

**CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC
PROSPERITY COMMITTEE – 20 MARCH 2015**

Subject:	Broadband - Contract 2 Bidder Response		
Presenting authority / representative):	Nottinghamshire County Council / Matt Lockley, Economic Development Team Manager & Nicola M ^c Coy-Brown, Broadband Programme Manager		
Report author and contact details:	Matt Lockley & Nicola M ^c Coy-Brown ☎ 0115 977 2580 nicola.mccoybrown@nottscc.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Value of decision: £6.35 million			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Authorities affected: Nottinghamshire local authorities	Date of consultation with relevant authorities: 31.10.2014		
Summary of issues (including benefits to citizens/constituent authorities):			
<p>a) The Better Broadband for Nottinghamshire (BBfN) Programme has been a prominent feature on Economic Prosperity Committee agendas.</p> <p>b) Following approval from the Economic Prosperity Committee at its 21 March 2014 meeting, an expression of interest was submitted to Broadband Delivery UK (BDUK) for the Phase 2 Superfast Extension Programme monies (hereafter referred to as contract 2).</p> <p>c) The full match funding package was met from the D2N2 Local Enterprise Partnership (LEP) - Local Growth fund.</p> <p>d) Following a comprehensive tender process using the BDUK framework, BT submitted its proposal to the County Council on 13 February 2015. 24,737 premises in the City and County were eligible for contract 2. The response from BT would provide a fibre broadband solution for 10,990 of these premises, some of which are in the Nottingham City area. This is inconsistent with the approach previously agreed by all partners for a focus on the areas of the County with the lowest coverage rates.</p> <p>e) The County Council has sought to mitigate this through negotiations with BT and BDUK and this report describes the outcome of those negotiations and proposes signing of the contracts with BT and BDUK for contract 2.</p>			
Exempt information:			
<p>Appendix 1 & 2 to the report is exempt from publication under paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because the report contains detailed financial information that is commercially sensitive.</p>			
Recommendation(s):			
<p>The Economic Prosperity Committee notes the broad content of the BT submission for contract 2 in Nottingham and Nottinghamshire and confirms its support for signing of the contract by Nottinghamshire County Council.</p>			

1 REASONS FOR RECOMMENDATIONS

- 1.1 Nottinghamshire County Council acts as the lead and accountable body for the Better Broadband for Nottinghamshire (BBfN) programme and recognises the significant financial and political input from partner authorities in the area. Securing support from all partners to contract 2 is considered essential due to the financial commitments involved and the need to ensure consistent and positive messaging about the programme to business and residential communities across the City and County.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

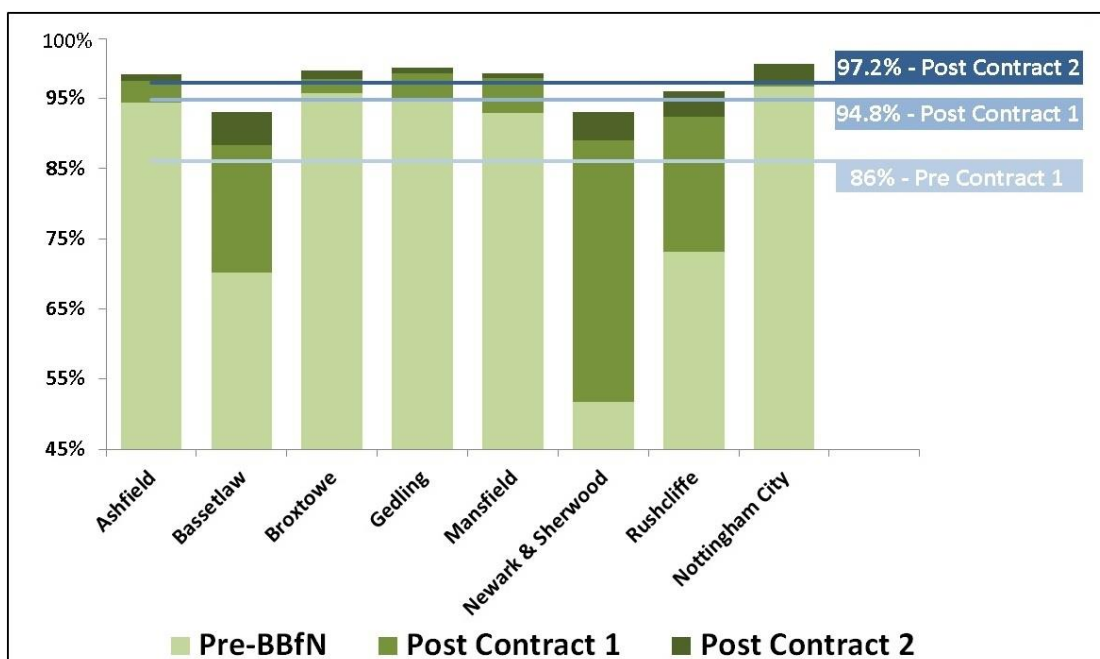
- 2.1 In October 2014, Nottinghamshire Chief Executives considered the potential for investment in contract 2 to be targeted at those Borough and District Council areas that do not achieve 95% coverage by the end of contract 1. These are Bassetlaw, Newark and Sherwood and Rushcliffe. The Chief Executives agreed that investment in contract 2 should focus on these areas, with an aspiration to achieve a minimum of 95% coverage across the whole of the area.
- 2.2 The ITT for BBfN contract 2 reflected this prioritisation.
- 2.3 The BT submission does not respond sufficiently to the priorities as mandated in the ITT for contract 2 as a significant proportion of the 'total homes passed' (THP – the standard performance measure) are in urban areas, particularly Nottingham City. The County Council has attempted to mitigate this through intensive negotiations with BT and BDUK in recent weeks.
- 2.4 Further clarification has been sought from BT about the cost of covering the urban THP in the Nottingham City area. Given the density of premises in the City, the costs allocated to coverage in the City are much lower per premise than in the rest of the County. Initial estimates suggest that the total cost of the increased coverage in the City proposed in contract 2 will be £240,000, which represents 3.8% of the total investment.
- 2.5 The County Council has negotiated an additional £120,000 contribution to contract 2 from BDUK, which means that investment in Nottingham City will be entirely funded by BDUK rather than utilising local match funding. This will effectively release £120,000 for additional investment in the County area.
- 2.6 Exempt, commercially sensitive attachments to this report from BT and BDUK explain how the investment model has been arrived at and why the premises in the Nottingham City area are essential for BT's revenue model to work. It should be noted that the model is entirely in line with the BDUK national framework and contract that all areas using the framework have to commit to. In addition Members will be aware that BT are the only supplier remaining on BDUK's procurement Framework (since Fujitsu formally withdrew in 18 March 2013) and they remain the provider with the largest UK coverage range.

