

<b>Subject:</b>	<b>Gigabit City – Ultrafast Broadband</b>		
<b>Date of Meeting:</b>	<b>4 May 2017</b>		
<b>Report of:</b>	<b>Executive Director for Economy Environment and Culture</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Alison Young</b>	<b>Tel: 01273 293020</b>
	<b>Email:</b>	<b>Alison.young@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report seeks authority for the City Council to join the West Sussex County Council Framework Agreement for the procurement of ultrafast broadband infrastructure providers.
- 1.2 Joining the framework agreement would allow the City Council to be better placed in pursuing funding from the Government's new Digital Infrastructure Investment Fund to support the roll out of next generation digital infrastructures. Calls for bids are expected in the early summer. It will also assist in demonstrating that the Council will be a key player in supporting the strategies for economic growth which are outlined in the Industrial Strategy Green Paper. It will support and enhance the benefits to communities and the Council which can be realised through Digital First.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee agrees that the City Council joins the West Sussex County Council (WSCC) Digital Infrastructure procurement framework;
- 2.2 That the Committee notes that should it be considered desirable pursue the delivery of an ultrafast broadband digital infrastructure, and to utilise the framework, a full business case incorporating options for a preferred model would be brought to this committee for approval.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 It is now widely recognised that digital infrastructure is a critical factor in the social and economic wellbeing of cities and places, with faster broadband impacting positively upon economic growth and digital inclusion. Currently only 2% of the UK has access to "full-fibre" broadband connection, offering download speeds of up to one gigabit per second, according to government figures. In the Spring 2017 Budget, the government announced that £200 million funding will be

available to fund a programme of local projects that support the roll out of full-fibre broadband infrastructure.

- 3.2 Ultrafast (or gigabit) broadband is rapidly becoming critical strategic infrastructure. It is the next generation of connectivity, capable of delivering speeds of 1Gb (1000Mb) using pure optical fibre, 100 faster than the UK average. Ultrafast is a big step-change on from “superfast”, requiring new infrastructure using optical fibre end-to-end. Superfast is typically delivered through a “Fibre to the Cabinet” (FTTC) approach, leaving the “last mile” running through slower legacy copper infrastructure. Copper sections introduce a particular problem with upload speeds which are so important for businesses (i.e. sending large files out). A typical upload speed for a “superfast” premise receiving 30Mb with a “copper pair” to the cabinet is just 5Mb, a striking comparison to the 1000Mb delivered with ultrafast. High speed connectivity is now recognised as cornerstone of the Government’s Productivity Plan 2015, but the challenge for cities and towns is how to make their own way in delivering this new infrastructure, with current national strategy and initiatives falling well short.
- 3.3 Research has established that local government has a critical role to play in bringing this essential infrastructure to towns, by becoming the anchor tenant of a new fibre network connecting its own sites. This provision can then be extended to connect businesses and homes over time. There are now several examples where infrastructure providers have been willing to invest in building new infrastructure, with their risks managed through the public sector taking an anchor tenancy (where the council secures a long term “right to use”). The private provider then builds out from the core network on a commercial basis according to aggregated business and residential demand. This has been very successful in cities like York, Peterborough, Glasgow, Aberdeen and Edinburgh.
- 3.4 Delivering 21<sup>st</sup> Century digital infrastructure for the city region is a key aim of the Greater Brighton Digital Infrastructure strategy. The strategy aims to develop and improve its digital infrastructure in pursuit of three aims:
- To develop the local economy - by growing its vibrant digital-creative and tech sector and through efficiency and productivity gains in the wider economy.
  - To improve public service delivery - through innovation leading to cost savings and more effective provision.
  - To provide a better quality of life for its citizens - by tackling social exclusion and raising skills levels.
- 3.5 West Sussex County Council are currently working with their district and borough councils to get themselves ‘future ready’ for the delivery of ultrafast broadband infrastructure. An opportunity has arisen for the City Council to join the procurement framework that West Sussex County Council are establishing, so that the city is ready to bid for the funding from the government’s Digital Infrastructure Fund as part of the wider development of a business case for the roll out of full-fibre across the City.
- 3.6 The procurement framework is a tool in establishing the delivery of ultrafast broadband infrastructure. The framework will be OJEU compliant and will provide a suite of potential providers that named local authorities could commission and contract with. It will be an important tool in being able to

demonstrate to national Government that BHCC would be ready and able to deliver against any funding opportunities (see paragraph 3.10 below).

- 3.7 By agreeing to join the procurement framework the City Council will not be committing to investment or to the roll out of full-fibre infrastructure, but will be able to take advantage of the framework should a business case be agreed to do so. A full business case will be brought to back to Policy, Resources & Growth Committee for approval prior to proceeding with the delivery of ultrafast broadband infrastructure.

### **Potential Benefits of Ultrafast Broadband**

- 3.8 Ultrafast connectivity can have significant positive effects on a place, particularly in relation to economic growth and modern, responsive public service delivery. Some of the key benefits ultrafast infrastructure delivers include:
- Increased support for the aims of Digital First - improve customer satisfaction while reducing the cost of transactions; increase productivity and modernise how services are delivered (e.g. home-working, “video-care”)
  - The ability to further extend digital inclusion by rolling out to schools and communities, promoting digital inclusion through the provision of full-fibre to homes and local communities
  - Improved productivity and innovation across all business sectors, in particular providing the digital infrastructure support to attract investment in the City’s thriving creative, digital and ICT cluster, with resultant increases in business rate income to the Council
  - An opportunity to provide the necessary infrastructure for Smart City solutions as part of an integrated approach to full-fibre and 5G networks that is linked to the city’s street furniture.

