

REPORT FOR DECISION

DECISION OF:	Cabinet
DATE:	24th July 2019
SUBJECT:	Greater Manchester (GM) Full Fibre Roll Out
REPORT FROM:	Cllr Rishi Shori
CONTACT OFFICER:	David Fowler / Tracey Flynn
TYPE OF DECISION:	CABINET (KEY DECISION)
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain
SUMMARY:	<p>GM successfully secured £23.8m capital Local Full Fibre Network (LFFN) Challenge funding. The funding will connect full fibre to over 1,300 GM Public sector sites. These include Local Authority, GM Fire and Rescue, Health and Social Care partnerships (CCGs) sites across the region.</p> <p>Accelerating investment in full fibre to the premises is a key priority of the GM Digital Infrastructure Plan which is part of the GM Digital Strategy approved by the GMCA in February 2018.</p>
OPTIONS & RECOMMENDED OPTION	<p>Recommendation:</p> <ul style="list-style-type: none"> • Approve Bury Council's involvement with and investment into this programme. • Agree to an investment of £469k capital from Bury Council plus additional capital to fund a dedicated Project Manager post on a 2-year fixed term basis. • Agree to the Inter Authority Agreement (IAA) that sets out the local authority role and processes for the implementation of the LFFN Programme and minimise disruption. • Grant delegated authority to enter into a contract with the supplier for the fibre connection of public sites and premises in Bury under the GM Local Full Fibre Networks Programme. • Grant delegated authority to approve the final capital funding commitment

IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	<p>The capital funding for this project was earmarked as part of the agreed 2019/20 budget setting. There are some strong arguments in support of this investment. However, there are also a number of unknowns and issues that will need to be resolved before any contracts are signed. Some key considerations:</p> <ul style="list-style-type: none"> a) The tender exercise hasn't been undertaken yet, so final costs aren't yet known b) The Inter Authority Agreement needs to be reviewed and, if possible, strengthened c) The business case/ cost-benefit appraisal needs further development and ongoing scrutiny and challenge d) 20 years is a long period over which to fix costs in a fast-evolving technological environment. Technology could move on and leave full fibre behind during that period; and/or market prices could reduce, leaving the Council over-paying on fixed rates (as opposed to the market price increases/inflation envisaged in the current business case)
Equality/Diversity implications:	
Considered by Monitoring Officer:	<p>Yes</p> <p>Legal advice and input will be required to consider the proposed Inter Authority Agreement which will regulate the project across Greater Manchester and "Wayleave" agreements for installation by service providers.</p>
Wards Affected:	All
Scrutiny Interest:	

JH

TRACKING/PROCESS

DIRECTOR: Paul Patterson

Joint Executive Team/CCMT	Cabinet Member/Chair Briefed	Ward Members (if necessary)	Partners
X	X		
Scrutiny Committee	Other Committee	Council	Comms

1.0 BACKGROUND

- 1.1 In March 2018, Greater Manchester (GM) secured £23.8M Local Full Fibre Networks funding (LFFN), from the Government's Department for Digital Culture Media and Sport (DCMS).

This is expected to encourage further private investment of up to £250m and could be worth over £2.1BN to the GM economy over the next fifteen years.

It is proposed that The LFFN Programme will have a transformational impact on digital infrastructure in GM - leading to an increase of 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. It is estimated that the programme will deliver over 450km of new fibre across GM.

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 inflation costs.

- 1.2 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.

To assist, the costs of fibre roll out can be significantly reduced if all GM LAs adopt common processes and criteria to utilities infrastructure delivery. This can be achieved by Greater Manchester Prospectus and TfGM has been working with GM local authorities to agree measures like:

- Standardised Wayleave; based on the Ofcom Code Agreement, which has been incorporated into the contractual requirement of suppliers for LFFN programme;
- Applying 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; and
- 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).

