

REPORT OF THE CHAIR, ECONOMIC DEVELOPMENT COMMITTEE**BETTER BROADBAND FOR NOTTINGHAMSHIRE PROGRAMME
CONTRACT 2 (SUPERFAST EXTENSION PROGRAMME)****Purpose of the Report**

1. The purpose of this report is to seek delegated authority for the Corporate Director, Policy, Planning and Corporate Services (in consultation with the Leader of the Council and the Chair of the Economic Development Committee) to negotiate and enter into a contract with the preferred supplier for the Better Broadband for Nottinghamshire programme Contract 2 (superfast extension programme).

Information and advice

2. Previous reports to Policy Committee and Full Council have updated Members on progress since the August 2013 appointment of BT Group in relation to Contract 1. Members will recall that Contract 1 builds on the private sectors' commercial rollout plans, which will raise fibre coverage across Nottinghamshire from the starting position of 86% to 94.3% by 2016.
3. To tackle remaining market failure in terms of the availability of next generation broadband infrastructure, the Government's £250m *Superfast Extension Programme*, which runs from 2015, aims to extend the fibre reach further to achieve 95% coverage nationally. From this programme, Nottinghamshire has received an indicative allocation of £2.63m for increased and additional broadband coverage. While this is a welcome and sizable allocation, it is acknowledged that (in common with Contract 1) this still will not enable the authority to deliver 100% coverage.
4. For Contract 1, Nottinghamshire County Council were advised by Broadband Delivery UK (BDUK, the Government's broadband delivery agency) to allow BT to design and build the most cost effective solution to ensure that as much fibre coverage could be achieved as possible. This was accepted by the BBfN Programme Delivery Board and forms part of the existing contractual arrangement with BT. The implications of this are that some of the early roll-out has taken place in predominantly urban or urban fringe areas rather than in more rural areas which were ostensibly the target of the programme. BT's rationale for this is that it is quicker and easier to build out from the existing networks in urban/higher density areas and that they achieve higher 'total homes passed' (THP – the standard measurement) more quickly. It should be stressed that all of the roll-out so far has been in areas that are State Aid eligible.

5. The following table indicates the levels of fibre-based broadband coverage that will be achieved by the end of contract 1 (combined with existing commercial coverage):

Superfast Broadband coverage (SFBB) by premise numbers			
	% SFBB	SFBB	No SFBB
Ashfield	97.2%	54,167	1539
Bassetlaw	88.1%	46,556	6308
Broxtowe	97.6%	50,367	1234
Gedling	98.4%	52,320	832
Mansfield	97.7%	49,077	1139
Newark and Sherwood	88.8%	48,358	6112
Rushcliffe	92.1%	45,527	3882

6. The Government's target through Contract 2 is for 95% coverage of fibre-based broadband. The Council has secured the full match funding of £2.63m from the D2N2 Local Enterprise Partnership through its Local Growth Deal. No local capital contributions are required at this stage. In order to release the allocation the necessary assurances have been provided to Broadband Delivery UK (BDUK) confirming that appropriate match funding provision has been made available.
7. Nottinghamshire Chief Executives recently considered the potential targeting in Contract 2. It was agreed that (particularly given the match funding support through D2N2) a cross-cutting priority relating to business connectivity should be mandated in Contract 2 and further that delivery should be targeted on the three districts of Bassetlaw, Newark & Sherwood and Rushcliffe (all of whom receive well below the 95% Government coverage aspirations) in order to address the obvious gaps in fibre coverage across the County.
8. It should be noted that the scale of the additional funding means that a straight-forward contract extension is not permissible. This has resulted in a further round of both market testing and procurement necessary to demonstrate value for money and to ensure State Aid compliance. The procurement timeline is detailed below:

Procurement Timeline	
Activity	Date
A Invitation To Tender (ITT) launch	14 th November 2014
B 10 week tender response (plus two weeks to cover the festive period)	14 th November 2014 to noon on 5 th February 2015
C Tender evaluation and moderation complete	19 th February 2014
D State Aid clearance, Department of Culture Media and Sport (DCMS) and other funding approvals i.e. call off contract award, grant award	27 th February 2015 to 12 th March 2015
E Bidder notified of evaluation outcome (e.g. preferred bidder announced)	19 th February 2014

Revenue funding implications

9. The Council's programme management costs are not eligible for support through BDUK or ERDF. In recognition of this, the County Council approved a revenue allocation to support programme management of £450,000 at its meeting in December 2011. This revenue allocation assumed that the programme would be delivered by March 2015, which was a reasonable expectation at the time.
10. Given the considerable national delays in sign off of frameworks and regulations for Contract 1, the timeline for completion of activity through this contract has been extended to 2016. The additional capital investment through Contract 2 will complete in 2017. The Council will need to retain programme management capacity to March 2017 at the earliest to ensure that contractual obligations are met, financial conditions are adhered to, demand stimulation activities continue and additional funds are secured to extend the programme wherever possible.
11. Annual revenue expenditure to date is approximately £120,000. The existing revenue budget for the programme will be exhausted in 2016. We will review programme management requirements in Q3-4 2015-16 once we know the outcome of the contract 2 procurement and will assess then what additional revenue budget allocation will be required.

