
Report to Cabinet



Local Full Fibre Networks Programme

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance & Corporate Services

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Reason for Decision

The purpose of the report is to;

- a) Secure the necessary agreements on behalf of Oldham Council, which together with similar agreements from all the other participating Authorities and bodies, will enable the full fibre provider to be contracted by 1 October 2019, and
- b) Gain approval to appoint a dedicated project management resource for Oldham to manage the interface between the various Council services that will need to be involved, the appointed contractor, the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TFGM).

Executive Summary

Following the successful Greater Manchester (GM) bid to Central Government's Department for Digital Culture Media and Sport (DCMS) for £23.8m of Local Full Fibre Networks funding (LFFN) in March 2018 a considerable amount of work has been undertaken to finalise this large complex project.

The LFFN Programme will have a transformational impact on digital infrastructure in GM, at its conclusion the region should have the best high-speed digital infrastructure coverage of any city-region in the UK. The programme is also expected to deliver cost benefits to public sector partners over the medium term.

The Council has been working very closely with the TfGM LFFN Team who have been drawing on local technical, financial, procurement and highways expertise to ensure that the LFFN Full Fibre Programme is delivered within the tight timeframe and meets local needs.

The grant offer from DCMS requires GM to spend the £21.3m DCMS LFFN funding by the end of March 2021. This is a challenging timescale, which requires the LFFN to be procured during the first half of 2019/20. Therefore, Oldham, together with all the other participants need formal financial approvals to be in place before the scheduled date for contracts to be awarded in October 2019.

As the GM wide initiative has been under consideration for some time, the approved 2019/20 to 2023/24 Capital Strategy made provision for the Council's inclusion in the scheme, with an initial investment of £1.5m being set aside. The commitment and cost to the Council has therefore been anticipated and included in both the revenue and capital financial plans

Recommendations

Cabinet is requested to:

1. Approve that authority is delegated to the Leader of the Council and Deputy Chief Executive (People and Place) to approve the final capital funding commitment up to a maximum of £1.525m which will fund the connection of at least 63 mandatory sites within the Oldham area and up to 36 additional sites.
 2. Approve that authority is delegated to the Leader of the Council and Deputy Chief Executive (People and Place) to enter into a contract with the preferred supplier for the fibre connection of public sites and premises in Oldham under the GM Local Full Fibre Networks Programme.
 3. Approve that authority is delegated to the Leader of the Council and Deputy Chief Executive (People and Place) to enter into the Inter Authority Agreement (IAA) that sets out the local authority role and processes for the implementation of the LFFN Programme.
 4. Accept the Oldham share of the DCMS LFFN grant funding, which will be distributed by the GMCA
 5. Agree the engagement of a dedicated project management resource, at a maximum cost of £60k for a period of up to 36 months
 6. Agree to increase the capital allocation within the currently approved Capital Programme by £0.085m from the currently approved £1.500m to £1.585m with the utilisation of Funds for Emerging Priorities, to fully fund the proposals contained within this report
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Local Full Fibre Networks programme**1 Background**

- 1.1 In March 2018, Greater Manchester (GM) secured 25% of the UK Local Full Fibre Network (LFFN) funding pot, offered by the Department for Culture Media and Sport (DCMS), to connect over 1,300 public sector sites across GM. This is expected to encourage further private sector investment of up to £250m and could be worth over £2.1BN¹ to the GM economy over the next fifteen years. In Oldham this is potentially worth £123 million
- 1.2 The LFFN Programme is expected to have a transformational impact on digital infrastructure in GM - leading to an increase in full fibre coverage from 2% now to around 25% within three years. Greater Manchester would then have the best high-speed digital infrastructure coverage of any city-region in the UK. Oldham currently has 5.99% full fibre coverage.
- 1.3 The LFFN Programme is also expected to deliver cost benefits to public sector partners over the medium term and additional cost benefits can be expected from increased competition from providers seeking to provide services to partners over the new fibre network. As a result of this programme, the costs of full fibre infrastructure for partners is fixed for a minimum of 20 years meaning the borrowing costs on upfront capital would be largely offset as there would be no inflationary costs.
- 1.4 The grant offer from DCMS requires GM to spend the £21.3m LFFN funding by the end of March 2021. This is a challenging timescale, which requires the LFFN to be procured during the first half of 2019/20, with contracts being awarded in October 2019, thus allowing enough time for a network build of over 450km of new fibre across GM.
- 1.5 It is expected that £20.465m of the DCMS LFFN grant together with total partner upfront capital investment of £13.347m (which will negate revenue costs for full fibre access for a minimum of 20 years) will create a £33.812m capital programme to connect over 1,300 public sites with full fibre.
- 1.6 As the GM wide initiative has been under consideration for some time the approved 2019/20 to 2023/24 Capital Strategy made provision for the Council's inclusion in the scheme, with an initial investment of £1.5m being set aside. The cost to the Council has therefore been substantially anticipated and included in both the revenue and capital financial plans.

