

Report of the Strategic Director Corporate Services to the meeting of the Corporate Overview & Scrutiny Committee to be held on Tuesday 5 October 2021

Subject:

Network Infrastructure Development for Bradford District.

Summary statement:

This report makes the case to go to market to procure a network infrastructure partner for 20 years to deliver full fibre gigabit network infrastructure for the Council and the Bradford Learning Network (BLN). In doing so it will also deliver significant social value by the way of investment in gigabit connectivity across large parts of Bradford District, that would otherwise be “left behind” for some years using inadequate broadband.

EQUALITY & DIVERSITY:

This action will contribute to “Working with our partners and the district's many communities to understand and meet the needs of individuals and communities, and improve their opportunities, wellbeing and ability to live together productively”. Providing the best connectivity to many additional areas will tackle digital exclusion.

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Overview & Scrutiny Area:
Corporate Resources

1. SUMMARY

- The purpose of this report is to inform the Corporate O&S Committee of the intention to go to market to procure a network infrastructure partner to deliver full fibre gigabit network infrastructure for the Council and the Bradford Learning Network (BLN) and obtain scrutiny and any suggestions on the proposals. The procurement will achieve significant social value by way of increased investment in gigabit connectivity for large parts of Bradford and can be delivered within existing expenditure levels. No capital funds or additional revenue is sought.

2. BACKGROUND

- The Digital Strategy for Bradford district sets a key objective to ensure the district has a digital infrastructure that matches the best in the world by maximising fibre & 5G rollout to support economic growth, inclusion and efficient public services. A fully fibre deployed district will serve as a key foundation for economic growth in addition to providing the backbone for our 5G and Smart City and Clean Growth aspirations. The ambition is for all premises across the City & District, both business and domestic, to have access to gigabit capable connectivity.
- Analysis of DCMS & Telecommunications company's investment plans has shown that many areas within the district will still be without adequate broadband for some years. Telecommunication companies state 100% fibre to the premise won't be achieved by 2033 and that is with further government interventions. COVID has also highlighted that many of our citizens and businesses are digitally excluded.
- As the owner of significant land and property assets, a sizable consumer of connectivity and digital services as well its statutory role in respect of the entire development process, the Council has the opportunity to significantly influence the infrastructure position of the District.
- Other cities have taken a place-based approach to procurement of networks by consolidating their requirements, separating out the infrastructure element from the internet services / Network provision and offering a longer term contract opportunity on the infrastructure. This resulted in them increasing and accelerating investment in fibre infrastructure across their cities as part of a social value gain from the successful network infrastructure provider.
- With this in mind, detailed discussions were held within the Council, with BLN who look after over 130 schools and with the CIOs of all the Health agencies i.e. both foundation trusts and the CCGs who look after Primary Care. All Health CIOs were keen to collaborate and work together on a joint approach for the benefit of Bradford district however timescales are misaligned for the end of existing contracts for health partners. Also, the CCGs, who have the biggest number of sites have recently entered into a 5-year contract with Virgin for its network provision and still has some existing legacy contracts.
- Whilst the inclusion of the Health sites within scope would be advantageous for a "placed based approach", nevertheless, a Soft Market Test with the 5 major Telcos confirmed that the scope of just the Council and BLN sites would still stimulate

significant additional investment in delivering full fibre Gigabit capability to all our respective sites and large parts of Bradford district and this could be achieved within the existing funding envelopes and may even reduce costs.

➤ The approach is as follows:

- Currently both the Council and BLN pay for a full service to Virgin, both infrastructure and network services. The proposed approach will split infrastructure from the network services element.
- Procure through Crown Commercial Services (CCS) Framework RM6095 a network infrastructure provider, beginning April 1st, 2022 for the Council and the BLN to deliver a Gigabit fibre network to all our respective sites and extend this network, as part of its social value element, to many other parts of Bradford district including social housing and rural areas. This contract is for Infrastructure only and will be for 20 years. The infrastructure will contractually and technically allow for it to be used by any reputable network service provider.
- A network services provider will be procured for the first 3 years (the duration of the fibre infrastructure implementation) at which time the Council and BLN can then procure their own network services partner as they see fit. The network services provider will be procured through CCS Framework RM3808.

➤ What are the Benefits?

➤ This intervention approach will go a long way for Bradford to achieve its 100% Gigabit aspirations for the whole district. It is imperative that the Council achieve this as a key enabler of economic growth, digital inclusion and transformation of future public service delivery. Research has shown that investment in full fibre infrastructure can unlock 2% GPD growth and can deliver the following benefits:

- Increased productivity
- New companies / Start-ups
- Talent Retention
- Agile Workforce
- Empowered Citizen
- Innovative Society
- Digital Inclusion

➤ This approach will accelerate and increase investment from the private sector on delivering full fibre connectivity to the premise for large areas of Bradford which would otherwise not be in receipt of this, potentially for many years. One other local authority, smaller than Bradford Council, recently appointed a network infrastructure partner through this approach and not only secured fibre to all its council buildings but also to over 50,000 houses.

➤ We know from the soft market test, one area in particular which will gain significantly as a priority with roll out of fibre is across the Aire Valley covering some of the District's largest towns and rural areas. Without this intervention these areas

will remain with inadequate broadband, based on current investment plans. This is because some of these areas are not deemed to be commercially viable for the Telecommunication companies. None of the key players plan to invest in fibre to the premise (FTTP) for this area.

