

# Cheshire East Council

## Cabinet

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<b>Date of Meeting:</b>	7 <sup>th</sup> February 2017
<b>Report of:</b>	Frank Jordan – Executive Director - Place
<b>Subject/Title:</b>	Connecting Cheshire - Digital 2020 Programme
<b>Portfolio Holder:</b>	Cllr Don Stockton, Portfolio Holder for Regeneration

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### 1. Report Summary

- 1.1. Fibre broadband is now available to over 97% of homes and businesses across Cheshire and Warrington, which is testament to the intervention taken by Cheshire East Council to further the rollout of high speed broadband. However, further action is necessary to reach the final 3%; supporting the rural economy, connecting communities and driving business productivity. Whilst we are committed to achieving connections in rural communities and indeed want to support these areas it is important to realise that rural areas are costly to connect to and can be operationally and structurally challenging to reach. The Digital 2020 programme will benefit 1,470 Small and Medium Enterprises (SMEs)<sup>1</sup> and is expected to create 441 net additional FTE jobs, generating net additional economic growth of £42m Gross Value Add (GVA) for the sub-region. This represents a return of £5.80 for every £1 invested.
- 1.2. This paper seeks approval for a 3 year programme of work, commencing in March 2017, which will enhance access to digital technology for SME's and residents in the Cheshire & Warrington Local Enterprise Partnership area - the project is referred to as the, 'Digital 2020 Programme'. The programme builds on the previous successes of the Connecting Cheshire Partnership broadband projects. For this programme the partners are Cheshire East Council, Cheshire West and Chester Council and Warrington Borough Council. There are six strands of activity defined at a high level for the Digital 2020 programme and this paper refers to the first 3 strands as follows:-
- 1.3. The strands in this work programme are as follows:-
  - **Broadband Not Spots** - Premises with an internet download speed of less than 30mbps): extending superfast broadband infrastructure to under-served businesses and residential premises

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<sup>1</sup> See section on impact below: 1,370 will receive access to enhanced connections through the Not Spots scheme. A further 100 SMEs are expected to be created as enhanced connectivity reduces barriers to entry. We do not add the 60 SMEs generating growth through the Digital Support scheme here - this would double count against those generating growth through the take-up of superfast connections.

- **Voucher Scheme:** helping eligible enterprises access business grade connections and fully exploit enhanced broadband and digital technology
- **Digital Support:** providing advice and guidance to secure digital-led business growth.

The three strands for future consideration relate to digitally connecting the Science Corridor, Smart and Connected towns, and Digital Skills.

1.4 To deliver the three strands defined thus far a budget of £7.3m is required. This is comprised of grant funding and gap funding as follows:-

- Department of Communities and Local Government European Regional Development Fund **£3.635m** (Full Application currently being assessed)  
*NB: This has already been considered by Cabinet in September as part of a paper on ESIF monies and was approved*
- Department of Culture, Media and Sport – Broadband Delivery UK **£2.54m**
- Connecting Cheshire funds - **£0.96m**
- SME Contribution **£0.14m**

1.5 In accordance with the previous broadband delivery projects successfully undertaken by The Connecting Cheshire Partnership, Cheshire East Council will be the Lead Authority and Accountable Body. This means that the Council is responsible for all management arrangements including running procurements and meeting all contracting, monitoring and reporting requirements of grant awarding bodies. As lead authority Cheshire East Council will also bear the liability for the actions it is responsible for. Further details of the arrangements of the partnership and the Council's role as Lead Authority will be detailed in a Collaboration Agreement between the Councils.

1.6 The Skills & Growth Company, a wholly owned council company, will deliver the programme on behalf of Cheshire East Council. This will include the management of the programme and its associated projects, liaison with sub-contractors to ensure evidence and data returns are submitted on time and in accordance with DCLG and BDUK regulations.