2 LFFN Programme Scope: GMCA and Greater Manchester Fire and Rescue Service (GMFRS) Assets

- 2.1 As advised, the LFFN Programme will see over 1,300 public sector assets connected with full fibre. This includes over 580 Local Authority sites, 33 Fire and Rescue Service sites and more than 690 Urban Traffic Management and Control (UTMC) assets.
- 2.2 The GMCA owns UTMC assets as part of a wider Intelligent Transport System (ITS), which is managed by Transport for Greater Manchester (TfGM). It connects highways infrastructure including traffic signals, pedestrian crossings, variable message signing and CCTV cameras. All assets are connected back to the TfGM Control Centre and monitored 24/7.
- 2.3 Full fibre connection of UTMC assets across GM will enable dynamic management of the network and faster response times to manage real-time incidents and traffic management, as well as opening opportunities for future 'Internet of Things' and 5G uses.

¹ Regeneris 100 Towns and Cities 2018

2.4 UTMC assets are principally located along the radial routes across GM and are therefore complementary to the connection of local authority and Fire and Rescue Service (GMFRS) sites which are also within the programme scope. The full fibre connections to the Fire and Rescue sites will be fully resilient.

3. Proposed Procurement Approach

3.1 GMCA will act as the accountable body for DCMS LFFN funding and will be the grant recipient from DCMS, passing on the agreed allocation of grant to each Authority, it should be noted that the funding distribution will be finalised for each local authority through the tender negotiation. TfGM will act on behalf of the GMCA and the participating Authorities in providing DCMS with the monitoring information it requires in order to make payment of LFFN grant funding to the GMCA.

3.2 TfGM is undertaking the procurement and programme management on behalf of the LFFN Stakeholders (GM Local Authorities, GMCA and GMFRS). This role includes procurement of the delivery contracts; oversight of the installation of the fibre network by the suppliers; working closely with the participating Authorities and the GMCA; management of overall supplier performance and progress tracking.

3.3 The programme will be delivered through two main single supplier contract areas, a Northern Framework and a Southern Framework, grouped geographically. A single Northern Provider is to be appointed to install full fibre connections to all the identified/ agreed sites in the ownership of Oldham together with Bolton, Bury, Rochdale and Wigan Councils, plus all of the sites in the ownership of the GMCA that are located within each of the 5 localities.

3.4 This will result in six individual Authority Contracts being let/ entered into under the Northern Framework by each of Oldham, Bolton, Bury, Rochdale and Wigan Councils and by the GMCA (for UTMC and Fire & Rescue Services assets). The contract will provide for Oldham Dark Fibre Infrastructure (Ducting and Fibre) under an Anchor Tenancy model.

3.5 Oldham will also enter into a contract for the provision of Deployed Services with the successful Northern Provider. The terms and conditions for each Authority Contract will be the same, but each contract will cover different sites.

3.7 As previously stated, the DCMS LFFN enabling funding distribution will be finalised for each local authority through the tender negotiation. Allocations will be made to ensure that agreed minimum outcomes are achieved in each of the Local Authority areas. Whilst there is an expectation that each locality will benefit from a minimum of £2.1m of funding, the grant sum will vary considerably between each Authority because of the following:

- Geographical differences
- Interdependencies between local authority, TfGM and Fire and Rescue Service assets
- The amount of fibre assets a provider has already invested in the local authority area

4. Local Authority Agreements and Local Management Requirements.

4.1 The Council has been working very closely with the TfGM LFFN Team who have been drawing on local technical, financial, procurement and highways expertise to ensure that the LFFN Full Fibre Programme is delivered within the tight timeframe and meets local needs.

4.2 The delivery of this large complex programme will require the Council to enter into an Inter Authority Agreement (IAA). This sets out the funding contributions; the support that will be provided by the TfGM LFFN Team to each participating Local Authority and the general agreed contract management approach. The Delivery Management Agreement will set out the role of TfGM in the delivery of this Programme. It is expected that all TfGM programme and project management costs will be covered within a sum of £1.5m funding that has been separately agreed outside of the overall £21.3m DCMS funding.

