

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	17th September 2012
Report of:	John Nicholson – Strategic Director, Places and Organisational Capacity. Lisa Quinn – Director of Finance and Business Services
Subject/Title:	Connecting Cheshire Superfast Broadband Partnership Arrangement
Portfolio Holder:	Councillor David Brown, Deputy Leader and Cabinet Member for Sustainable Communities. Councillor Jamie Macrae, Cabinet Member for Prosperity and Economic Regeneration.

1.0 Report Summary

- 1.1 This report provides a progress update on the development and delivery of the Cheshire and Warrington Local Broadband Plan.
- 1.2 The Connecting Cheshire project has been progressed to the transition point from a development phase into a delivery phase for the provision of superfast broadband services in areas of market failure, largely our outlying rural areas.
- 1.3 The conclusion of procuring a telecommunications delivery partner, award of ERDF grant funding and approval of State Aid taking place over the coming months will mark the beginning of the £39m project.
- 1.4 The project is being developed in partnership with the Councils of Cheshire West and Chester, Warrington and Halton. Approval is sought to enter into a partnership arrangement with the local authorities and for Cheshire East Council to be the accountable body and principal delivery agent.

2.0 Decision Requested

- 2.1 Approval is sought for the following decisions:
 - 1. Cheshire East Council entering into a partnership arrangement with Cheshire West and Chester Council, Warrington Borough Council and Halton Borough Council for the delivery of the Connecting Cheshire Superfast Broadband Project.
 - 2. Cheshire East Council leading the partnership and fulfilling the role as the accountable body and principal delivery agent of the Connecting Cheshire Partnership.

3. Recommendations to be taken to Cabinet and Full Council, as appropriate, for ratification. .

3.0 Reasons for Recommendations

- 3.1 To progress 5th March 2012 Cabinet decisions
- 3.2 Working in partnership will enable efficient delivery of the project maximising the public sector investment through collaborative working, providing access to new resources and sharing risks across the Partnership.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications

- 6.1 The case for investment into Superfast Broadband for Cheshire East has been established in the following key policy documents:
 - Cheshire East Business Plan 2012/15 (2012)
 - Cheshire East Sustainable Community Strategy: Ambition for All (2010)
 - Cheshire East Economic Development Strategy (2011)
 - Cheshire East ICT Strategy (2011)
 - Cheshire Crewe Vision All change for Crewe (2011)
 - Cheshire and Warrington Local Enterprise Partnership Business Plan (2012).

7.0 Connecting Cheshire partnership, Superfast Broadband Collaboration Agreement

- 7.1 The Connecting Cheshire Partnership is a partnership arrangement. The nature of the partnership is to deliver the superfast broadband project including infrastructure provision and a business support scheme, to encourage take up of the Broadband Service once the infrastructure has been installed.
- 7.2 Cheshire East Council would act as the Lead Partner and Accountable Body for entering into the contract with the successful commercial operator on behalf of the Connecting Cheshire partnership, however, there will be a collaboration agreement in place between the partners which will ensure that each Partner meets their financial obligations.
- 7.3 The partnership arrangement has been developed and endorsed by legal and Democratic Services and is underpinned by a Collaboration Agreement and Finance Protocol derived from the Council Constitution and agreed between

the parties. The Collaboration Agreement has been developed under the following headings to provide for completeness of definition of responsibilities and obligations:

- Definitions
- Purpose of this Agreement
- Connecting Cheshire Partnership Objectives
- Marketing Commitments
- Governance
- Principles of Operation
- Withdrawal from the Connecting Cheshire Partnership
- Status of this Agreement
- Governing Law and Jurisdiction
- Appendix 1: The Partners

7.4 The partnership arrangement will legally bind the partners to provide funding contributions for infrastructure, business support and project management for the duration of the project, which is anticipated to have a total cost of £39m.

8.0 Financial Implications (Authorised by the Director of Finance and Business Services)

8.1 The Connecting Cheshire Partnership has secured £3.24m funding from Broadband Delivery UK (BDUK) for infrastructure investment to which the local authorities have committed match funding through their 2012/13 capital programmes.

8.2 The Council approved the investment of £1.2 million profiled over three years to provide for 90% superfast broadband coverage across the Borough, with an ambition to achieve 100% coverage by leveraging European Grant Funding.

8.3 To extend the rollout of Superfast Broadband, the Partnership has recently submitted an application to the European Regional Development Fund (ERDF) for £15m to support investment in faster broadband infrastructure. The grant will be matched by similar investment from the private sector.

8.4 The total value of the project is expected to be £39m. Grants and contributions will be paid by the Council in accordance with the policies determined under Finance Procedure Rule. The Council as the accountable body will be responsible for managing finance and funding on behalf of the partnership.

9.0 Legal Implications (Authorised by the Borough Solicitor)

9.1 Section 2 of the Local Government Act 2000 gives Local Authorities power to take steps which they consider are likely to promote the economic, social or environmental well being of their area - or its inhabitants. However, no action can be taken which would contravene any specific statutory prohibition,

restriction or limitation. Regard must also be had to the Community Strategy. The actions proposed in this report fall within this power.

- 9.2 Given the significance of the project, the need for a financial contribution of up to £1.2m from the Council, and in view of the Council having accountable body status, it has agreed between the Partners that Cheshire East will seek approval from Cabinet and full Council prior to entering into the partnership arrangement. The other Partners are similarly seeking formal ratification under the appropriate terms of each of their constitutions.
- 9.3 It should be noted that the European Commission, Central Government and suppliers on the Broadband Delivery UK (BDUK) framework have been in talks about the detail of the Commission granting approval for a UK wide State Aid umbrella scheme. Such approval from the Commission has been expected since April 2012, but complications have delayed matters until after October.