## 2. Recommendations

It is recommended that Cabinet:

- a. Delegate authority to the Executive Director for Place to apply for external grant funds for the schemes within in the Digital 2020 Programme and to enter into all necessary grant, and grant related, procurements and award of contracts to deliver the 3 strands of the Digital 2020 Programme as set out in Section 1.3.
- b. Appoints the Executive Director of Place, or his nominee, as the Council's Nominated Officer on the Connecting Cheshire Partnership's Project Board and SRO of the Project and to delegate all decision making in relation to the

Connecting Cheshire Partnership and the Digital 2020 programme to the Executive Director of Place.

- c. Approve the use of any In-fill monies from Connecting Cheshire Contract 1, for the Digital 2020 Programme.
- d. Approve the entering into of a Collaboration Agreement and Inter Partner Finance Protocol between Cheshire East, Cheshire West and Warrington Borough Council.
- e. Authorises the Director of Legal Services to enter into any necessary legal documentation to give effect to the above recommendations.

### **3. Other Options Considered**

- 3.1. Not make an intervention and wait for the market to identify cheaper technology solutions that make the deployment of broadband infrastructure in rural locations more commercially viable. There is no market intelligence to suggest that there are any such technologies being developed within the timescales to meet the European directive.
- 3.2. Identify ways to stimulate the market to encourage telecommunications companies to deploy infrastructure in more remote locations.
- 3.3. Set up a telecommunications business and deploy the required infrastructure.

### **4. Reasons for Recommendation**

#### **Strong Partnership and Delivery**

- 4.1. The Connecting Cheshire project has continued to benefit from high profile and strong partnership working between the participating councils and delivery partners, combined with high levels of stakeholder engagement and public support. This programme aims to build on that success.
- 4.2. Local authority partners in the Connecting Cheshire Partnership, namely Cheshire West and Cheshire Council and Warrington Borough Council are supportive of the proposal to continue the deployment of superfast broadband to achieve coverage as close to 100% as possible, and of the funding model which anticipates no new additional LA funding to be sourced, recognising high-speed broadband connectivity as a high corporate priority.

#### **Aligned to Government and European Policy**

- 4.3. The programme is fully aligned with the Governments Digital Strategy and its' aspirations to be one of the best connected countries in the world, and achieving the demanding European Commission's 'Europe 2020' objectives, including 100% superfast coverage by 2020.

## **Unlocking Grant Funding**

- 4.4. The Connecting Cheshire Partnership has bid for and secured an additional £2.54m of funding as part of Broadband Delivery UK's Superfast Extension Programme for the Digital 2020 Programme.
- 4.5. BDUK and other match funding will act as a lever to unlock a further £3.635m of ERDF grant funding from the European Structural and Investment Fund.

## **Value for Money**

- 4.6. Digital 2020 will generate outputs and results for the ERDF programme and open opportunities to drive longer-term sustainable growth in the Cheshire & Warrington economy. It will also leverage investment from the private sector through SME contributions, minimising the extent of market failure and contribution of public funds.

## **Market Failure**

- 4.7. In spite of the great success of the Connecting Cheshire project and earlier broadband projects a recent Open Market Review (currently out to Public Consultation) has identified that there remains a Market Supply Failure and high demand, particularly in the most remote and rural locations. The Connecting Cheshire Partnership has consulted widely with business groups, public sector partners and market operators to arrive at a deliverable and integrated package of support which will help SMEs grow, address Operational Programme objectives and meet the local priorities set out in the Priority Axis 2 (PA2) Call from the Cheshire & Warrington LEP (See Section 5.3).

## **5. Background/Chronology**

### **5.1 Background**

- The Connecting Cheshire Programme began in 2012 and has so far reached a further 93,000 premises across the sub-region in 2 phases of infrastructure delivery. Over 600 cabinets and 1000 miles of fibre optic cable have been installed.
- The project has been hugely successful and recently reached a milestone whereby over 40% of homes and businesses have upgraded to superfast broadband. The project is proud to have received commendations and recognition in a number of national and local award schemes <http://www.connectingcheshire.org.uk/?s=awards> .

