

WIRRAL COUNCIL

ECONOMIC AND REGENERATION OVERVIEW AND SCRUTINY COMMITTEE

24 NOVEMBER 2010

REPORT OF THE DIRECTOR OF CORPORATE SERVICES

NEXT GENERATION ACCESS (NGA) PROGRESS REPORT

1.0 EXECUTIVE SUMMARY

1.1 This report up-dates Members on the work undertaken to progress the design, procurement and implementation of a Next Generation Access Network (NGA) for Wirral and outlines the next stages of development.

2.0 BACKGROUND

2.1 On 8th June 2010 Jeremy Hunt, Secretary of State for Culture, Media and Sport stated that "...Our goal is simple: within the lifetime of this parliament we want Britain to have the best superfast broadband network in Europe." This statement represents a continuity of policy direction following the publication of the "Digital Britain" report by the previous government. Successive governments clearly value the strategic importance of the digital, communications and creative sectors from both an economic (these sectors are currently worth over £52 billion per year to the UK economy and directly employ approximately 3 million people) and a social perspective with universal digital inclusion fast becoming an important policy goal.

2.2 Given the timescales involved in NGA roll-out across the UK and the inevitable prioritisation of major urban centres, many areas of the country are looking to accelerate the implementation of NGA because they understand the economic, investment and social benefits that it can bring. In Wirral, the Council and partners have already agreed an ambitious Investment Strategy for the Borough and it is within this context that the NGA project is being taken forward. The case for project development was presented to the Wirral's Investment Board on 9th October 2009 and the Council's Economic and Regeneration Overview and Scrutiny Committee on 23rd November 2009. Both groups agreed that NGA was a priority project which would bring considerable economic, investment and social benefits to Wirral and they unanimously endorsed the development of the next stage of the project. They also identified the potential for the Council's public, private and voluntary sector partners to become involved in this project and this will bring significant additional benefits to these sectors.

2.3 On the 18th March 2010 Cabinet endorsed the actions taken to progress the design, procurement and implementation of a Next Generation Access Network for Wirral and approved funding to implement the first of two phases which gives priority to Wirral's main business areas. Cabinet also approved that the funding will come from the Working Neighbourhoods Fund and the Council's Revenue Budget. The pre-tender estimate for the cost of the first phase roll-out of NGA is £12M with delivery across all of Wirral is estimated to be a further £23M.

2.4 Some of the headline benefits to Wirral of Next Generation Access are;

- The creation of a world-class business environment and infrastructure provision allowing companies to thrive by reaching new customers, increasing sales, reducing time to market and greatly lowering costs,
- Raise perceptions and confidence that Wirral is an enterprising location for inward investment purposes and the development of high growth sectors,
- Greatly improve the efficiency of public service delivery particularly in the field of health care, education and research but also in the social care environment,
- Dramatically improving Wirral residents' access to internet based goods and services.

3.0 **NGA PROGRESS**

3.1 With Cabinet approval in place efforts have focused on consulting and preparing detailed evidence required for formal approval processes. Widespread consultations have taken place with internal and external stakeholders with a view to validating Wirral's approach. It is clear from these consultations and attendance of regional ICT events that Wirral is providing strong and pro-active leadership in this sector. Neighbouring local authorities have been keen to learn from our approach as have the North West Development Agency. Numerous meetings have been held resulting in a valuable exchange of information.

3.2 In addition a growing number of digital infrastructure companies and service providers have been very keen to understand more about Wirral's NGA project and where they could bring added value by offering their expertise and resources. Meetings have taken place with most of the industry leaders and the intelligence gathered has fed into further project development. All of the companies that have been in contact are eagerly awaiting the opportunity to tender and to be part of Wirral NGA project if successful.

3.3 While the NGA project has been under development British Telecom (BT) announced that, as part of a nation wide initiative the BT exchange at Heswall would be upgraded to enable super-fast broadband service provision. At the time of that particular announcement no other Wirral exchanges were programmed to be up-graded. However in a recent and unexpected development it was announced (BT press release, 29th September 2010) that an additional four Wirral exchanges would be enabled for NGA proposes by Autumn 2011. The exchanges in question are those in Wallasey, Irby, Caldy and Mountwood. This development will be communicated to interested parties as part of the tender documentation as it may potentially affect the coverage of new services. BT are clearly fast-tracking their investment plans in a response to Wirral being pro-active and providing leadership.

3.4 Proceeding along side the above Adit North and Officers have been working to develop a dedicated State Aid notification underpinned by a business model to be taken to the EU Commission for approval. As it is essential to obtain State Aid approval Adit North engaged specialist legal support in preparation of the necessary documentation. Consultations have also taken place with officials at the Department for Business, Innovation and Skills the outcome of which was positive. With this encouragement Wirral's NGA project has been submitted to the EU Commission for State Aid approval.

