of this report.

List of Background Papers

Paper	Date	Contact/Directorate/Tel
The roll out of Superfast Broadband across Lancashire	26 Jan 2012	Eddie Sutton, 01772 535171, OCE

Reason for inclusion in Part II, if appropriate

N/A