### **5.2 Project Aim**

- 5.2.1 The Digital 2020 Programme will improve the quality (speed and reach) of digital infrastructure and boost the use of digital technology by businesses in the Cheshire and Warrington sub-region. Digital 2020 will strengthen the

competitive potential of SMEs, help develop new products and services, and ensure businesses exploit e-commerce opportunities to access new markets.

5.2.2 There are three complementary strands in the initial 3 year phase:-

- **Not Spots:** extending superfast broadband infrastructure to under-served businesses and residential premises. This will be delivered with a partner contracted under an Open OJEU procedure.
- **Voucher Scheme:** A grant for eligible SMEs of up to £4,000 for digital connectivity, hardware or software to help enterprises access business grade connections and fully exploit enhanced broadband and digital technology. This will be delivered by a supplier or the Skills & Growth Company. The SMEs will provide match funding.
- **Digital Support:** A support service for SMEs to improve their digital knowledge and capability which will, via workshops and master classes, enable them to use the internet to expand their commercial presence. Topics covered may include the commercial use of social media, cyber security, search engine optimisation and e-payments. This will be delivered by The Skills & Growth Company, supported by one or more subject matter experts.

5.2.3 Three further strands of Digital 2020 may be developed in the future, these will be assessed for viability in 2017 with a view to them running from 2018-2020:-

- **Digitally Connecting the Science Corridor:** Cheshire and Warrington have significant science assets within the UK. This project will enhance the assets for businesses and researchers, enhance research and innovation infrastructure, and encourage business investment in collaborative research.
- **Smart and Connected Regions and Places:** Improve the digital connectivity for example within town centres, including open access Wi-Fi, to increase dwell times of visitors and possible individual spend, encourage independent businesses to improve their online shopping offer and increase trade.
- **Digital Skills – Training and Development:** To provide targeted digital skills training to address possible skills gaps to enable individuals to start or progress their working career. Community-based targeted digital skills training will be developed to address the skills gaps within the following key priority groups identified by Cheshire & Warrington LEP: job seekers, economically inactive, under-employed, older people, people affected by redundancy, returners – e.g. women returners, ex-offenders or ex-forces.

### 5.3 Outcomes

5.3.1 The Digital 2020 Programmes' principle funding stream will be from European Regional Development Fund Priority Axis 2: 'Enhancing Access to, and Use and Quality of, Information and Communications Technology'. The programme therefore has to demonstrate how it contributes to the following European Structural Investment Fund Investment Priorities:-

- 2A** Extending broadband deployment and the rollout of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy
- 2B** Developing Information and Communications Technology products, services, e-commerce, and enhancing demand for Information and Communications Technology

5.3.2 There are 4 pathways by which the impacts from the programme will flow to end users, as described in the following table:-

**Categories of Impact Assessed in the Economic Case**

<b>Impact Categories</b>	<b>Digital 2020 Strand</b>	<b>SMEs / workers benefitting</b>
1) <b>Business growth:</b> from the enhanced performance of existing businesses adopting superfast broadband	Not Spots & Vouchers	1,370 SMEs
2) <b>Business growth:</b> following support to exploit superfast broadband	Digital Support	60 SMEs
3) <b>New business starts:</b> applying evidence of the impact cloud computing has in reducing barriers to market entry	Not Spots & Vouchers	100 new starts
4) <b>Worker flexibility:</b> applying evidence of productivity benefits to firms implementing flexible working practices using fibre-enabled applications	Not Spots	350 workers
<b>Total SMEs / workers benefitting</b>		<b>1,470 SMEs, 350 workers</b>

Source: Regeneris Consulting

5.3.3 The following tables summarise the impact of the Digital 2020 programme. The net values indicate that the programme will generate £42m and 441 jobs across the Cheshire and Warrington sub-region:-