Other Options Considered

12. Reject the BDUK allocation and other secured funding and rely on the market to resolve the residual problems of next generation broadband connectivity across the County. This was rejected as it would deny the wider community a tangible opportunity to benefit from superfast broadband services, in the short to medium term, also affecting the County's economic competitiveness and the Council's ability to continue to digitise future service provision.

Reason for Recommendation

13. The provision of enhanced broadband infrastructure should positively influence economic and employment related issues. Facilitating and deploying the right level of improved infrastructure will increase the likelihood of new development and activity, contributing towards sustained local economic growth and improved employment opportunities.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

15. As previously reported (and illustrated in the table below), the overall combined public sector capital cost for Contract 1 is £10,558,644. When the additional £5.26m is added, the total combined public sector capital contributions equate to £15,818,644.

Combined public sector capital contributions		
Contract No.		£ million
1 [ending 2016]	i.e. The existing Better Broadband for Nottinghamshire Programme	£10,558,644
2 [ending 2017]	i.e. Superfast Extension Programme	£5,260,000
TOTAL COMBINED PUBLIC SECTOR CAPITAL CONTRIBUTIONS		£15,818,644

RECOMMENDATIONS

Policy Committee approves:

16. That delegated authority be granted to the Corporate Director for Policy, Planning and Corporate Services (as the programme's Senior Responsible Officer) following consultation with the Leader of the Council and the Chair of the Economic Development Committee to:

- I. agree any amendments to the contract arising from the clarification process, provided these do not materially alter the parameters of the eventual contract offering;
- II. sign off the contract at the conclusion of the clarification process on behalf of the County Council

Councillor Diana Meale

Chairman, Economic Development Committee

For any enquiries about this report please contact: Nicola M^cCoy-Brown Tel: 0115 977 2580

Constitutional Comments [SLB 18.12.2014]

Policy Committee is the appropriate body to consider the content of this report.

Financial Comments [SEM 19/12/14]

The financial implications are set out in the report. A further report will be brought to the Committee detailing additional revenue funding if required.

Background Papers

- Nottinghamshire Local Broadband Plan (www.nottinghamshire.gov.uk/broadband)
- Nottinghamshire Local Broadband Plan – report to Full Council, 15-12-2011

- Update on Nottinghamshire Local Broadband Plan – report to Policy Committee, 20-06-2012
- Response to Petitions presented to Economic Development Committee – report to Economic Development Committee, 20-09-2012
- Nottinghamshire Local Broadband Plan – report to Full Council, 28-02-2013
- ERDF Funding Agreement, 14-05-2013
- Investing in Britain’s future – Presented to Parliament by the Chief Secretary to the Treasury by Command of Her Majesty, 6-2013
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209279/PU1524_IUK_new_template.pdf
- Superfast Broadband for Nottinghamshire – report to Policy Committee 17-07-2013
- Superfast Broadband for Nottinghamshire – report to Economic Development Committee 09-07-2013
- UK Broadband Impact Study – Impact Report, SQW, 11-2013
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257006/UK_Broadband_Impact_Study_-_Impact_Report_-_Nov_2013_-_Final.pdf
- Better Broadband for Nottinghamshire – Resource Requirements for Delivery Phase – report to Economic Development Committee, 12-12-2013
- Better Broadband for Nottinghamshire – report to Economic Development Committee 14-01-2014
- Superfast Extension Programme indicative funding allocation letter – BDUK on behalf of the Department for Culture Media and Sports, 25-2-2014
- Better Broadband for Nottinghamshire – Superfast Extension Programme – report To Economic Development Committee, 11-03-2014
- Better Broadband for Nottinghamshire – Phase One – report to Economic Development Committee, 1-4-2014
- Better Broadband for Nottinghamshire Superfast Extension Programme – report to Policy Committee, 4-6-2014
- Update on D2N2 Strategic Economic Plan and Local Growth Deal – report to Economic Development Committee, 1-7-2014
- Better Broadband for Nottinghamshire – Additional Staffing Resource – report to Economic Development Committee, 16-09-2014
- Better Broadband for Nottinghamshire – Quarterly update on the rollout – report to Economic Development Committee, 18-11-2014

Electoral Division(s) and Member(s) Affected

All.