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To: Policy and Resources Cabinet Committee – 8th January 2012

Subject: Kent and Medway Broadband Delivery UK (BDUK) Project - Update

Classification: UNRESTRICTED

For Decision

Cabinet Committee are asked to consider this report regarding Cabinet granting delegated authority to the Head of Paid Service and the Cabinet Member for Business Strategy, Performance and Health Reform to:

- 1) enter into a contract to deliver the Kent and Medway BDUK project;
- 2) enter into a grant agreement with BDUK to draw down the £9.87 million of Government funding.

1. Introduction

- 1.1 Kent County Council is working in partnership with the Government's Broadband Agency, Broadband Delivery UK (BDUK), to deliver a major project to transform Kent and Medway's rural broadband infrastructure.
- 1.2 The project aims to bring broadband to every property in Kent and Medway and will ensure that most will be able to access superfast broadband.
- 1.3 Without this project many rural businesses and communities would continue to have either no or very slow broadband services as there are no market-led plans to upgrade infrastructure in many rural parts of the County.
- 1.4 Kent County Council is investing over £10 million to enable this upgrade, which has been matched by £9.87 million from the Government. It is expected that the network operator who wins the right to build the network will contribute the remaining funding required for the project.

- 1.5 Transforming Kent and Medway's broadband infrastructure will be critical for delivering Kent's strategic ambitions as this project seeks to:
- Deliver economic growth by removing a significant barrier to development (especially for the 40% of Kent's businesses based in rural areas).
 - Support KCC's ambition to put the citizen in control by providing the infrastructure to support the transformation of public services especially channel-shift agendas and next generation assisted living technologies.
 - Tackle disadvantage by increasing access to services and improving educational outcomes.
- 1.6 Local businesses and residents continue to contact the Council and highlight their concerns over the impacts of poor quality rural broadband infrastructure – with the former highlighting that this continues to represent a key barrier to growth. Over 16,500 registrations have been received to date on the Make Kent Quicker website in response to concerns about poor broadband access.

2. Progress to date

- 2.1 Excellent progress has been made in taking forward the Make Kent Quicker project, including:
- **Successful implementation of the 'Make Kent Quicker Campaign'** to evidence the demand for better broadband services. Over 16,500 registrations from businesses and households have been received and feedback from BDUK has indicated that this is an excellent response rate.
 - **Early slot on the Government's broadband procurement pipeline secured** –the Government has made it very clear that not all authorities can undertake their procurement at the same time due to capacity constraints within the market. Kent County Council has managed to secure an early slot in the Government's procurement pipeline meaning that Kent businesses and residents will get better broadband ahead of many other areas.
 - **Invitation to Tender (procurement) launched at the end of October** according to plan.
 - **Open Market Review with suppliers completed** to ascertain the extent of current market deployment plans. This work is essential for meeting state aid requirements and confirming where there is market failure to finalise the intervention (delivery) area for the project.
 - **BDUK audits on readiness to procure completed and passed** – Kent County Council has passed a number of BDUK audits inspecting our 'readiness to procure'. These have assessed our Invitation to Tender documentation, the quality of our demand

registration data, open market review processes and pre-application state aid work.

- **Working with BDUK on the Kent and Medway State Aid Notification** – the national BDUK rural programme constitutes State Aid under EU law. We are currently working on the supporting information that will be required to accompany our state aid application to the Department of Culture, Media and Sport following the completion of the procurement process.
- **Supporting District Councils and communities submitting bids to the Defra Rural Community Broadband Fund.** This scheme has made an additional £20 million available nationally to provide superfast broadband solutions to those in the hardest to reach areas that are only likely to benefit from a basic 2mb service under the UK BDUK funded programmes. Kent has performed well to date with five 'Expressions of Interest' being approved in the first and second rounds.

2.2 At a national level, BDUK have now managed to secure approval from the European Commission for the UK Broadband State Aid Notification. This is welcome news as the UK state aid notification scheme was originally scheduled by BDUK to be in place by April 2012. Subsequent delays in securing agreement with the Commission over the parameters of the scheme has led to significant delays in taking forward BDUK procurements around the country – and delivering local community broadband schemes – including Kent.

3. Procurement approach and timetable

3.1 Given that this is considered a complex procurement and BDUK have been reluctant to sanction and contribute funding to off-framework procurements, Kent County Council is using the Government's broadband procurement framework to deliver the project.

3.2 With the Invitation to tender launched according to plan, the Kent and Medway BDUK procurement remains on track meaning that Kent businesses and residents will benefit from improved broadband infrastructure ahead of many other parts of the Country. Subject to BDUK state aid sign off, we anticipate that we will award contract in April 2013.

4. Timescales for implementation

4.1 Whilst precise delivery timescales will not be able to be confirmed until we have completed the procurement exercise and appointed a supplier, we anticipate that:

- An infrastructure supplier will be appointed in April 2013

- Work will start in 2013
- The first services will come on line in 2014
- Services will become available to all properties during 2015

4.2 It will not be possible to confirm the geographical phasing for the rollout until after the procurement has been completed and initial survey work has been undertaken.

5. Conclusions

5.1 Despite delays at a national level, excellent progress has been made in taking forward the Kent and Medway BDUK project and the ITT was launched at the end of October, according to plan.

5.2 The evaluation of the tender submissions will begin in mid January, with state aid and Government sign off for the project being sought in February and March to enable contract award in April 2013.

6. Recommendation

Cabinet Committee are asked to consider this report regarding Cabinet granting delegated authority to the Head of Paid Service and the Cabinet Member for Business Strategy, Performance and Health Reform to:

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Background Documents:
None