Table 1.2 Additional GVA and FTE Jobs Impacts Associated with Digital 2020

Impact Categories	Gross GVA Impact (£m)		Gross FTE Jobs Impact	
	1. Preferred Option	2. Do Nothing	1. Preferred Option	2. Do Nothing
Business growth resulting from Not Spots and Vouchers	£15.2	£5.1	21	7
Business growth resulting from Digital Support	£7.8	£0.0	129	0
New business starts	£32.7	£11.0	400	135
Increased Worker flexibility	£3.1	£1.0	52	19
<b>Total</b>	<b>£58.8</b>	<b>£17.2</b>	<b>602</b>	<b>161</b>

Source: Regeneris Consulting

Net Additional GVA and FTE Jobs Impacts	Digital 2020	
	GVA (£m)	FTE Jobs
Gross Impact	58.8	602
Net Additional Impact	41.6	441

Source: Regeneris Consulting

## 5.4 Value for Money

The programme will deliver £5.80 for every £1 of public sector funding. This represents a strong return on investment. It should also be noted that conservative assumptions have been applied throughout. There is potential for the scale of impacts to be significantly greater:-

Net Additional GVA and FTE Jobs Impacts

	Digital 2020 Programme		A Not Spots Only Programme	
	GVA (£m)	FTE Jobs	GVA (£m)	FTE Jobs
Net GVA (£m)	41.6	441	25.3	237
Public Sector Funding (£m)	£7.1		£5.1	
<b>Benefit-Cost Ratio</b>	<b>5.8:1</b>		<b>5.0:1</b>	
<b>Cost per FTE Job</b>	<b>£16,200</b>		<b>£21,400</b>	

Source: Regeneris Consulting

## 5.5. Business Outcomes

In order to achieve the economic (GVA and job) impacts detailed above, the following outputs will need to be achieved. Outputs will be tracked by the programme delivery team on a regular basis.

Failure to achieve all of the required outputs may result in DCLG clawing back grant funding. NOTE: Some of the outputs below are not counted by ERDF (P3 connection outputs are not counted under the ERDF Priority 2A (Not Spots), P4 take-up outputs are not counted under the ERDF Priority 2B (Vouchers/Digital Support)).

### 5.5.1 Not Spots

**994** additional businesses with broadband access of at least 30Mbps (ERDF P3)  
**298** additional businesses taking up broadband with speeds of at least 30Mbps

### 5.5.2 Voucher Scheme

**93** more businesses with broadband access of at least 30Mbps  
**139** more businesses taking up broadband with speeds of at least 30Mbps (ERDF P4)  
**157** enterprises receiving support (ERDF C1)  
**24** new enterprises receiving support (ERDF C5)

### 5.5.3 Digital Support

**117** enterprises receiving support (ERDF C1)  
**17** new enterprises receiving support (ERDF C5)  
**7** Enterprises supported to introduce new to the firm products (ERDF C29)

## 5.6 Wider Impacts

5.6.1 The programme will also contribute to wider economic, social and environmental objectives. These are qualitative observations and do not form part of the Benefit Cost Ratio but form a crucial part of the economic case for investment:

- **inward investment:** attracting new businesses to C&W enticed by our highly competitive broadband offer
- **reduced commuting:** lowering carbon emissions and congestion through wider use of video conferencing and other means of virtual communication
- **enhanced public service delivery:** driving up the ability of the public sector to implement new and more efficient accessible services
- **access to education:** facilitating access to international learning opportunities from within C&W using interactive on-line learning tools
- **access to health services:** providing health care remotely to our elderly population allowing them to be better cared for in their own homes for longer
- **tourism:** improving the visitor experience with wider spread access to internet and related services across the county

- **Social inclusion:** reducing the digital divide between places with and those without good broadband access

5.6.2 Digital 2020 will also help to stimulate further investment beyond the lifetime of the programme:

Where broadband is extended into rural locations it can encourage further private investment, by pushing superfast infrastructure deeper into locations adjacent to the most challenging areas to connect from a cost and engineering perspective.

