

Cabinet

22 September 2011



Digital Durham Programme Update

Report of Corporate Management Team

Don McLure, Corporate Director Resources

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Councillor Alan Napier, Cabinet Portfolio Holder for Resources

Councillor Neil Foster, Cabinet Portfolio Holder Regeneration and Economic Development

Purpose of Report

1. To provide an update on the Digital Durham programme and the bid for funding to Broadband Delivery UK (BDUK)
2. To seek Cabinet agreement to the proposed governance arrangements for the programme going forward

Background

3. Cabinet agreed on 9 March 2011 to the proposed plans to provide next generation (super fast) broadband in County Durham through a funding bid to seek the investment required from Broadband Delivery United Kingdom (BDUK) and the commercial broadband providers.
4. The original bid to BDUK was submitted on 15 June, requesting a £10.2 million grant. The awards were announced on 27 May but Durham was not successful at this time. Three bids were successful including Wiltshire, Norfolk and Devon and Somerset (a joint bid) sharing £50 million.
5. BDUK have since announced that Durham (and Gateshead) has been allocated an indicative amount of £7.79m (£30k), which equates to approximately £52 per unconnected property across the county.
6. For context, Northumberland has been allocated £7.03m, Tyne and Wear (excluding Gateshead) £3.42m and Tees Valley £0.77m. None of these has yet submitted a bid.
7. The money will be made available once a Local Broadband Plan (equivalent of the bid document) has been signed off by BDUK and governance arrangements are in place. The bid will be resubmitted on

30 September with an announcement on our funding from BDUK in October.

Pre-procurement

8. The Council has entered into a pre-procurement exercise, inviting potential commercial providers of broadband to engage in a dialogue to:
 - a. Assess market interest in working on the Digital Durham programme and
 - b. Test the Council's approach to market.
9. Expressions of interest closed on 5 August. Over 50 organisations have registered an interest in the programme with 11 completing a written submission.
10. These 11 organisations have been invited to come and discuss their thinking and possible approach to the programme at separate meetings during September.
11. The outcome of these discussions will be used to shape the Council's final tender document.

Engagement

12. Engagement with residents and businesses continues. Presentations are being given to all the Area Action Partnership meetings.
13. A number of Local Broadband Champions has been identified; people who are interested in working with the programme and can support activities at a local level. An event is being planned for October to launch the role of these Local Broadband Champions.
14. A newsletter was circulated to all members in July and was subsequently sent to the local MPs and other interested parties. Following this, the MPs were requested to write a letter to Ed Vaizey, MP Minister for Culture, Communications and Creative Industries in support of the programme.
15. The Digital Durham programme continues to have a strong presence on the social media sites Twitter and Facebook, with daily updates. A programme web site is in development.

Governance

16. The Digital Durham programme has been operating with an officer working group that meets on a monthly basis. As the programme is now set to enter the procurement and delivery phase it is appropriate to set up a strategic board to ensure that the programme achieves its objectives.

17. It is proposed that the board has the following make up:

- a. Independent chair
- b. Programme officer sponsor
- c. Member sponsor
- d. Commercial provider representative
- e. Other public sector representative
- f. Community and Voluntary sector representative
- g. Business representative
- h. Public representative

Recommendations

18. Cabinet is requested to:

- a. Note the ongoing activities within the programme;
- b. Agree to the proposed structure and make up of the Digital Durham Strategic Programme board;

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Appendix 1: Implications

Finance - The Council has identified £2 million of capital for the programme. At this stage it is not known if the Council will need to make any additional revenue or capital contributions to any investments either as a one off or ongoing. This will be part of any bidding process and will be considered as part of the Medium Term Financial Plan.

Staffing – None

Risk - None

Equality and Diversity / Public Sector Equality Duty – Broadband will play a significant role in improving the equality of access to service delivery by making more services available in their homes.

Accommodation - None

Crime and Disorder - None

Human Rights - None

Consultation - A considerable amount of discussions have taken place with interested parties and stakeholders, including potential providers, government agencies, local authorities, broadband interest groups, senior officers, members, etc. in order to develop this report. Consultation will be required with individual users and their representatives as bids for funding are developed.

Procurement - A pre-procurement exercise is underway.

Disability Issues – None

Legal Implications - The EU has issued Guidelines on the circumstances where State Aid may be permissible for Next Generation Access broadband projects and the proposed approach will be designed to be compatible with those guidelines.

Appendix 2: Proposed timetable

| Key milestone* | Expected date |
|--|-------------------------------------|
| Issue of pre-procurement notice | July 2011 |
| Procure legal advice for State Aid | September 2011 |
| Pre-procurement exercise | September 2011 |
| BDUK funding announcement | October 2011 |
| Seek guidance on State Aid application | October 2011 |
| Set up programme board | October 2011 |
| Produce final tender for Delivery Partner | October 2011 |
| Submit State Aid application | October 2011 |
| Organisational structure confirmed | October 2011 |
| Procurement Notice published | October 2011 |
| Draft EU Regulations out for consultation | October 2011 |
| RDPE Rural Broadband Programme Announced | December 2011 |
| Additional capital sought via partnership arrangements | November 2011 |
| PQQ issues for Delivery Partner | November 2011 |
| Public sector partnership arrangements finalized | December 2011 |
| Tender issued for Delivery Partner | December 2011 |
| Delivery partner tender evaluation | February / March 2012 |
| State Aid approval confirmed | March 2012 |
| Delivery partner contract awarded | April 2012 |
| Commencement of implementation | April 2012 |
| European Programme negotiations complete | December 2013 |
| Potential ERDF funding submission | March 2014 |
| Potential ERDF funding approval | September 2014 |
| Completion of delivery phase 1 | March 2013 |
| Completion of delivery phase 2 | March 2014 |
| Completion of delivery phase 3 | March 2015 |
| Completion of delivery phase 4 | March 2016 |
| Implementation complete | March 2017 |
| Additional funding bid(s) submitted | Annually and as opportunities arise |
| Additional funding approval | Not applicable at this stage |