1.3 Working together across GM on the LFFN programme will minimise local disruption and is expected to deliver better value for money in the GM LFFN procurement exercise

2.0 FINANCIAL IMPLICATIONS

The Full Fibre Challenge Fund was secured on the basis that there would be match capital funding from each local area (from local authorities, the NHS Clinical Commissioning Groups, which includes doctors’ surgeries and the fire and rescue services).

For Bury Council, the financial contribution equates to £469k (excluding Project Management costs - see Figure 1).

LOCALITY	Total sites in each locality	Total No. of LA/UTMC/F&RS sites connected through Anchor Tenancy	Up front capital investment based on at least 5% less than current annual WAN spend	KM of Fibre	£ Investment per KM for anchor tenancy	DCMS LFFN ENABLING FUNDING
Bolton	155	68	£750,000	49.1	£71,144	£20.465M funding enables all LAs to connect a minimum of 83% of their sites with full fibre. Each locality benefits from a minimum of £2.1M funding
Bury	128	80	£469,000	49.1	£70,469	
Manchester	102	N/A	N/A	29.1	£70,364	
Oldham	142	63	£1,525,000	59.0	£69,413	
Rochdale	92	68	£926,000	55.5	£71,338	
Salford	232	106	£1,337,000	63.2	£71,572	
Stockport	148	45	£740,000	49.9	£70,693	
Trafford	121	31	£705,000	52.7	£70,655	
Wigan	194	127	£2,051,000	75.6	£70,524	
	GMCA					
	UTMC sites	693	£3,384,000			
	F&RS sites	33	£1,460,000			
TOTAL		1,314	£13,347,000			

It should be noted that this is an ‘invest to save project’ as the Council will have its costs for Wide Area Network (WAN) frozen for 20 years, thereby avoiding inflation costs over this period. Connectively costs would be at least 5% lower than current costs.

The Council will also benefit from increased internet speeds and will be able to connect more sites for a smaller investments in the future.

The funding will be used to connect full fibre to over 1,300 GM public sector sites. These include Local Authority, GM Fire and Rescue, Health and Social Care partnerships (CCGs) sites across the region (**80 of which are in Bury**).

Accelerating investment in full fibre to the premises is a key priority of the GM Digital Infrastructure Plan which is part of the GM Digital Strategy approved by the GMCA in February 2018.

3.0 TIMELINE

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 their funding can be spent first. This enables the programme to run a further 18 months after that date using the agreed capital investment from partners.

TfGM is undertaking the procurement and programme management on behalf of the LFFN Stakeholders.

The procurement approach will seek tenders for the delivery of two main contracts – a “Northern” contract and a “Southern” contract, grouped geographically. The “Northern Contract” will be entered into by the GMCA (for TfGM and Fire & Rescue Service assets), and Bolton, Bury, Oldham, Rochdale and Wigan Councils.

Each of the contracting parties will be severally liable for payment to the successful supplier of the costs associated with the connections to their own identified sites.

To date, there has been an excellent response from across the market and the programme is on schedule to deliver.

The intention is to negotiate with interested parties over the Summer, with appointments being made in September. The grant agreement would then be finalised with DCMS before the end of September and contracts let on 1st October.

These timescale necessitate that delegated authority would be required to enable the local authority to the contract with the most suitable 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 known.

4.0 CONCLUSION

3.1 Return on investment (see Appendix 1), key points include:

- Increasing Bury’s full fibre connectivity from 0.09% to 25% within 3 years. The programme will provide the best high speed digital infrastructure coverage of any city region in the UK.
- Accelerated 5G roll out.

- Expected to encourage further private sector investment of up to £250M and could be worth over £2.1BN to the GM economy over the next fifteen years. This includes an increase of £117M to Bury's Gross Value Added (over 15 years).
- 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.

List of Background Papers:-

Appendix 1 – LFFN Programme Summary: Greater Manchester Full Fibre Programme



Appendix 1 - LFFN
Programme Summary

Contact Details:-

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