

CABINET: MINUTES

Date: 4th February 2013

Time: 3.00 p.m. – 3.50 pm

Present: Chairman: Councillor N Clarke

Councillors, D Brown, S Count, M Curtis, D Harty, L W McGuire T Orgee, M Shuter and S Tierney

Apologies: Councillor I Bates

Also present and invited to speak: Councillors

Councillor Marco Cereste the Leader of Peterborough City Council was welcomed to the meeting

731. DECLARATIONS OF INTERESTS

None

732. PETITIONS

There were no petitions.

733. ESTABLISHMENT OF A LOCAL TRANSPORT BODY AND DRAFT ASSURANCE FRAMEWORK

In the absence of the Cabinet Member for Growth and Planning Councillor Bates who was on holiday, Councillor Orgee the Cabinet Member for Community Infrastructure introduced the report outlining proposals for the establishment of a Local Transport Body (LTB) to be made up of Cambridgeshire County Council (CCC), Peterborough City Council (PCC) Rutland County Council (RCC) and the Greater Cambridge Greater Peterborough Local Enterprise Partnership (LEP) and to agree an Assurance Framework which outlined the purpose and aims of the body and how it was intended to operate.

It was reported that The Department for Transport was proposing to devolve funding from April 2015 for major transport schemes to the yet to be formed, Local Transport Bodies (LTB's) comprised of groups including Local Transport Authorities, Local Enterprise Partnerships (LEPs) and potentially other bodies with interests in transport. The requirements to be eligible for devolved major schemes funding involved setting up LTB's for local areas broadly based on LEP geographies and submitting an Assurance Framework to the Department of Transport (DfT) by the end of February. The Assurance Framework was required to be in accordance with their guidelines which outlined the membership of the LTB, roles and responsibilities and the key processes for ensuing accountability, probity, transparency and value for money.

For the Cambridgeshire/Peterborough/Rutland LTB, the funding from Government was anticipated to be circa £21 million over the period 2015 -19. Devolving funding to LTB's would provide partners with greater funding certainty and provided an opportunity to develop a programme of local major schemes in support of key local objectives.

Officers from Cambridgeshire, Peterborough and Rutland had worked together to prepare the proposals for the LTB and the Assurance Framework which was contained in Appendix 1 of the report with paragraph 3.4 setting out the aims. It was proposed that Cambridgeshire would act as the accountable body for the LTB holding the LTB funding and taking responsibility for ensuring adherence to the Assurance Framework. Cabinet would also be expected to ratify recommendations of the LTB.

Councillor Nethsingha the Liberal Democrat Deputy Leader had requested to speak but due to childcare issues was unable to attend and therefore provided the following comments which were tabled at the meeting and had been circulated to Cabinet Members in advance and taken into account in their considerations.

“This is an important new piece of joint working by the council, and as the LEP becomes a more significant player in funding terms this body will become increasingly significant as a decision making entity. While I can understand, and in some respects support the make-up of the body, the 7 councillors represented on it will have very important decisions to make. I do have some concerns about accountability being taken away from individual democratic bodies, as in some cases this can lead to a reduction in transparency. I recognise that efforts have been made to allow for as much democratic legitimacy as possible in the make up of the body.

One aspect which is missing is any reference to consultation with our District partners in making these decisions. Decisions about which major transport schemes will receive funding and which will not should be taken in consultation with district partners, as well as upper tier authorities, in some areas parish councils and parish councillors should also have mechanisms for feeding into the decision making process. I hope that mechanisms for allowing wider consultation will be put in place by the new body, and that the views of district councils will be taken into account in some way, particularly as the links between transport planning and other types of planning should be clear to everyone”

It was explained that the LTB would be made up of a majority of elected representatives along with a voting Member of the LEP, with the detail as set out in Paragraphs 1.5 – 1.8 of Appendix 1) and 3.6 and 2.7 of the main report. The number of elected members per LTA required to be broadly proportionate to the areas they represented. The voting membership of the LTB (seven members) was proposed to be: CCC (3), PCC 2, RCC 1 & GCGP LEP 1. It was highlighted that six out of the seven were democratically elected members.

Paragraphs 3.8-3.10 set out the Administration, Support and resources that it would entail.

It was resolved to:

- a) Approve the creation of a Local Transport Body for which Cambridgeshire County Council will act as accountable body.
- b) Agree the draft Assurance Framework contained in Appendix 1, for submission to Government by the end of February 2013.
- c) Delegate to the Cabinet Member for Growth and Planning in consultation with the Executive Director, Economy, Transport and Environment the authority to make any minor textual amendments to the Assurance Framework prior to submission to Government.
- d) Delegate to the Cabinet Member for Growth and Planning in consultation with the Executive Director, Economy, Transport and Environment the authority to make any final changes to the Assurance Framework following comments from Government.