The Voucher Scheme will encourage a greater breadth of broadband suppliers to establish a foothold from which they can continue to expand their offer to SMEs.

The Digital 2020 Programme provides an opportunity to embed the legacy of business support and emphasis on digital information and training within the LEP's Growth Hub.

## **6. Governance**

6.1 The Council, along with senior representatives of Cheshire West and Chester Council, Warrington Borough Council and the Local Enterprise Partnership, already have a governance group in place, 'The Connecting Cheshire Board', which will continue to operate for the Programme to meet the needs of the funders and suppliers. This group will have oversight of the programme and ensure that it meets the needs of the key strategic partners and the client group across Cheshire & Warrington. In addition the Executive Director for Place will maintain oversight from a Cheshire East perspective as part of the Partnership's Project Board and as the commissioner of the Skills and Growth Company.

### **The governance model is shown at Appendix A**

6.2 Answerable to the Connecting Cheshire Board will be a dedicated programme delivery function, comprising of 4 full-time staff funded by the programme and 2 part funded posts (see Appendix 3). These posts are temporary, for a fixed period of time, and there is no on-going liability on Cheshire East Council or the other local authorities beyond the terms of the employment contracts. The delivery team will be based in the Skills and Growth Company managing the project for Cheshire East as the Lead Authority. The delivery will:-

- 1.1.1. Manage the overall programme plan for Digital 2020 ensuring that the programme delivers the agreed Business Outcomes.
- 1.1.2. Ensure that controls (decision making, risk and issues logs) are in place to satisfy the regulatory and compliance requirements of Cheshire East, the Connecting Cheshire Partnership, the Local Enterprise Partnership, Broadband Delivery UK and the Department for Communities and Local Government (DCLG) for European Funding and State aid.

- 1.1.3. Ensure that the procurement of any external products and/or services are aligned with European Procurement Regulations and ensure that the contracts that are put in place enable performance to be monitored in terms of quality, quantity and financial probity to meet European Funding (ERDF) conditions. The procurements will be managed by Cheshire East with the Skills & Growth Company leading the specifications and evaluation on behalf of the Connecting Cheshire Partnership. The contracts will be the responsibility of Cheshire East Council.
- 1.1.4. Manage all audit and compliance requests, to ensure that the integrity of all programme documentation is maintained.
- 1.1.5. Ensure that the programme aligns with corporate objectives and regional strategic initiatives.
- 1.1.6. Maximise the value of Partnership working through shared learning and collaboration.
- 1.1.7. Report regularly to the Project Board and the Executive Director for Place.

## **7. Wards Affected and Local Ward Members**

- 7.1. All wards in Cheshire East and the wider Cheshire and Warrington area will benefit.

## **8. Implications of Recommendation**

### **8.1. Policy Implications**

- 8.1.1. The Framework is complementary to the following corporate policies:

- 8.1.2. The Council's Three Year Plan

- 1.1.2.1. *Outcome 2: Cheshire East has a strong and resilient economy*
- 1.1.2.2. *Priority 1: Local Economic Development*
- 1.1.2.3. *Change Project 1.3 Investment to support business growth*

- 8.1.3. Ambition for All: Sustainable Communities Strategy 2010-2025:

- 1.1.3.1. *Priority 2 - Create conditions for business growth*
- 1.1.3.2. *Harness emerging growth opportunities*
- 1.1.3.3. *Create a climate attractive to business investment*

### **8.2. Legal Implications**

- 8.2.1. A number of procurements will be required to facilitate the delivery of the 3 strands of the programme as set out in Section 1.3. In particular the Not Spots procurement has a value of £5m and will be an open OJEU compliant process. A procurement may be required to secure the services of a Voucher Scheme provider and smaller compliant procurements will be undertaken for specialist service providers for the Digital Support Programme with the support of Cheshire East Councils legal services and procurement teams.

8.2.2. As Lead Authority Cheshire East Council will be responsible for liabilities arising out of acts or omissions in relation to the programme. Therefore indemnities should be sought from all of the parties to ensure that these liabilities are shared.

