

Better Broadband for Norfolk

Superfast Extension Programme Contract Award Report

Report by the Programme Director - BBfN

1. Background

1.1. On 8 July 2014, Norfolk County Council's Environment, Development and Transport Committee considered the approach that should be used to award the second Better Broadband for Norfolk contract and agreed to delegate to the Director of Environment Transport and Development, in consultation with the Head of Legal Services and the Chairman of EDT Committee, authority to enter into a further call-off contract from the BDUK Broadband Framework Contract.

1.2. This report:

- Describes the outcome of the evaluation of BT's bid
- Describes contract finalisation activities and BDUK approval processes that will precede contract signature
- Provides a recommendation concerning contract award

Before considering contract two, the base position by the end of 2015, following the completion of commercial deployments and Better Broadband for Norfolk contract one will be:

- 89% of all Norfolk properties will be connected to a fibre based service
- 84% of all Norfolk properties will have access to Superfast (15 Mbps+) speeds.

This is the speed required to access Internet Service Providers fibre based service packages. In contract one, the measure of Superfast was 24 Mbps, however to comply with State Aid requirements to avoid unnecessary subsidy, BDUK is now required to measure against 15 Mbps+. This means that properties that already have access to speeds of 15 Mbps or more cannot be targeted for public subsidy

- The Universal Commitment to provide a minimum of 2 Mbps for all properties will be met.

2. Outcome of evaluation

2.1. Three main strands of evaluation have taken place:

- BDUK evaluation
- Norfolk County Council's legal services evaluation
- Norfolk County Council BBfN Programme Director evaluation

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2.2. Outcome of BDUK evaluation

2.2.1. BDUK's Value for Money evaluation of BT's bid results in a report which provides:

- A comparison of key measures against previous bids
- Clarifications required to assist in assessing Value for Money
- A view based on the data available at the time of the report. Currently this data set includes inputs from 5 sources

2.2.2. The report provides a Risk status

- Red = your data point is significantly outside identified trends and cannot readily be explained given DCMS' understanding of the local context (including explanations provided by the supplier).
- Amber = your data point is marginally outside identified trends and cannot readily be explained given DCMS' understanding of the local context (including explanations provided by the supplier).
- Green = your data point is within identified trends or suggests an improved VFM position when compared with the existing trend.

All measures for Norfolk are Green.

2.2.3. Headline Findings include:

There are 424,000 premises in Norfolk, a rise of over 11,000 since the first contract

Following the first £12 million investment via Better Broadband for Norfolk contract two:

- 92% of all Norfolk properties will be connected to a fibre based service
- 91% of all Norfolk properties will have access to 15 Mbps+ speeds. This is the speed required to access Internet Service Providers fibre based service packages
- Contract one provided an average number of properties served from each cabinet of ■■■, the number for contract two is ■■■. This reflects the increasingly rural areas that are being supported
- Contract one provided a claw-back of £■■■ for each property where Take-up exceeded 20%, contract two will be £■■■. This reflects the higher unit public subsidy to support very rural communities
- There will be 34,220 properties which do not have access to Superfast (15 Mbps+) speeds. The District Council funding of £6.4 million will be used to address these properties, with an expectation that approximately 95% of properties across Norfolk will have access to Superfast speeds.

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2.3. Outcome of Norfolk's legal evaluation

The proposal complies with procurement and state aid law, via the BDUK national schemes and approval processes. The Head of Law has delegated to Mike Garwood, Solicitor, to approve the final contract, following completion of the finalisation work described in this report.

2.4. Outcome of Norfolk's Programme Director's evaluation

Norfolk evaluation findings were consistent with those of BDUK.

3. Contract Finalisation activities

Work to complete contract schedules is expected to be complete by 21 November 2014.

4. BDUK approval processes

4.1. Checkpoint C is the review which BDUK undertake to establish that a project is "Ready to Contract". A Checkpoint C review meeting has been scheduled for Thursday 27 November.

4.2. BDUK has confirmed the Better Broadband for Norfolk Project has achieved a Green status for the following Checkpoint C element:

CC3 - Robust project governance arrangements are in place

CC4 - Sufficient funding is in place to pay for committed milestones

CC5 – Appropriate allocation of risk between public and private sectors

CC9 - The most Economically Advantageous Tender in a procurement process has been identified

CC10 – The outcome of the project offers value for money for public spend

CC11 – Council audit arrangements in place

CC12 – Contract management capability and capacity is available and funded

CC13 – Key delivery risks identified in LBP are being managed and refreshed

CC14 - Correct financial treatment and controls applied

4.3. Work to complete the following Checkpoint C activities have been scheduled and is expected to be complete to enable the BDUK Checkpoint C review meeting to take place on 27 November:

CC1a - Draft contract is aligned with framework template

CC2 - Grant agreement is compliant with standard template and is aligned to draft contract

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CC6 - State Aid application from Local Body to BDUK as National Competence Centre is consistent with EU State Aid rules

CC7 - State Aid obligations are reflected in the draft contract (if not using umbrella notification). Not applicable, as Norfolk is using the umbrella notification

CC8 - Draft contract includes key payment delivery milestones

Recommendation

Based on the results of evaluation described in section 2 of this report, the Programme Director - Better Broadband for Norfolk recommends that Norfolk County Council award the Better Broadband for Norfolk Superfast Extension Programme Call-off contract to BT PLC, subject to satisfactory completion of:

- Contract finalisation activities
- BDUK Checkpoint C.

It is anticipated that the contract can be signed on Friday 28th November.