

Report To: **STRATEGIC PLANNING AND CAPITAL MONITORING PANEL**

Date: 30 November 2015

Reporting Officer: Damien Bourke - Assistant Executive Director – (Development, Growth and Investment)

Subject: **GREATER MANCHESTER BROADBAND**

Report Summary: This report provides an update to the “Get Digital Faster” Superfast Broadband programme currently being delivered across Greater Manchester.

It also seeks approval for a further funding tranche to provide additional demand stimulation, the continued requirements for the upkeep of an SME database for future audits purposes and an extension of time for the programme team to deliver the extended programme.

Recommendations:

1. The Strategic Planning and Capital Monitoring Panel are asked to RECOMMEND to the Executive Cabinet for a final tranche of funding to the Greater Manchester Superfast Broadband roll out to:
 - agree funding of £20,000 over the two financial years 2015/16 (£5,000) and 2016/17 (£15,000) as part contribution to the initiative. (The other 7 AGMA authorities have already agreed to contribute identical amounts.)
 - delegate to the Borough Solicitor the ability to enter into any relevant legal agreements and make any necessary decisions to implement the scheme as identified in the report.

Links to Community Strategy: Broadband connectivity is crucial for businesses and communities – this programme to connect SMEs will enhance competitiveness of our business base. This is linked to Prosperous Tameside theme.

Policy Implications: Connecting businesses to high speed broadband is strongly linked to business performance and creation of jobs. Links to Economic Strategy.

Financial Implications: The additional funding of £20,000 requires approval to be funded and included within the Capital Programme, as follows:
(Authorised By Section 151 Officer)

£5,000 in 2015/16

£15,000 in 2016/17

If approved this would bring the total Council contribution towards this project to £388,750 (£75,000 revenue, £313,750 capital).

Legal Implications: The districts agreed to sign up to this programme with match funding to the EDRF of £312,500 per district and to agree to an indemnity agreement with Stockport (lead authority), which made us all jointly liable for any increase in costs. On the 18 November 2014 Strategic Planning and Capital Monitoring
(Authorised By The Borough Solicitor)

Panel agreed to recommend to Cabinet and this was subsequently approved. Accordingly, the Council we are liable for this increase of cost and this report explains why a further allocation of the Funding is required.

Governance Arrangements: The original Greater Manchester Broadband funding programme was considered and approved at the AGMA Executive Board on the 25 October 2013. Tameside's own contribution to the project was considered by Strategic Planning and Capital Monitoring Panel on 18 November 2013 and approved at Executive Cabinet on 11 December 2013.

Risk Management: Stockport Council is lead district authority on this project and has already signed a partnering agreement with districts. The additional work will be an extension of the above.

Access to Information: The background papers can be obtained from the author of the report, Nigel Gilmore, Head of Infrastructure:



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1. INTRODUCTION AND BACKGROUND

- 1.1 This report provides an update on Greater Manchester's approach to delivering the GM Superfast Broadband Programme through the Government's Broadband Delivery UK (BDUK) initiative.
- 1.2 For Greater Manchester, Get Digital Faster is a multi-million pound partnership funded by the European Regional Development Fund (ERDF), BT, BDUK and eight Greater Manchester authorities, Bolton, Bury, Oldham, Rochdale, Stockport, Tameside, Trafford and Wigan. Through the initiative Greater Manchester will deliver a solution that ensures broadband is provided to a wider range of SME's and residents than would not otherwise be provided by the market without intervention.
- 1.3 Transport for Greater Manchester (TfGM), is acting on behalf of the Greater Manchester Combined Authority in managing the programme roll out. BT is the main contractor delivering the works on the ground. The two remaining Greater Manchester districts, Manchester and Salford City Councils, are running separate programmes of work.
- 1.4 The programme objectives are:
 - To target "white" broadband areas, (areas that do not have access to basic broadband services and where there is no intention by commercial providers to roll out a service to the area);
 - To target key employment sites and town centre "white" Next Generation Access areas; and
 - To deliver across Greater Manchester information, education, and a demand building programme for Superfast Broadband services to businesses.

2. PHASE 1

- 2.1 The Phase 1 funding package amounts to approximately £13m, with contributions from ERDF (£3.5m), BT (£4m), BDUK (£3m) and individual district contributions of £312,500 each (£2.5m overall). The terms of the ERDF funding require the capital element to be spent by the 17th July 2015 and revenue by 30th September 2015.
- 2.2 The original Phase 1 funding programme was considered and approved at the AGMA Executive Board on the 25 October 2013. Tameside's own contribution to the project was considered by Strategic Planning and Capital Monitoring Panel on 18 November 2013 and approved at Executive Cabinet on 11 December 2013
- 2.3 A National TV and radio advert promoting broadband has been launched to promote recent investment in this and other similar initiatives across the country.
- 2.4 Phase 1 is due for completion by March 2016