8.2.3. A Collaboration Agreement between the three Local Authorities will be required to underpin the working relationship between the partners, including the sharing of liabilities together with an Inter Partner Finance Protocol.

### 8.3. Financial Implications

8.3.1 There are no anticipated new financial requirements for Cheshire East Council, or the other members of the Connecting Cheshire Partnership. Existing unspent Local Authority contributions towards broadband will be invested to unlock £6.1m grant funding. In total, the programme is budgeted to cost £7.3m comprised of grant funding and gap funding as follows:-

ERDF - £3.635m (Full Application currently being assessed by DCLG)
BDUK - £2.54m (Awarded in principle) See Appendix 2
Connecting Cheshire funds - £0.96m
SME Contribution £0.14m

8.3.2 As part of the Collaboration Agreement between the three LAs, an Inter Partner Finance Protocol will be drafted to ensure that all parties are clear of their responsibilities and liabilities. Provision has been made in the programme budget for Cheshire East Finance resources to work closely with the programme delivery team and ensure the risk of cost overruns or liabilities falling on the partner authorities is minimised.

8.3.3 The project will be reported through Cheshire East Council's capital budget along with quarterly reporting to both BDUK and DCLG in respect of external grants. The budget assumes that all expenditure will be eligible for claiming against available grant funding. Any ineligible expenditure arising as a result of timing or an inability to match to outcomes may therefore need to be met by the Connecting Cheshire Partnership.

8.3.4 A breakdown of how the funding will be spent can be found in the tables below.

<b>Activity</b>	<b>Budget</b>
Not Spots	£ 5,080,000
Voucher Scheme	£ 695,000
Digital Support	£ 550,000
Programme Delivery	£ 950,000
<b>Total</b>	<b>£7,275,000</b>

#### 8.4 Equality Implications

8.4.1 An Equality Impact Assessment will be undertaken for the Digital 2020 programme.

8.4.2 Local communities are expected to be positively impacted as they are being encouraged to work together and share ideas through the 'Digital Champion' engagement programme. Throughout the programme to date, Connecting Cheshire has taken a very proactive and inclusive approach to engagement and attended many events and Parish Council meetings to update residents and businesses on the progress of the project. A network of community Digital Champions was recruited to help raise the profile of the project and act as advocates for upgrading once the network is installed. During Digital 2020 this approach will be maintained and combined with a dedicated email account and via social media to update on progress and answer enquiries.

8.4.3 The intervention has equality implications as the intention is to invest in broadband technologies in areas of market failure which are largely rural. Historically, these areas have suffered with poor broadband services and a lack of market competition creating a digital divide between urban and rural areas. The aspiration is to invest in superfast broadband in areas of market failure to address imbalance/unequally in a positive way, offering better speeds and greater choice, though it must be remembered that the cost of connection costs may inhibit this in some locations.

#### 8.4. Rural Community Implications

8.4.1. The Digital 2020 programme is expected to positively benefit rural communities, given it is seeking to address market failure in predominantly rural areas where communities are digitally disconnected with a lack of high-speed internet access. Better broadband connectivity will ensure rural communities have access to the same products and services as towns and cities, thus reducing the 'digital divide'. Better broadband with superfast speeds is expected to have significant social and business benefits to support the rural economy.

## **8.5. Human Resources Implications**

- 8.5.1 The Digital Support intervention will be targeted at high growth SMEs. A key Business Outcome is to enable 7 SMEs to deliver “new to firm products”. Though not a specific KPI, the programme has the potential of enabling SMEs to grow their workforce through the adoption of digital technology and skills.
- 8.5.2 The Not Spots intervention will also see a significant number of residential premises benefitting from being able to obtain a superfast broadband service in many rural locations.