734. CONNECTING CAMBRIDGESHIRE CONTRACT AWARD

The chairman in introducing the report indicated that as it was a late report for decision, circulated less than five working days before the meeting, I have agreed to take the report under the discretion given to me under Section 100B (4) of the Local Government Act 1972. The reasons for lateness / reasons for urgency being:

Reason for lateness: Officers had been finalising the papers following the evaluation process and this could not be completed at the time of the first dispatch. The final report with all necessary updates only became available on 30th January.

Reason for urgency: As the contract award would be a key step in delivering improved broadband, a strategic objective for Cambridgeshire, it required to be agreed as soon as possible and should not be delayed to a later Cabinet meeting. In addition awarding the contract this was the reason for calling the additional Cabinet meeting.

In the absence of the Cabinet Member for Growth and Planning Councillor Bates, Councillor McGuire the Deputy Leader introduced a report which sought Cabinet approval to agree the award of the Cambridgeshire Broadband Contract. In addition to the detail set out in the report Cabinet members had received separately a confidential background annex with additional financial and commercially sensitive information which Members were reminded should not be disclosed at the current stage of the procurement process.

Cabinet was reminded that in 2011 the County Council had identified the importance of the broadband communications infrastructure in achieving the County Council's objectives to:

- Drive forward economic growth
- Help build thriving, connected communities across the county

- Facilitate streamlined public service delivery.

Market consultation in 2011 had indicated that without action, by 2015 there would still be around a third of the 350,000+ homes and business premises across Cambridgeshire and Peterborough without access to superfast broadband (defined as 24 Megabits per second – Mbps - and up), and significant numbers of premises unable to achieve even 2Mbps connectivity (basic broadband).

The Council's plans and aspirations were in line with Government policy and the National Broadband strategy "Britain's Superfast Broadband future", which sought to ensure that the UK has the best superfast broadband network in Europe by 2015. As part of this strategy £530m national funding had been allocated to support the improvement of the national broadband infrastructure with Broadband Delivery UK (BDUK), set up to oversee the implementation of this policy.

To facilitate implementation, the Connecting Cambridgeshire programme was set up in 2011 and included representatives from all Cambridgeshire and Peterborough Local Authorities, the Local Enterprise Partnership (LEP), local businesses, universities and health organisations.

In August 2011 the County Council had approved public funding of up to £20m to support improving the broadband infrastructure across the County. This was in addition to central government funding from the Department for Culture, Media and Sport (DCMS) via Broadband UK (BDUK). The funding allocation for Cambridgeshire and Peterborough (combined) being £6.75m. The Cambridgeshire and Peterborough Local Broadband Plan was approved by BDUK in April 2012 and a partnership approach with Peterborough City Council was approved in March 2012 with Cambridgeshire County Council acting as the lead authority for the procurement process to find a commercial partner to rollout the broadband infrastructure to the areas where there will not otherwise be a commercial deployment (known as the white areas). Peterborough City Council also approved a funding contribution of up to £3m.

The report explained that the intervention scope for the programme had been set in accordance with European Union (EU) definitions as detailed in the report and in line with European Union (EU) competition law, with intervention to be limited to only to those areas where there would otherwise be no commercial deployment by 2015. In conjunction with the procurement exercise, an extensive demand registration programme has been undertaken to demonstrate levels of demand to potential suppliers and to raise awareness of the project.

In summary it was explained that the programme would have a positive impact for communities across Cambridgeshire and Peterborough by:

- reducing rural isolation and social exclusion by connecting people
- helping businesses to grow - creating jobs and enabling people to work from home
- helping elderly and vulnerable people to access vital services
- helping children and young people learn the skills they need for the future

The point was made during the meeting that effective fast broadband in a modern society was nearly as important as water and electricity.

It was explained that subject to Cabinet making the decision to award contract there were still several steps to go through before contracts could be signed, (probably in early March) following the usual call-in and standstill period, as well as state aid and assurance sign off from the Government body BDUK. Following this work would begin on drawing up detailed schedules to roll-out the broadband infrastructure in phases, based on the most cost effective approach. The intention would be for the Connecting Cambridgeshire programme team to work very closely with the supplier to plan the rollout, to ensure that the process was as swift and efficient as possible. When the programme moved into the deployment phase, the existing board memberships and programme groups would be reviewed to ensure they were organised to best support the rollout. It was proposed to bring a report to a future Cabinet with options for consideration.

