

To the Mayor and Cabinet

Superfast Broadband Phase II Proposal

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Jane Nightingale	All	Rule 15 Urgent Decision

EXECUTIVE SUMMARY

1. Superfast Broadband is currently being rolled out across South Yorkshire with a national government target of 95% coverage by 31st December 2017 and a further 3% to deliver thereafter taking that up to 98% coverage. This leaves 2% of South Yorkshire not covered at all, this is made up of mostly rural or new properties, estimated to be 23,000 premises, of which 6,749 (29-30%) premises are reported to be in Doncaster. If we do nothing, these rural communities and businesses could be left behind our more populated areas by not having access to what has become an essential utility for every household.
2. The purpose of this report is to gain approval from Doncaster Council as part of a South Yorkshire wide initiative to close that 2% gap and tender for a further rollout of Superfast Broadband (to be known as Phase II). In order for Doncaster and the other South Yorkshire authorities to benefit from the opportunity, each of them are required to agree to release match funding to take advantage of the further government BDUK scheme.
3. Several ways of funding this have been explored to achieve a cost neutral solution and this report includes what is felt to be the best way to achieve this and is therefore now being pursued urgently by each of the authorities. We must confirm agreement of our match funding arrangements in order to take advantage of the scheme and initiate the tender process in the required timescales also included within this report. The total match funding being pursued is £3.5 million for South Yorkshire with Doncaster's element based on the percentage of population being £780k.

REASONS FOR URGENCY

4. This decision is being taken in accordance with Rule 15 of the Council's Access to Information Procedure Rules. It has not been possible to give the 28 days' notice of this decision on the Forward Plan because there is a deadline to agree match funding that must be met if we are to take advantage of a further central government scheme.

EXEMPT REPORT

5. Not applicable.

RECOMMENDATIONS

6. It is recommended that Cabinet:
 - Support the proposal to further extend Superfast Broadband across South Yorkshire.
 - Agree to the inclusion of £780k into the Council's Finance and Corporate Services Capital Programme order to support the proposal – this release is dependent upon the other South Yorkshire authorities also receiving approval to contribute to their share of the total match funding required.
 - Agree that savings on the PTE levy or other revenue savings are used to support the borrowing costs to fund the capital contribution required i.e. will be cost neutral for the Council.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. A phase 2 rollout will ensure the availability of superfast broadband wherever technically possible to the parts of Doncaster not in scope of the phase 1 rollout of 98% including rural areas and new properties aiming for 100% coverage. Access to broadband is now an essential utility for most of the population.

BACKGROUND

Overview

8. In March 2017 an Open Market Review (OMR) was carried out to assess the potential to further extend Superfast Broadband (SFB) coverage across South Yorkshire. Whilst Phase I of the current Superfast Broadband Programme provides a solution that will help to deliver 98% Superfast Broadband coverage this falls short of both the Sheffield City Region (SCR) SEP's ambition and South Yorkshire Demand Stimulation strategy of achieving 100% coverage.
9. The OMR indicates that over 23,000 premises in South Yorkshire will remain without SFB after Phase I of the current Superfast Broadband project has been completed. The analysis of the South Yorkshire intervention area is ongoing so the final number of these premises will be concluded as soon as possible. These numbers are currently estimated at:
 - Doncaster – 6,749 premises
 - Barnsley – 4,081 premises
 - Rotherham – 3,160 premises
 - Sheffield - 9,010 premisesThis will be a mix of residential and commercial properties and the areas for Doncaster are represented by the white areas in **appendix 1**.
10. Phase II will seek to make fibre broadband available to as close to 100% coverage of South Yorkshire as technically possible. The premises identified in the recent OMR include rural areas as expected but also include a high proportion of new residential and business sites which have been developed since the last OMR was conducted in 2014.
11. Based on the extent of coverage identified in the OMR and currently deployment costs it is estimated that in the region of £4m will be required

to fund Phase II - with a further £300k being required to fund the management and running costs of delivering the scheme. Funding of £800k has been identified from phase 1 and SCRIF, leaving a funding requirement of £3.5m.

12. It is important to note that BDUK (i.e. the Government Department dealing with Broadband) require all funding to be fully confirmed prior to the commencement of any formal procurement exercise.
13. The actual cost of the deployment will not however be known until bids have been received, therefore the value of the procurement will be capped at an upper limit in order to ensure Phase II remains within its available funding envelope.

Procurement Timetable

14. The table below indicates the tight timescales for the procurement driven by the need to launch the Invitation to Tender, before the results of the OMR expire.

Activity	Deadline
Prepare ITT documentation and Contract Schedules (usually 10-12 weeks)	8 th December 2017
Supplier Engagement	1 st December 2017
Create Data Room	8 th December 2017
BDUK Assurance checkpoint – ready to procure	8 th December 2017
Launch ITT	15 th December 2017
Bidder responses received	23 rd February 2018
Bid evaluation	9 th March 2018
Contract Award	13 th April 2018
Contract Mobilisation	June 2018 onwards for 3 months

Other Funding Options for the Proposal

15. Following extensive dialogue with SCR, and despite a recent prioritisation/refresh exercise, it has been established that there are no additional funds available within SCRIF to support Phase II due to over-programming. SCRIF was used to fund the South Yorkshire authority's phase 1 contributions.
16. A further option to fund the scheme from de-prioritised LGF schemes has also been considered. It was felt however that there is currently no guarantee of a SCRIF underspend and that the availability of any funding from this source is unlikely to become available within the timescales required for Phase II.
17. In addition, the local authorities for various reasons, primarily affordability and existing budget pressures, have indicated that they are unable to support Phase II capital spend.
18. What has however been established is that there remains £3.5m in

unutilised **National Productivity Investment Funding (NPIF)** that could legitimately be utilised to support Phase II.