## **8.6. Public Health Implications**

- 8.6.1. Superfast Broadband has the potential to significantly contribute to improved health and wellbeing. Social isolation can be reduced, access to health and care information, advice and to details of community assets more freely available and advantage taken of better deals to improve the stretch of household spending (for example energy deals). With so much now being done through digital interactions, from applying for jobs to booking hospital appointments, providing fast and reliable connectivity to households is a key contributor to our resident’s health and wellbeing.

## **8.7. Implications for Children and Young People**

- 8.7.1. There are no direct implications for Children and Young People.

## **8.8. Other Implications (Please Specify)**

- 8.8.1. Superfast Broadband is the enabling technology which connects the community and supports sustainable and equitable economic growth. It will unlock new ways of working, creating jobs and providing GVA growth. Public sector costs and the environmental impact will be lower. Educational opportunities will increase, and attainment improves, with a shift from traditional classroom based to rich content delivered online. Superfast Broadband has the potential to help address worklessness and to increase economic activity in deprived areas. The reach and connectivity will provide for universally improved levels of productivity and innovation, with an aspiration for business growth. This will increase employment opportunities, by safeguarding jobs and creating new job opportunities.
- 8.8.2. The programme will also stimulate the demand for, and take up of, training by those currently in work; to improve their qualifications linking with skills and employment support programmes, regeneration and neighbourhood development initiatives across the region. This will ensure that the opportunities, outcomes and benefits delivered by the programme are open to and accessed by individuals, particularly those facing complex and multiple barriers to employment and resident in deprived areas. The most vulnerable in our society will see significant improvements in their well-being by becoming less socially

isolated and the quality of their care improved through the ability to deliver services away from residential care and hospitals into their own homes.

## 9. Risk Management

#	Risk	Mitigation
9.1.	There is a risk that the authorities may be required to underwrite and fund any clawback of ERDF monies as a consequence of non-compliance or failure to meet the agreed Business Outcomes.	<p>This has been discussed at Connecting Cheshire Board and will be covered in a redrafted Collaboration Agreement and the Inter partner Finance Protocol.</p> <p>Programme and project management following industry standard practices (Managing Structured Programmes and Prince2) will be adopted.</p> <p>Monitoring will be put in place in line with guidelines from DCLG and BDUK to ensure State aid compliance. A third party will be commissioned to provide independent monitoring and evaluation.</p>
9.2.	Maintaining ERDF and State aid compliance is key to the success of the programme.	A dedicated Programme Management team will be put in place, to manage this, including all associated audit activity.
9.3.	There is a large OJEU procurement to be delivered, Superfast Broadband Not Spots, requiring support from Cheshire East enabling teams, including Procurement and Legal.	Engagement with procurement and legal teams has been in place since September 2016 and estimates have been provided from both teams for the effort required to undertake the procurement and contracts for the programme. (Some budget has also been provisioned under Professional Services to bring in external legal resource if required.
9.4.	Financial Management and control will be crucial. The contract for Broadband Not Spots deployment will operate under a "Milestone to Cash" process. Specific finance support will be required.	Programme engagement with Finance has been in place since November 2016. 0.5 FTE has been factored into the PMO costs for the 3 year duration of the project to pay for CEC finance support.
9.5.	Procurements may not yield sufficient interest or contracts, delaying project strand starts.	Effective supplier engagement to test the market and effectively design tenders/contracts has been undertaken. The requirement for private sector match and the challenges of evidencing defrayal of monies has now been removed which should encourage more suppliers to bid for the Not Spots Contract. If there are no bids, or none of

		the bids meet the required criteria then a re-procurement will be undertaken.
9.6.	There is a risk that available funding doesn't achieve anticipated outputs and results.	Effective procurement process and contract design will be undertaken to mitigate likelihood and apportion risk. Pre-tender planning estimates have been used to inform assumptions.
9.7.	There is a risk that match funding is not secure, due to a change of circumstances or availability.	The team will not enter into any contracts until funding availability is fully confirmed.

## 10. Access to Information/Bibliography

10.1. Further details on the project are available for scrutiny on request.

## 11. Contact Information

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