2.7 The bar chart below demonstrates the increased access to fibre broadband in each area of the County (and Nottingham City) which will be achieved by the end of contract 1 and contract 2 (subject to contract 2 being agreed). The % of THP with access to fibre broadband after contract 2 in the three priority borough and district council areas is as follows:

- Bassetlaw – 93%
- Newark and Sherwood – 93%
- Rushcliffe – 96%

2.8 Total coverage across the City and County will reach just over 97%, meaning that there will be approximately 13,750 premises in the area without access to fibre broadband once both contracts have completed.

2.9 Increases in access to fibre broadband by area, shown before Contract 1, after Contract and by the end of Contract 2:



2.8 Contract 2 is scheduled to start by the end of September 2016 and is expected to be completed by December 2018. However, BDUK and BT are understood to be working on compressing this timeline (nationally) to minimise the time lag between the end of contract 1 and the commencement of contract 2.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 Reject the BT tender submission

This option remains open but the County Council’s view is that this would mean losing investment of over £5.3 million in Nottingham and Nottinghamshire and an additional 11,000 premises not having access to fibre broadband.

3.2 Re-run the tender process

BDUK have done an in-depth value for money assessment on the BT submission and have concluded that the proposal does offer value for money for the Government’s and local investment. BT have indicated that any re-running of the tender process would result in a very similar outcome. Attempts by the County Council to exclude areas or refocus

the investment would result in a significant detrimental impact to the value for money aspects of the contract and BDUK have confirmed this.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

4.1 As noted above, the County Council and BDUK undertake rigorous value for money assessments and have compared the Nottinghamshire proposal with proposals for each of the other contract 2 areas across the country. BDUK have given clearance for the Nottinghamshire contract to be signed following their appraisal of the financial model.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

5.1 Nottinghamshire County Council will be leading the extension of the existing contract (and/or any tendering) and will be acting as lead authority should the Superfast Extension Programme come to fruition.

5.3 There are no financial risks on any party until a contract is signed between BT, BDUK and the County Council.

6 SOCIAL VALUE CONSIDERATIONS

6.1 The County Council have utilised the BDUK Framework for the additional funds secured. This process considered the economic, environmental and social benefits of the approach to procurement.

7 EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

8 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- BDUK Superfast Extension Programme Funding Guidance
- Letter from the Chair of the Economic Prosperity Committee to the D2N2 LEP CEO dated 6 June 2014

9 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- Nottinghamshire County Council [Economic Development Committee Report](#) on the Superfast Extension Programme [11 March 2014]

- The City of Nottingham and Nottinghamshire [Economic Prosperity Committee Report](#) Better Broadband for Nottinghamshire (BBfN) Programme Update and Superfast Extension Programme (SEP) [21 March 2014]
- The City of Nottingham and Nottinghamshire [Economic Prosperity Committee Report](#) Broadband - Superfast Extension Programme [16 May 2014]
- Nottinghamshire County Council [Policy Committee Report](#) on the Superfast Extension Programme [4 June 2014]

10 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

Jayne Francis Ward, Corporate Director PPCS, Nottinghamshire County Council
Niall Mullin, BBfN Programme Officer, Nottinghamshire County Council