

DERBYSHIRE COUNTY COUNCIL

CABINET MEETING

11 February 2014

Report of the Strategic Director - Economy, Transport and Environment

DIGITAL DERBYSHIRE (JOBS, ECONOMY AND TRANSPORT)

(1) **Purpose of the Report** To update Cabinet on the Digital Derbyshire programme and the changes required for the Digital Derbyshire Strategic Management Board to ensure successful and timely delivery.

(2) **Information and Analysis**

Introduction

At the meeting on 30 July 2013, Cabinet gave approval to award a contract to BT for superfast Broadband. On 9 August 2013, the Council signed a contract with BT, worth £27.68m, to extend fibre broadband to an additional 88,000 premises taking the overall coverage to just over 95% of Derbyshire and aiming to provide speed uplifts of greater than 2mbps to the remaining premises. Derbyshire has successfully exceeded the target of achieving 90% coverage and has been recognised by Broadband Deliver UK (BDUK) as one of the top performing programmes nationally.

The public sector subsidy being provided through the gap investment model is £14.78m (from BDUK, Derbyshire County Council and European Regional Development Fund). The total investment from BT is £12.9m, made up of £6.2m capital and £6.7m operational costs (operating costs are required to operate and run the new network).

The project will be delivered through 10 phases with the final phase being scheduled for completion by the end of August 2016. The implementation plan has been developed to allow expenditure which can be offset against the ERDF funding to take place early in the implementation of the project.

Due to State Aid requirements, the contract between the Council and BT will not expire until seven years from the full service commencement date has elapsed, meaning the contract will last until 31 December 2023. The seven years ensures that BT does not make additional revenues from the subsidised network; any surplus is clawed back into an investment fund which the Council

Public

will use to fund further uplifts in the network. Additionally, BT carries all of the risk if revenues are lower than anticipated.

The investment through this project will bring significant benefit for existing Derbyshire businesses and drive future growth in the Derbyshire economy. ERDF funding regulations means that those Derbyshire Small and Medium Sized Enterprises, located in the Digital Derbyshire intervention area, will be targeted for superfast broadband as the network is designed and deployed. In partnership with the Derbyshire and Nottinghamshire Chamber of Commerce, utilising ERDF funding, a full package of business support activities will be delivered to educate, promote and support Derbyshire businesses to maximise the benefits that superfast broadband can bring to business.

A report by Federation of Small Business 'The Digital Imperative' highlighted that 40% of businesses would not invest in technology until the digital infrastructure in their area was improved. More locally 84% of businesses surveyed by the Council said that in relocating the business the availability of superfast broadband would be very or fairly important.

Background

In line with the BT contract, and to ensure successful delivery, a joint programme team and virtual office has been established between the County Council and BT which meets weekly. Since contract award, the programme team has commenced the planning, mobilisation, design/surveys and establishment of governance arrangements, in line with the contract and funders requirements.

Governance arrangements have been established as delivery of the contract requires close working between the joint programme team, the highways department and the planning authorities to ensure coordination with existing capital programmes, and local planning needs are met. The potential delays which could be incurred due to planning or highways could have significant implications to the project; such issues could reduce the funding and/or delay implementation both risks have the potential to reduce the coverage area.

Future arrangement for the Digital Derbyshire Strategic Management Board

Membership of the original (and current) Digital Derbyshire Strategic Management Board was established to ensure funding resources were secured to deliver the BDUK infrastructure project; to deliver a legal and robust procurement process; and secure the best value for money for Derbyshire. This objective has now been successfully concluded and new management arrangements are required to ensure delivery within the project methodology.

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Digital Derbyshire is a high profile Council programme and it is crucial the Board continues to provide the strategic direction required to ensure timely delivery of agreed objectives. In order to accomplish this, it is proposed the membership of the Board be amended to reflect the new demands of the next phase of the programme.

Over the next phase, the Strategic Management Board will be responsible for reviewing the overall performance of the contract and the Local Broadband Plan, this will include:

- Overall financial management
- Overall performance against plan
- Ensuring programmes strategic objectives are being delivered
- Reviewing any major implementation issues and their resolution i.e. issues affecting overall coverage and funding; and
- Overall achievement of value for money

The Proposed Board Membership for the next phase of delivery therefore will be:

Councillor Joan Dixon – Chair, Cabinet Member for Jobs, Economy and Transport

Mike Ashworth – Strategic Director – Economy, Transport and Environmental Services

Peter Handford – Director of Finance

Simon Hobbs – Assistant Director of Legal Services

Other members (contractually obliged)

BT Representative– Project Lead

BT Representative – NGA Project Sponsor

BDUK

The frequency of the Strategic Management Board meetings will be quarterly.

(3) **Financial Considerations** There are no financial considerations associated with this report.

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

(4) **Key Decision** No.

(5) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

Public

(6) Background Papers

Previous Cabinet reports

Local Broadband Delivery Plan

Invitation to Tender and Bidder Response

Contract to deploy broadband services

Officer contact details – Natalie Ward, extension 38343.

(7) OFFICER'S RECOMMENDATIONS

That Cabinet

7.1 Notes the good progress and achievements to date on Digital Derbyshire.

7.2 Approves the membership of the Digital Derbyshire Strategic Management Board as outlined in the report.

Mike Ashworth

Strategic Director - Economy, Transport and Environment