4.3 The programme is both complex and scheduled to run to a very tight timescale for which the GMCA will be the accountable body and grant recipient. TfGM will undertake the procurement and programme management on behalf of partners and will also provide monitoring information to enable the DCMS to release the grant to the GMCA. There will however be a requirement for a high degree of local co-ordination between the various Council services, local stakeholders and partners, the appointed contractor and also the GMCA and TfGM, it is therefore proposed that a dedicated project management resource is put in place to manage and lead the procurement from an Authority perspective. Approval is therefore sought to engage a part time resource for a period of 36 months at a maximum cost of £60k. The intention being that the cost of the resource be capitalised and added to the direct investment in the programme.

5. GM Prospectus - Accelerating Full Fibre Roll Out and Minimising Disruption

5.1 The scale of the LFFN programme is expected to accelerate market investment in the further roll out of full fibre networks across GM, however this can only be achieved if it is cost effective for the private sector to do so.

5.2 The costs of fibre roll out will be significantly reduced if all the participating Authorities adopt common processes and criteria to utilities infrastructure delivery. This will be achieved by the widest adoption of a Greater Manchester Prospectus and TfGM has been working with all local authorities to ensure that this is was place in July 2019. This includes:

- The introduction of GM Standardised Wayleave; based on the Ofcom Code Agreement, which has been incorporated into the contractual requirement of suppliers for LFFN programme;
- GM Full Fibre Delivery; adoption of a uniform approach through Highways Street works legislation and co-ordination of agreed measures with participating Local Authority Highways managers including implementation of Street Works regulations, GM Road Access Permit Scheme (GMRAPS), permanent reinstatements, consistent quality standards across Greater Manchester, to ensure that roll out minimises disruption and implementation delays;
- The adoption of a “dig once” strategy which is achieved by the sharing of data of future planned Highway/Street works, using participating Local Authorities capital works programmes and planned revenue activities, working with service providers, to align to the installation of the GM Full Fibre ducting;
- Agreement with participating Local Authorities in their capacity as Highway Authorities around the preferred approach to funding reinstatements where existing assets are in a poor state of repair and have to be replaced during the GM Full Fibre construction works (i.e. broken paving slabs, fractured carriageways, etc); and
- Supplier engagement and attendance at Streetworks Co-ordination forums and collaborative planning meetings.
- Incorporation within Planning Policy and Guidance to ensure future developments have full fibre provision

5.3 For the LFFN Programme specifically, key elements of the Prospectus are being taken forward through the LFFN procurement process in conjunction with Local Authority Highways Departments across GM. This will minimise local disruption and is expected to deliver better value for money in the GM LFFN procurement exercise

6. Timeline

6.1 As advised above, this is a complex multi partner programme with tight timescales driven by the need to spend the DCMS element of the funding before the end of March 2021. DCMS has agreed that its funding can be spent first. This enables the programme to run a

further 18 months after the grant end date by using the agreed capital investment from partners.

6.2 The procurement process to date (run by TfGM) has produced an excellent response from across the market and the programme is on schedule to deliver.

6.3 Tenders were invited on 8th June with the deadline for responses being 10th July 2019. Following shortlisting at the end of July, tender negotiation is expected to be complete by the beginning of September. The grant agreement would then be finalised with DCMS before the end of September and with Contracts expected to be let on 1st October 2019.

6.4 The tight timescales necessitate that delegated authority is required to enable the local authority to enter into a contract with the successful tenderer. At that stage, the precise capital funding figure and the number of local authority sites to be connected with full fibre using funding together with DCMS grant will be confirmed.

7 Options/Alternatives

7.1 The options that Cabinet might consider in relation to the contents of this report are;

- Approve the recommendations contained within the report
- Not to approve the recommendations contained within the report

8 Preferred Option

8.1 To approve the recommendations contained within the report

9 Consultation

9.1 Consultation has taken place with the services within the Council and the Director of Finance, together with extensive cross GM consultation with the 7 other participating Councils GMCA, TfGM and DCMS.

10 Financial Implications

10.1 The detailed financial implications are contained within the report from a wider programme perspective. The financing of the anticipated cost of the programme for Oldham is summarised in the table below. It is proposed that the capital allocation included within the approved 2019/20 to 2023/24 capital programme is increased with an allocation of £0.085m from Funds for Emerging Priorities (there are sufficient uncommitted funds available in this capital allocation). This will increase the maximum capital contribution by £0.025m and provide £0.060m for a project management resource.