- The soft market test also confirmed, where a Council or BLN site is connected, they would simply take the opportunity to “flood-wire” that area, capturing many businesses and homes and delivering gigabit fibre to the premise. They are able to do this partly to adhere to a “dig once policy” but also their investment is profiled over the length of a longer contract. Clearly the more sites we have on board, the more areas will be covered but given the spread of Council sites and schools, a large number of areas with housing and businesses will be upgraded to access fibre to the premise.
- This approach will provide the Council with budget certainty as we will “peg the price” for 20 years where cost of connectivity pricing is expected to rise. To do smaller contract periods would increase the price significantly as the cost of digging becomes more expensive.
- Once in place, the Council will work with the network infrastructure and the ISP community (local and national) to offer affordable services to our business and domestic communities.

3. OTHER CONSIDERATIONS

- It is recommended as part of a future phase to look at other Council connectivity and ducting that could be brought into the contract i.e. Urban Traffic Control (UTC), CCTV and leveraging value from the Council’s own ducting. These are currently outside of this agreement as budgets used to fund these services and assets and the management of these are held within Department of Place and should be brought together to avoid a sub-optimal solution and missed opportunity (example selling our own ducting to reduce Council costs). There may also be compliant risks on the use of these ducts which can also be addressed.

4. FINANCIAL & RESOURCE APPRAISAL

- Both the network infrastructure contract and the network services contract will be funded out of existing budgetary expenditure for network services. There may even be a reduction in cost. This was tested during the soft market test and all five companies who responded said they would be able to deliver the fibre to the premises together with the increased social value element within existing revenue costs. No Capital Funds or additional revenue funds are being requested. We are confident from our discussions with the companies this can be achieved. Indeed, it highlighted that the Council are currently paying above market rate on its legacy contracts without receiving the value of full fibre network.
- Therefore, the exact costs will be determined after bidder submissions where the Council will have an opportunity to confirm expenditure levels are within budget before proceeding. Based on existing network costs we can estimate the contract

value. We currently pay for both services together in approximately two thirds / one third split for infrastructure and network services respectively. The Council will seek a net effect of both contracts a flat-line cost profiled across the 20 years with no inflation. Therefore, our estimate of total contract value (TCV) is to be no more than:



Infrastructure	Value	Duration	TCV
Council & BLN	£386k pa	20 Years	£7.7m
Network Services	Value		
Council & BLN	£193k pa	3 Years	£966k



These are based on current costs. In addition to the social value investment in extending the full fibre network, it is expected we will achieve a reduction on current pricing.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

Risk	Likelihood / Impact	Mitigation
Schools only sign up for network services for 3 year periods but the infrastructure is for 20 years?	High / Low	<p>Whether schools renew through the BLN in three years' or went alone in the future and appointed their own network services provider, they will still need to use the fibre infrastructure which will deliver a level of broadband and competitive price which won't be matched. The BLN support service will simply tailor its cost base to match the number of schools signed up, this is no different to present situation after every 3-year renewal period.</p> <p>Schools have been engaged throughout the discussions and soft market testing and welcome the potential to receive gigabit connectivity and reduced pricing</p>
Council rationalises its Estate	High / Low	The Council's Estate Strategy is in development. Even if some buildings are no longer required, any sale will come with the full fibre to the premise infrastructure; Also by connecting with fibre to those buildings, the Council will have achieved the added value of extending the fibre network to premises, (business and domestic) in the neighbouring area at no more cost than currently paid.

		The contract will also allow for a level of flexibility in changes in building configuration.
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6. LEGAL APPRAISAL

- The plan is to use the Crown Commercial Frameworks already in place which has contracts, heads of terms and schedules all signed up to by each of the Telecommunications companies. This is a compliant multi-bidder competitive tender and the companies on the framework will be invited to submit their bids. There was significant interest from the main network operators during the soft market test. The Infrastructure provider will be procured through RM6095 and the network services provider will be procured through RM3808.

7. OTHER IMPLICATIONS

7.1 SUSTAINABILITY IMPLICATIONS

- Full fibre gigabit connectivity will allow the effective delivery of virtual public and private services, therefore reducing the need for travel.

7.2 GREENHOUSE GAS EMISSIONS IMPACTS

- Full fibre gigabit connectivity will allow the effective delivery of virtual public and private services, therefore reducing the need for travel.

7.3 COMMUNITY SAFETY IMPLICATIONS

- No implications

7.4 HUMAN RIGHTS ACT

- No implications

7.5 TRADE UNION

- There are no implications.

7.6 WARD IMPLICATIONS

- The specific implementation plans will be known when the winning bidder is appointed however we know at this point that many Wards will receive additional investment in full fibre connectivity.

7.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

- Nothing to report at present until the winning bidder is appointed and implementation plans are drawn up.

7.8 IMPLICATIONS FOR CORPORATE PARENTING

No implications.

7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

No implications.

8. NOT FOR PUBLICATION DOCUMENTS

➤ None.

9. OPTIONS

➤ The options are:

Option	Pros	Cons
1. Do Nothing	None	Network provision contract ends in March 2022 for Schools and November 2022 for the Council. Not feasible.
2. Go to market for a joint network service provision similar to existing approach	None	Missed opportunity to stimulate market investment in Bradford infrastructure; No gigabit upgrade to Council and School Buildings.
3. Separate the network infrastructure provision from the network services provision, appoint a long term partner for infrastructure and 3 to 5 year contracts for service provision	Increased investment in full fibre to all Council and School premises; “flood wiring” of large areas of Bradford with full fibre and the economic benefits associated with it; Delivery within existing funding envelopes and may reduce cost. Budget certainty and vfm.	None

10. RECOMMENDATIONS

➤ The O&S Committee is asked to note and consider the recommended option 3, to procure a network infrastructure provider for 20 years and a network services provider will be procured on a 3 to 5-year contract. The Strategic Director Corporate Resources in conjunction with Director of Finance & IT to appoint a provider, subject to the cost being within existing budget provision.

11. APPENDICES

➤ None

12. BACKGROUND DOCUMENTS

➤ None.