3. PHASE 2 INITIATIVE

- 3.1 As part of a Phase II initiative, BDUK have made available a further £450,000 for the delivery of additional Superfast Broadband coverage across the eight districts involved in the Phase 1 scheme. This is conditional on a match funding initiative by GM partners including BT. BT is required to provide a 35% funding contribution in order to avoid state aid issues in the wider commercial market. The Phase II funding is set out below:

GM Districts (8 Number)	£450k
BDUK	£450k
BT	£760k
ERDF	£500k
	£2,160m

- 3.2 A funding contribution of £56,250 per district as part contribution to the match funding initiative was approved by the Strategic Planning and Capital Monitoring Panel in March 2015
- 3.3 Phase 2 is due for completion by March 2017

4 NEW FUNDING REQUEST

- 4.1 The Phase 1 of Get Digital Faster included a “Demand Stimulation” service from BT which has helped drive the take up of broadband services well ahead of plan and has generated positive PR for the Districts publicising the fact that the eight GM districts involved in the initiative has invested in the programme for the benefit of homes and businesses.
- 4.2 BT’s Demand Stimulation service activities has included the development of an interactive web site (<https://www.get-digital-faster.info/home>), business breakfast briefings, radio advertising and interviews, Expo events, direct mail, posters and other marketing activities. The programme utilised European funding for 50% of the Demand Stimulation costs, the remaining costs coming from a BT supplier contribution. The European funding for this ceases at the end of August 2015 and the BT funding will run out in December 2015. It is proposed that Greater Manchester continue the Demand Stimulation service to April 2016. This will require a contribution of £3,750 per district. Further funding for the BT Demand Stimulation package beyond this request will not be required.
- 4.3 The TfGM and Stockport programme team have been driving the programme forward and have requested an additional contribution of £1,250 per district for their budget to March 2016. This is to cover the costs of a Small and Medium-sized Enterprises (SME) database required to provide robust evidence for the European funding claim, and provides funding cover for the work necessary to successfully manage future audits.
- 4.4 As noted in section 3 above, Tameside in March 2015, committed £56,250 of capital match funding towards BDUK’s contribution of an additional £450,000 for Phase 2 of the programme, increasing coverage of priority areas. At the time, the programme believed that most or all of the additional deployment work could be delivered within the timeline of Phase 1. However due to other commitments, BT were only able to contractually commit to delivery by March 2017 which now requires an extension of the TfGM and Stockport programme team. The funding requirement is £15,000 per District.

4.5 Summary of funds requested:

Timeline	Cost	Requirement Purposes	Comment
To March 2016	£5,000	Demand Stimulation and potential future audit	Demand Stimulation: £3,750 Programme team element: £1,250
March 2016 and March 2017	£15,000	Extension of time for the TfGM and Stockport Greater Manchester Broadband programme team	

4.6 No further district funding is envisaged for this element of the works programme.

4.7 This phase of the funding is tied into the Phase 2 works and is due for completion in March 2017

5 FUTURE GAIN SHARE ARRANGEMENTS

5.1 Looking beyond March 2017, the Greater Manchester contract with BT for the eight districts involved has a clause which triggers “Gain Share” capital funding from BT, should the take up of services from the cabinets deployed be greater than a threshold of 20% take up.

5.2 In recognition of the success of this programme to date, BT has proposed to pull forward the Gain Share element of the programme on an assumption that 30% gain share will be achieved, generating a capital fund of £1.8M. Initial discussions with BT have concluded that the additional deployment in theory could be delivered within the Phase 2 timeline, but learning from previous experiences it may be necessary to assume that another 12 months will be required given BT’s commitments nationwide. No further district funding is envisaged for this element of the works programme. The programme awaits further written details on Gain Share which will be presented to the Get Digital Faster Steering Board once received.

6 RISKS

6.1 As the existing Lead Authority, Stockport will remain responsible financial governance and project assurance as an extension to the existing agreement already set in place between all eight districts. This Agreement provides conditions relating to:

- Use of the funds for grant purposes and to comply with the Grant Conditions.
- To comply with the grant programme;
- To provide monitoring reports and keep appropriate records;
- The Section 151 officer putting appropriate professional arrangements in place to manage the Grant and report expenditure;
- Ensure lawful conduct, procurement process and compliance with State Aid rules throughout the project;
- Provide appropriate insurance coverage in place in connection with the Grant.

6.2 The Lead Authority has already entered into a separate agreement with TfGM who have extensive experience of delivering similar infrastructure projects to provide the necessary support and assurances under the contract.

- 6.3 The other Councils have entered into a Partnering Agreement with the Lead District to ensure that each local authority share the liabilities and benefits of the Contracts and funding agreements.
- 6.4 TfGM will continue to be responsible for the procurement and day-to-day project management of the infrastructure programme with each authority continuing to allocate an internal resource to assist in the roll-out of the program in their area.

7. RECOMMENDATION

- 7.1 As set out on the front of the report.