3.5 The business case modelling exercise referred to above was factored into the production of the Statement of Requirements (SOR) which defines the expected

outcomes and provides a framework for tendering purposes. The tendering process will be undertaken via the Official Journal of the European Union (OJEU) and will be designed procure the following;

- Provision of Broadband Infrastructure - The tender will be designed to secure an infrastructure provider to undertake civil engineering works which may consist of activities such as the laying of fibre optic cabling and installation of street cabinet connection points. Tender documentation has been written to be technology neutral in that it will not prescribe any particular solution or infrastructure. Instead it will be for bidders to make the best possible case and convince Officers and Adit North of the merits of their bid. The bidding process will enable thorough interrogation and evaluation of each submission.
- Specialist Operating and Management Services - It is critical if the infrastructure is to operate efficiently that an operator is appointed to run the network and provide wholesale products and service packages to the market.

3.6 The drafting of tender documents is very advanced and a Prior Information Notice (PIN) was issued on 27th September 2010. All tender documentation will be drafted in accordance with EU Public Procurement Directives, relevant UK legislation and best practice. All interested parties will be asked to complete a pre-qualification questionnaire (PQQ) and if short-listed to complete an invitation to tender (ITT) and provide a draft business plan.

3.7 In addition to the progress outlined above Adit North have engaged with Ofcom, the Independent Regulator and Competition Authority for the UK Communications Industries to ensure they are fully appraised and updated and aware of Wirral's initiative.

4.0 **NEXT STAGES**

4.1 With the progress made to date it is proposed to maintain this momentum and obtain State Aid approval from the EU at the earliest possible opportunity. The timing of which is largely out of local control but Officers and Adit North will respond quickly to any requests for further information or clarification should it be necessary. In parallel it is planned to proceed with the procurement of an Infrastructure Provider and a Network Operator. It is envisaged that the outcome of the tendering exercise will be the appointment of a key project partner to provide the physical infrastructure such as cabling and the procurement of an operating company. This could be one company or two or more companies in a sub-contracting arrangement.

MILESTONE	DATE
Publish OJEU Contract Notice	November 2010
Descriptive Document and PQQ available to Suppliers	November 2010
PQQ Submission (after Supplier clarifications)	29 th November 2010
Supplier PQQ Clarification (if required)	30 th November 2010
Supplier Shortlist from PQQ responses and ITT issued	3 rd December 2010
Suppliers submit detailed ITT response	14 th January 2011
ITT Clarification Meeting	Mid January 2011
Evaluation and Scoring	19-25 January 2011
Preferred Supplier Notification	3 rd February 2011
Draft Contract and Finalisation	Early-Mid February 2011
Cabinet - Internal Approval	Mid March 2011
Contract Signature	End March/April 2011
Works and Service Commencement to Completion	April 2011-September 2012

5.0 **FINANCIAL IMPLICATIONS**

5.1 The estimated total cost of the NGA project for Wirral is £35m. The first phase, costing approximately £12m for the businesses areas, will be funded from the Working Neighbourhoods Fund and Council resources.

6.0 **STAFFING IMPLICATIONS**

6.1 This project can be delivered with existing staffing resources. There are no staffing implications arising out of this report.

7.0 **EQUAL OPPORTUNITY IMPLICATIONS**

7.1 The successful implementation of this project has the potential to benefit all members of the community and thereby promote equality of opportunity. Implementation will aid service delivery across all sectors of the community.

8.0 **COMMUNITY SAFETY IMPLICATIONS**

8.1 The NGA network has the potential to improve the operational efficiency of Wirral's CCTV and traffic light systems to the benefit of community safety.

9.0 **PLANNING IMPLICATIONS**

9.1 Planning Permission will be required for the civil engineering works which will be required to implement this project. Existing ducts and network facilities will be used, as far as is possible to avoid disruption. The proposed Data Centre will require planning permission.

10.0 **ANTI-POVERTY IMPLICATIONS**

10.1 The NGA project will help to reduce poverty by making a range of opportunities available through access to fast broadband facilities leading to improved access to services and employment opportunities.

11.0 **SOCIAL INCLUSION IMPLICATIONS**

11.1 The NGA project will allow greater social inclusion through improved access to IT facilities, communications and employment opportunities.

12.0 **LOCAL MEMBER SUPPORT IMPLICATIONS**

12.1 This report will be of interest to all Members.

13.0 **BACKGROUND PAPERS**

13.1 None were used in the preparation of this report.

14.0 **RECOMMENDATIONS**

14.1 That Members welcome and note the progress made to date on this project.

Kevin Adderley
Interim Director of Corporate Services