19. NPIF represents funding for infrastructure provided by government to support major additional spending in areas that are key to boosting productivity: transport, digital communications, research and development (R&D), and housing.
20. Given the above, SCR have proposed that they could utilise £3.5m in NPIF to reduce borrowing costs against specific capital schemes. The subsequent savings arising from the replacement of borrowing with the £3.5m would be passed onto each authority in the form of a levy reduction.
21. Other funding options are being considered as an alternative to the NPIF funding that will still result in savings from the PTE levy.
22. Each authority is now in the process of seeking the appropriate approvals to move this option forward.

OPTIONS CONSIDERED

23. The following options have been considered:

Option 1 - Do not agree to a phase II.

Option 2 – Agree to a phase II rollout match funded by releasing £780k capital (Doncaster’s required contribution based on percentage of population within South Yorkshire) to be paid back by utilising on-going savings or the annual PTE levy saving to pay for borrowing over 25 years achieving a cost neutral initiative.

REASONS FOR RECOMMENDED OPTION

24. Option 2 is the recommended option for the following reasons:
 - Over 23,000 premises across South Yorkshire will not be left behind and will have access to broadband speeds above 30mbps. In particular, it is estimated 6749 of these will be in Doncaster;
 - BDUK are pressing ahead to ensure the UK is one of the best connected countries and the opportunity to progress a further procurement may not arise for some time or even at all;
 - Leaving these areas behind will have a negative impact on the digital and wider economy of South Yorkshire compared to the rest of the UK;
 - The region having as much connectivity as technically possible brings significant economic opportunities for residents, business and the public sector whilst ensuring South Yorkshire does not fall behind other regions; and
 - It is one of Doncaster Council’s priorities for the borough to be as digitally enabled as possible and heavily compliments other initiatives such as the provision of free Doncaster Town Centre Wi-Fi to citizens and visitors and full digital access to all services for those who wish to interact digitally.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

25.

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>Access to superfast broadband by citizens and businesses is one of the key foundations to achieving a thriving and resilient economy.</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>Digital inclusion contributes to financial and social inclusion.</p>
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	<p>Increased citizen access to digital Council services via an increased broadband provision will contribute to the reduced cost of service delivery by the Council. This is the cheapest way to access and deliver services. It will also bring increased provision to harder to reach rural communities.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	

RISKS AND ASSUMPTIONS

26. The main risk associated with this report is that if all the other South Yorkshire authorities do not gain agreement; Doncaster will lose the ability to benefit from taking advantage of the BDUK scheme.

LEGAL IMPLICATIONS

27. The Council may enter into an arrangement with other authorities to extend the Superfast Broadband project utilising its powers under Section 1 of the Localism Act 2011 (the so called general power of competence).
28. The proposed extension is not covered by the original contract and therefore an EU compliant tender process will be required to identify a provider who can provide services to the new areas.
29. As agreed under phase 1, as lead Authority, only Barnsley Council will enter into a contract with the successful bidder. Barnsley, Doncaster, Rotherham and Sheffield Councils have entered into an Intra-authority agreement which gives Barnsley comfort that they will receive the necessary cooperation and funding from the other Councils in order to meet their contractual commitments to the provider and the funder BDUK. The intra-authority agreement will require revising to take account of the new phase. This agreement will be subject to further negotiation between the 4 authorities and will require specific legal advice.

FINANCIAL IMPLICATIONS

30. Doncaster's contribution to phase 2 will be capped at £780k and be funded via previously approved Prudential Borrowing from the Investment and Modernisation Fund. This contribution will be included in the Finance and Corporate Services capital programme for 2019/20. The network will be owned by BT and have a useful life of twenty-five years.
31. Phase 2 relies on all the four South Yorkshire authorities making their contributions. Should one not agree to contribute, there will be a funding gap and so this has interpreted as Doncaster would not have to provide its contribution.
32. The annual cost of the borrowing has been estimated at £52k which could be funded by savings from the PTE levy or other on-going savings, which will be identified prior to borrowing being undertaken. A budget for these costs will be moved to Treasury Management from 2019/20.

HUMAN RESOURCES IMPLICATIONS

33. There are no human resource implications associated with this report.

TECHNOLOGY IMPLICATIONS

34. There are no Council technology implications associated with this report.

EQUALITY IMPLICATIONS

35. This initiative aims to ensure no-one is left behind with regard to the provision of superfast broadband in Doncaster.

CONSULTATION

36. Colleagues from Sheffield City Region and other South Yorkshire authorities have worked in partnership to propose this initiative.

BACKGROUND PAPERS

37. Appendix 1 – Rural Areas in Scope

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