### **Why Join a Framework?**

- 3.9 This report seeks authority for the City Council to join the West Sussex County Council Framework Agreement for the procurement of ultrafast broadband infrastructure providers. Adding the potential connectivity to the City’s public assets to the Framework, would greatly enhance the attractiveness of the framework to potential tenderers. This increased critical mass of potential users would no doubt improve the quality and value for money of providers and enhance any future potential business model, with benefits for all.
- 3.10 If the City Council decided not to join the framework, but then at a later date wanted to pursue the provision of ultrafast broadband infrastructure independently, it would have to undertake its own OJEU-compliant procedure to let a contract or framework agreement. Therefore joining the WSCC framework now is a more efficient use of resources, without committing the City Council to anything at this stage.
- 3.11 At the Autumn Statement in 2016 the Government announced a commitment to digital connectivity, including the allocation of £740 million from the National

Productivity Investment Fund to support the roll out of next generation digital infrastructures. This intention to support full fibre and 5G provision nationally is also re-iterated in the Industrial Strategy Green Paper released in January this year, and through the announcement in the Spring 2017 Budget that £200 million funding will be available to fund a programme of local projects that support the roll out of full-fibre broadband infrastructure.

- 3.12 Given the recent investment in the City in the 5G test bed, the establishment of the Digital Catapult, Brighton and the provision of the Brighton Digital Exchange in New England House, the City Council will be well placed to respond positively to a call to bid for Government funding which is anticipated in the early summer. Feedback has been that DCMS views the initiatives taken forward in the City positively. However, it is important that the Council is able to engage in a credible manner. This would require the “groundwork” around the potential connectivity to Council assets and our joining the framework to be in hand.

### **Next steps towards implementation**

- 3.13 At present, officers are solely seeking authority to join the procurement framework so that if, in the future, the business case supports it, the Council can enter into a contract with the supplier without undertaking a further OJEU compliant procurement.
- 3.14 West Sussex County Council is intending to go to market within the next few months through an OJEU compliant procurement, to select a single infrastructure provider. The County will create a framework for the provision of gigabit connectivity to local authority sites across West Sussex and Greater Brighton. The model is based on the Councils being the anchor tenant/investor. In the Gigabit West Sussex model, it proposes to own or lease the passive or “dark fibre” infrastructure directly, placing a requirement on current and future network service providers to use it in order to deliver gigabit speeds.
- 3.15 The Framework will aim to establish a best value model through the procurement process, that sufficiently incentivises the suppliers to commercialise the asset, building out to business and residential premises.
- 3.16 If such a deal were to be secured, it is anticipated that following the securing of project funding, implementation would occur in the public estate of Adur & Worthing first. The supplier would move on to connect businesses on a commercial basis. The project aim to deliver a programme of implementations across the county.
- 3.17 If the Committee agrees that the City Council should join framework, officers would commence work on preparing a business case for the delivery of ultrafast infrastructure across the city. The aim would be to develop a model that would attract private investment with any public investment coming via a bid to the Government’s Digital Infrastructure Fund. It is estimated that any delivery of infrastructure would not take place until 2019-20 due to the timescales for developing a full business case.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The alternatives would be either to do nothing, or as paragraph 3.10 states, for the City Council to procure its own framework. This would not have the benefit of a critical mass of potential users, and would require the Council to resource the procurement process itself. It is not considered this would be the best use of resources.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 No community engagement or consultation has been carried out as this report solely requests to join a procurement framework. Should the Council proceed to a full business case for the provision of ultrafast broadband infrastructure, the appropriate consultation will be undertaken as part of the development and implementation of the business case.

#### **6. CONCLUSION**

- 6.1 This report recommends that the City Council join the West Sussex County Council Framework Agreement for the procurement of ultrafast broadband infrastructure providers. Officers believe this is necessary so that the Council can be prepared and informed so that it can take competitive advantage of major Government funding opportunities, and also to be able to engage robustly with potential market providers, if it so requires.
- 6.2 The provision of ultrafast broadband infrastructure is considered essential to safeguard and future proof the economic and community wellbeing of the area. By joining this framework, the Council will have the ability to enter into a contract with a supplier if it decides that this is the right step.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

- 7.1 There are potential costs associated with the report recommendations of approximately £0.030m which will be funded from existing revenue budgets within City Development and Regeneration.
- 7.2 By using a WSCC Digital Infrastructure procurement framework rather than Brighton & Hove City Council (BHCC) procuring its own framework, staff costs and resources will be saved.
- 7.3 There is no obligation for BHCC to spend through the framework and being on the framework allows BHCC to move much more quickly in procuring contracts.
- 7.4 The detailed financial implications of proceeding with delivery of ultrafast broadband infrastructure will be included in a future committee report to Policy, Resources and Growth Committee.

Finance Officer Consulted: Gemma Jackson

Date: 24/04/2017

#### Legal Implications:

West Sussex County Council is undertaking a procurement to let a single supplier framework agreement. The Council will be listed as a potential recipient of ultrafast broadband services. This means that when the framework agreement has been established, the Council can let a call-off contract with that supplier, without carrying out its own procurement exercise. The terms of that contract will be determined by the way that West Sussex set up the framework and further legal advice will be provided if the project progresses. There will not be any obligation on the Council to use the framework agreement.

Lawyer Consulted: Alice Rowland

Date: 23/04/17

#### Equalities Implications:

- 7.5 The provision of the full fibre to homes and communities will help to tackle digital exclusion. The equalities impacts will be considered in full as part of the development of the full business case.

#### Sustainability Implications:

- 7.6 These would be considered if there were to be consideration of a full business case.

#### Any Other Significant Implications:

- 7.7 None identified.

## SUPPORTING DOCUMENTATION

### **Appendices:**

None

### **Documents in Members' Rooms**

None

### **Background Documents**

None