It was highlighted that as part of the Chancellor's Autumn statement in December it had been announced that, along with eleven other cities, the bid for Super Connected Cities funding for the Cambridge area had been successful. Further details were not at that time available about how much funding had been allocated to this area. As an oral update it was indicated that BDUK (the government body overseeing the programme) had announced that they were still finalising their award criteria and that they would require amendments to bids from all successful cities in order to meet emerging guidelines, including state aid approval. The proposal was that the team continue to work with partners and BDUK to refine the plans, which may also include further procurement processes as necessary.

Attention was drawn to the community impact assessment undertaken with respect to the programme with the details set out in the appendix to the report included on the second dispatch.

As part of his contribution to the debate the Leader explained that a comprehensive broadband infrastructure was essential to drive growth in the local economy and support economic growth in Cambridgeshire and Peterborough, help communities to thrive and ensure the County Council's public services were more accessible for residents and more cost-effective for taxpayers. As well as helping create local jobs and prosperity for the long term, in the immediate future it would allow people to work more flexibly which should also reduce traffic congestion and ensure that people living in isolated communities could be part of the digital world and able to access education, health and public services they require without having to travel.

It was highlighted that during the broadband registration campaign (Over 24,000 households and businesses supported the campaign which had been the largest of its type in the UK) many examples were provided of problems encountered with those either without broadband access or very poor access including:

- doctors being unable to download vital health information for their patients
- a home-based business potentially having to move because it can't link with international clients or download important files

- young people unable to do their homework or apply for jobs online, and
- older people having to rely on others to do their shopping online.
- The Leader of Peterborough City Council provided an example of before and after provision of superfast broadband when before it had taken 48 hours to update holiday information on a satellite navigation device 6 months ago and since upgrading, now only took 20 minutes.

A number of suppliers were involved in the competitive dialogue process and three bidders went through to the final stages, with two companies submitting final bids for evaluation in December. Since then the bids have been thoroughly evaluated for quality, sustainability and coverage, and the winning bid was the one that offered the greatest coverage with the highest speeds and made best use of public funding. In addition to the standard contractual requirements regarding capability to deliver and financial robustness, the bids were evaluated against criteria designed to test the sustainability, performance and quality of the overall solution. Leverage of private sector investment was also taken into account.

After investigating options, it was agreed to undertake the Council's own procurement process and not wait for the national framework, in order to obtain the most competitive broadband deal. The purpose of the Connecting Cambridgeshire procurement process was to identify a commercial organisation as an investment partner with the public investment made on a gap funded basis and the successful bidder owning and operating the infrastructure. In addition to their own investment, the winner of the competitive process would use the allocated public funding to subsidise the deployment of an improved broadband infrastructure to premises in the intervention or "white" areas. The intention would be that the market intervention in white areas would complement existing and planned commercial rollout in the county which, taken together, would substantially improve the total broadband infrastructure by 2015.

It was highlighted that during the procurement process while certain criteria had been set regarding quality, sustainability and commercial viability; the technology to be used, was not specified. Instead bidders were asked to outline how their proposed solution would meet the overall targets and objectives of the programme. Providing more background in relation to the competitive bidding process it was explained that in order to receive bids that could be compared equally, bidders were asked to demonstrate the greatest broadband coverage and the highest speeds they could offer for a total public infrastructure investment of £23million. The bids received reflected this amount.

Following a comprehensive and robust evaluation process Cabinet were advised that the evaluation team was satisfied with the quality, sustainability and coverage offered by the highest scoring bid, which it was felt would deliver the objectives of the programme as originally set out. It was announced that BT had submitted the highest scoring bid with a competitive deal, which meant that the partnership would achieve the target for better broadband including:

- more than 90% of homes and businesses in Cambridgeshire and Peterborough being able to receive superfast broadband (of at least 24Mbps)

- basic broadband (2 Mbps minimum) would be available to very nearly 100% of premises.

The deal would result in the County Council's resources going further than just delivering the infrastructure so that work could be undertaken to drive take-up, making the most of a better broadband infrastructure to deliver public services more effectively, help people get online and support businesses, in order to boost the local economy. The decision to be taken could take the County Council and its partners a step closer to:

- Realising our investment in the future prosperity and well-being of people in Cambridgeshire and Peterborough and
- Becoming one of the best connected areas in the country.