10.0 Risk Management

- 10.1 Appropriate and robust financial accounting and reporting systems will be put in place and these will assist with early identification of any financial variances from the planned expenditure and funding.
- 10.2 An annual report will be presented to the Cabinet Member for Sustainable Communities, outlining how sums have been used and the key outcomes and achievements. The report will also review the affordability and continued relevance of the arrangement to Service policies and corporate objectives and seek appropriate Business Plan approval.
- 10.3 Regular reports on progress and outcomes will be provided to the project board, Head of Service and Cabinet Member for Sustainable Communities.
- 10.4 Heads of Service will report on the outcomes achieved through the provision of support to outside bodies on an annual basis to the appropriate Member Group and Cabinet Member, with interim reporting on an exception basis or where the sums involved are significant.

11.0 Background

- 11.1 Cabinet on the 5th March 2012 resolved:
1. That the Cheshire Warrington and Halton Local Broadband Plan be received and endorsed.
 2. That the Council investment of £1.2 million, profiled over three years to provide for 90% superfast broadband coverage across the Borough, with an ambition to achieve 100% coverage by leveraging European Grant Funding, be noted.
 3. That approval be given for the Strategic Director Places and Organisational Capacity, and the Director of Finance & Business Services,

in consultation with the Cabinet Member for Performance and Capacity, to be given delegated authority to make necessary decisions on approved matters to enable the delivery of the Superfast Broadband project.

4. That approval be given for the Director of Finance and Business Services, the Borough Solicitor and the ICT Manager to prepare, negotiate and sign off legal documentation required between the Council and the Secretary of State, and the Connecting Cheshire Partnership, as required.
- 11.2 The Councils across Cheshire East, Cheshire West & Chester, Halton and Warrington are forming the Connecting Cheshire Partnership tasked with the delivery of a c£39m project to bring faster broadband speeds for our businesses and indirectly our residents by 2015. The project is a real opportunity to give the sub-region a much needed economic and social boost; a recent study estimated full coverage of Superfast Broadband (SfB) would generate a gross impact of £1.3bn to the economy and create 11,000 jobs over the next 15 years across our sub-region.
- 11.3 By working in the partnership with Cheshire West and Chester Council, Warrington Borough Council, and Halton Borough Council the Council will to reduce the management costs of delivering the project and to make best use of knowledge and skills available. Furthermore by going to market with a larger geographical area will present a more attractive investment case to the suppliers, than a single unitarily authority alone.
- 11.4 In accordance with the Local Broadband Plan, a primary objective of SfB rollout is to increase the economic prosperity of the sub-region by ensuring as many businesses as possible have access to superfast broadband services, in particular small and medium sized enterprises (SMEs). An equally important objective is to improve broadband speeds to communities in rural areas which have hitherto not been commercial viable for private sector investment in faster and reliable broadband speeds.
- 11.5 A key milestone of the project is to appoint a telecommunications provider from the Broadband Delivery UK (BDUK) delivery framework, to undertake the publicly funded rollout of SfB infrastructure across Cheshire, Halton & Warrington. BT and Fujitsu have now signed the delivery framework, and the first sub-regions to use it have commenced procurement. It is expected our Invitation to Tender (ITT) will be published in October as part of the BDUK project 'pipeline', where we are ninth in the queue of forty projects.
- 11.6 The project is expected to commence in March 2013 (subject to procurement and state aid), with capital investment completed by December 2014, and infrastructure project completion by June 2015. Economic modelling indicates the project will increase the availability of Superfast Broadband services from 70% of homes and businesses to over 94% coverage.

Funding Update

- 11.7 The £15m ERDF grant submission made in July 2012 focuses on the delivery of SfB connectivity to 88% of eligible Small and Medium Sized Enterprises (SMEs) in known areas of market failure such as our outlying rural areas; and will provide a business support programme to maximise take-up and exploitation of technology enabled by SfB e.g. high definition video conferencing, 'cloud computing', telecare, international trade and e-commerce. The submission is being appraised and it is expected to be endorsed by the Local Management Committee (LMC) of the Northwest Operational Programme in October 2012.
- 11.8 The investment will create and safeguard jobs and generate increases in Gross Value Added (GVA) to Cheshire, Halton and Warrington. It will build a digital infrastructure platform for growth and prosperity. Over 6,485 additional eligible small businesses will receive connectivity to SfB; and approximately 29,600 eligible businesses across Cheshire, Warrington and Halton will gain access to a SfB business support programme.

State Aid

- 11.9 The Government State Aid Notification to the European Commission is expected to be approved in September 2012, once new guidance from the European commission has been released. The submission of the Connecting Cheshire State Aid notification to Broadband Delivery UK (BDUK) will commence inline with the procurement activity.

Campaign for Better Broadband

- 11.10 The Connecting Cheshire Partnership is encouraging both businesses and communities to register their demand for SfB to help build our case for investment. With over 3,000 registrations received to date and a network of 100 Digital Champions now recruited across the sub-region we are well placed to embrace the rise in availability of superfast broadband services. The project team is working with the local media and they are enthusiastically supporting our campaign.

12.0 Access to Information

- 12.1 Background papers relating to this report can be inspected by contacting the report writer:

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