	£000
Maximum LFFN Contractual Capital Contribution	1,525
OMBC Specific Project Management Resource	60
Total Cost (Capital)	1,585
Funded by	
Approved Capital Funding	1,500
Funds for Emerging Priorities	85

10.2 It is important to note that the number and range of sites in Oldham (and within the wider GM programme) may vary as the work gets underway, from a minimum of 63 mandatory sites up to a possible 99 (plus a further 79 TfGM, UTMC and Fire and Rescue Service sites within the Oldham locality by way of a separate contract within the Northern Framework with the GMCA). However, the LFFN work will be managed within the maximum agreed sum of £1.525m.

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- 10.2 The accounting arrangements for this project have been examined closely to ensure a correct and compliant approach. Each Local Authority and GMCA have agreed to adopt the same arrangements. In this regard, GMCA commissioned KPMG LLP to undertake a detailed examination of Accounting Standards, Codes of Practice and legislation. The KPMG LLP advice has concluded that the approach being adopted GMCA and participating Authorities is appropriate and that costs can be capitalised.

11 Legal Services Comments

- 11.1 Legal Services has reviewed the template documentation provided to date, but the details are lacking at the moment and the solicitor for the GMCA has advised that the GMCA is awaiting a final version of the grant funding agreement with the terms and conditions of grant to append to the inter authority agreement. The inter authority agreement is specifically drafted with a view to protecting the GMCA as the lead contracting authority and has the requisite protections in place including indemnities from each contracting authority in relation to shortfalls in funding and the potential repayment of funding.
- 11.2 Meanwhile, the procurement process is progressing well. The evaluators from each contracting authority have been apprised of the evaluation process and know the position in relation to the two bids for the north and south regions.
- 11.3 It is Legal Service's understanding that the GMCA is awaiting confirmation of the grant funding position from DCMS and at this stage, it appreciates that the lack of certainty affects the decision making process for each contracting authority. Therefore, it is asking for an in principle decision based upon an agreement as to the required number of sites, the maximum contribution and the draft terms and conditions of the contract. (Elizabeth Cunningham Doyle)

12 Co-operative Agenda

- 12.1 The implementation of the Local Full Fibre Networks Programme aligns with the co-operative ethos of the Council. It aims to ensure that the residents of Oldham, local businesses and the wider public sector/ business community are best placed to take advantage of the latest technology and thereby enhance the community of Oldham

13 Human Resources Comments

- 13.1 There are no Human Resource implications.

14 Risk Assessments

- 14.1 The biggest risk at this stage on the project is the tight timescale to deliver the installation and comply with the grant conditions assuming the grant is confirmed. As such approving the report at this stage is sensible to reduce the risk of slippage (Mark Stenson).

15 IT Implications

- 15.1 There are no specific IT implications, connectivity to identified sites will come online when the BT WAN contract expires in 2022. There will be a separate procurement exercise led by GM to provide a managed service over this dark fibre.

16 Property Implications

- 16.1 The proposal will see the full fibre connections to a minimum of 63 Council sites, this is clearly a large undertaking working to a very tight timescale requiring the coordination of a number of Council services with both the appointed contractor and the GMCA/ TfGM. The costs and disruption of the fibre roll out will be significantly reduced if all the participating
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Authorities adopt common processes and criteria to utilities infrastructure delivery. This will be achieved by the widest adoption of a Greater Manchester Prospectus and TfGM has been working with all local authorities to ensure that this will be in place. In addition, the report proposes the appointment of a dedicated project management resource to manage the construction phase on behalf of the Council.

17 Procurement Implications

17.1 GMCA are the lead Authority for this Procurement exercise with Oldham Council being named as part of the collaboration in the OJEU Notice and ITT Documentation. Oldham Council and Unity have been involved in the development of the specification to ensure it will meet our requirements and will participate in the evaluation of the bids.

18 Environmental and Health & Safety Implications

18.1 There are no Environmental and Health and Safety implications.

19 Equality, Community Cohesion and Crime Implications

19.1 There are no Equality, Community Cohesion and Crime implications.

20 Equality Impact Assessment Completed

20.1 Not Applicable.

21 Key Decision

21.1 Yes

22 Key Decision Reference

22.1 FCR - 28 - 18

23 Background Papers

23.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Report presented to the GMCA Meeting of 1 March 2019;
Item 11 - GM Full Fibre Programme - Implementation:
https://www.gmcameetings.co.uk/meetings/meeting/659/greater_manchester_combined_authority

24 Appendices

24.1 None