The opportunity was taken to thank everyone who contributed to this success - particularly the 100 Broadband Champions, as well as local Members, community groups and business organisations.

The point was made that as this was about delivering infrastructure, this needed to be undertaken in a structured manner with other partners, to ensure roads and footways were not dug up by utility providers at different times. The Leader agreed this was vital, as nothing upset residents and road users more, than the same road / footway being dug up at different times, causing unnecessarily prolonged disruption.

Questions raised included the following with answers provided as set out below:

- Is there any idea when people would get Superfast Broadband and whether it was on an area basis? Reply: As it is hoped to sign the contract in March roll out details will follow after signing. At the current time it is more important to ensure best value is obtained. It was not possible at the moment to identify specific areas for timetabling roll out. Once the contract has been signed, detailed surveys will be undertaken and schedules drawn up and agreed with the supplier. Publicity will then be provided so that members of the public would know when their homes and businesses will be reached.
- Couldn't we have predicted that BT would win the contract? Reply: Because we ran our own competitive procurement process with multiple bidders we were able to select the commercial partner that offered the most comprehensive broadband coverage and the best value for money.
- Given the demand we have across the County, do we get any benefit if BT make huge profits from this infrastructure that we are paying for? Reply: Remember that this intervention is being made because there is not a commercially viable business case to roll out a fibre infrastructure to the "white" areas, so it is unlikely that BT will be making huge profits. However in the event that this is the case, the terms of the contract include a 'clawback' clause which will be used at set stages throughout the life of the contract if profits are higher than anticipated.
- As we now know the winning bid is a fibre based solution can we put pressure on BT to work with local companies in areas where it is not possible to utilise high

tech fibre optic to integrate and provide a local solution? Reply: We did not specify in the contract specific technologies as we asked the suppliers to specify the best solution Unlike most other broadband projects in the country with only one option, we could choose the highest scoring bid with a competitive broadband deal which means we can achieve our ambitions for improving broadband across the county. We are aiming for 100% coverage and this could involve a number of different options.

- Have any areas registered to get Broad Band first? Reply: We welcome efforts of Broadband champions but will not use registrations necessarily to set priorities as we are clear that the rollout must be based on the most cost effective approach. However where there were a large number of registrations then I am sure that BT will be mindful of this and that they would be pragmatic in their roll out.
- Why do we say we are 'aiming for' 100% coverage? The paper says we will reach our targets of "more than 90% Superfast coverage" – what's the exact figure and what happens to the other 10%? Reply: We are committed to getting at least 2 Mbps for 100% of homes and businesses, but realistically there may be a small number of inaccessible or remote rural premises that cannot be connected. Our aim is to get as many homes as possible connected with superfast broadband. But for the small percentage that cannot receive superfast, the aim is to improve their existing broadband speeds wherever possible, and to seek to ensure that they can access speeds of at least 2Mbps.

Councillor Nethsingha welcomed the contract award coming forward at this stage, and the investment in Broadband being made by the Council and the national government. She highlighted that it was important to realise that the Council was taking a risk by going forward with the process outside the BDUK framework moving faster with the process than many councils. While the benefits of the risk were clear, she believed it was too early to say whether the decision to move ahead outside the BDUK process would provide good value for money in the long term, as being ahead of others it was not possible to know what terms other councils may be able to negotiate. The risk at present appeared to be worth taking but she would reserve her judgement for the longer term.

It was resolved to:

- a) Approve the award of the contract to BT.
- b) Delegate contract finalisation and signature, following completion of clarifications and confirmation of BDUK funding and State Aid approval, to the Executive Director, Economy, Transport & Environment in consultation with the Cabinet Member for Growth & infrastructure and the Director of Law & Governance.
- c) Request that the Executive Director, Economy, Transport & Environment undertake a review of the Connecting Cambridgeshire project and programme boards for future consideration by Cabinet.

- d) Delegate to the Cabinet member for Growth & Infrastructure authority to refine the Super Connected Cambridge plan as necessary on behalf of Cambridgeshire County Council to meet the funding guidelines and requirements of Broadband UK (BDUK).
- e) Delegate to the Executive Director, Economy, Transport & Environment in consultation with the portfolio holder for Growth & infrastructure authority to proceed with any necessary procurement processes related to the Super Connected Cambridge project, up to and including identification of a preferred bidder for the contract or contracts.

735. DRAFT CABINET AGENDA 5th MARCH 2013

- Members noted the draft agenda for the Cabinet meeting to be held on 5th March 2013 AS updated since the version presented to the 29th January meeting.

Chairman
5th March 2013