

Notice of:	EXECUTIVE
Decision Number:	EX5/2019
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member	Councillor Simon Blackburn, Leader of the Council
Date of Meeting	21 January 2019

LOCAL FULL FIBRE NETWORK

1.0 Purpose of the report:

- 1.1. To seek approval to proceed with the Blackpool Local Full Fibre Network Plan.

2.0 Recommendation(s):

- 2.1 To endorse proceeding with the Blackpool Local Full Fibre Network Plan, in line with the steps in the report and Build Out map attached at Appendix 6a, to the Executive report.
- 2.2 To agree that the Council joins the already established Digital Infrastructure co-operative.
- 2.3 To agree to support further build out of the fibre network by co-operative Members subject to Highways and Planning regulations.
- 2.4 To support Demand Stimulation activities to encourage the take up of Full Fibre Connectivity by Blackpool Businesses and Residents to enable them to better participate in the growing Digital Economy.
- 2.5 To support the establishment of an internal barrier busting team made up of IT, Highways, Planning and co-operative Members to co-ordinate the build out of the fibre network and establish a dig-once principle to individual properties and businesses.
- 2.6 To authorise the Head of Legal to enter into all required legal documentation relating to this Project.

3.0 Reasons for recommendation(s):

3.1 The recommendations will support economic development by enabling Blackpool businesses and residents to better participate in the digital economy especially in the following ways:

- Enabling Blackpool to gain an edge and head start in having better connectivity than other areas of the country and thereby support inward investment
- Enabling Blackpool guest houses and hotels in the vicinity of the promenade to gain access to full fibre connections and thereby offer improved digital customer experiences
- Positioning Blackpool well for 5G investment
- Enabling gigabit connectivity to the new conference centre at the Winter Gardens
- Enable gigabit connectivity to both Enterprise zones on the Fylde Coast

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

As outlined in paragraph 9.1, the plan is fully funded by Government with payments in arrears.

3.3 Other alternative options to be considered:

Not to proceed with involvement in the scheme which would not provide any added opportunities.

To proceed with a different model than the co-operative model which may cause State Aid issues.

4.0 Council Priority:

4.1 The relevant Council Priorities are both:

“The Economy: Maximising growth and opportunity across Blackpool”.

“Communities: Creating stronger communities and increasing resilience”.

5.0 Background Information

5.1 In January 2018, the Council submitted a bid to Department for Digital, Culture,

Media and Sport for Wave 2 funding for a Local Full Fibre Network under the asset reuse methodology. In Wave 1, local bodies piloted four different methodologies across the country. The asset reuse methodology was piloted by Tameside Council. Blackpool Council's bid also proposed the asset reuse methodology due to the existing investment in Fibre Optics assets already in the Tramway. This was also in alignment with the Council's Digital Strategy 2017-2022 approved by the Executive in October 2017 (Decision EX34/2017 refers).

In the Spring Statement 2018 the Chancellor announced the awarding of Wave 2 funding for a further 13 local bodies subject to passing Department for Digital, Culture, Media and Sport's assurance requirements. Subject to due diligence Blackpool Council was awarded £2.7 million.

5.2 Department for Digital, Culture, Media and Sport Assurance Process

Department for Digital, Culture, Media and Sport has six assurance Checkpoints A-F. The first three Checkpoint tests need to be met before the project delivery can commence. Blackpool Council has now successfully progressed through Checkpoints A and B and is now ready to progress to Checkpoints C so project delivery can commence in January 2019. However before this can happen and funding can be drawn down, the Council needs to assure Department for Digital, Culture, Media and Sport that the Executive is fully signed up and committed to the delivery of the project. Consequently, this paper is seeking a formal decision to progress the project.

5.3 Proposed Local Full Fibre Network Project

The purpose of Local Full Fibre Network funding is to provide Full Fibre Connectivity to individual properties (Fibre to the Property -FTTP). The UK as a whole has less 4% of properties served with Full Fibre Connectivity and is close to being at the bottom of the league table compared to other European Nations with some having more than 80% of properties served and some international competitors with more than 90% of properties served. Most of the existing Internet connectivity relies on an ageing copper infrastructure, which ultimately provides a constraint to progress to Ultrafast (300Mbits+) speeds. Whilst there has been some investment in Blackpool by BT Openreach with Fibre to Street Cabinets(FTTC) and some investment by Virgin Media the data for Ultrafast (300Mbits+) in the Ofcom Connected Nations Report demonstrates Blackpool is poorly served with FTTP when compared to many other towns and cities across Europe. Arguably, given the Council's ambitions this is a significant inhibitor and potentially a disabler for attracting further investment given all industry and tourism sectors are widely using and further developing their use of Digital Technologies.

The proposed Blackpool Local Full Fibre Network project will seek to narrow the gap by bringing the fibre optic ducting infrastructure within the Tramway to market as a middle mile network, while attracting investment from private bodies to further build out the network last mile to individual properties. This will potentially be supported by a voucher scheme from Department for Digital, Culture, Media and Sport enabling clusters of residents and visitors to apply for vouchers to spend with full fibre service providers.

The proposed fibre network is planned to be extended to Enterprise Zones at Blackpool Airport, Hill House (subject to agreement with Wyre Borough Council) and the new Winter Gardens Conference Centre. This will enhance the Council's public service network and save costs. Multiple meet points are being established on the other side of the promenade carriageway and this will provide an opportunity for private service providers to individual properties and businesses. (see Appendix 6a: Proposed Build out Map)

5.4 **State Aid and the establishment of a Digital Infrastructure Co-operative**

The Department for Digital, Culture, Media and Sport funding for Asset Reuse is subject to passing State Aid due diligence tests under MEOP (Market Economy Operator Principles). Much of the Wave 1 work done at Tameside was in establishing an approach that would enable the ducting infrastructure investment in a public asset such as a Tramway to be brought to market in a State Aid compliant way. Consequently, a Digital Infrastructure Co-operative was established with the purpose in which State funded assets could be rented at market rates to the co-operative Members and be made available to its Members on a non-exclusive basis.

After carrying out an options appraisal and seeking advice from Department for Digital, Culture, Media and Sport State Aid experts we have concluded that the optimal way for Blackpool to share its Fibre Infrastructure is via the same co-operative model as Tameside. Consequently, after an invitation from the already established co-operative it makes sense for Blackpool Council to also join the co-operative, making use of the co-operative vehicle and its mechanisms to facilitate further private investment and bring the Blackpool fibre assets to market. The co-operative Membership is open to all fibre optic services providers from big established players to smaller service providers who wish to break into the market. Officers believe this will enable businesses and residents to ultimately get more choice from the marketplace.

5.5 Does the information submitted include any exempt information? No

5.6 **List of Appendices:**

Appendix 6a: Build Out Map

6.0 Legal considerations:

6.1 Department for Digital, Culture, Media and Sport State Aid advice has been shared with Legal Services and Procurement and the co-operative model is viewed as the least risky way to bring the Fibre Assets to market without creating a State Aid challenge risk.

6.2 There is no need for a procurement to spend the Department for Digital, Culture, Media and Sport grant since the scope of the already tendered Council Network contract, which took place in 2017, provides sufficient scope to carry out the fibre works.

7.0 Human Resources considerations:

7.1 The Council's Head of ICT Services is acting as the project lead and is supported with resources from TNP the Council's Network Partner.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 The grant is subject to the Council signing up to Department for Digital, Culture, Media and Sport's funding agreement and its terms. The grant will be claimed in arrears once the Council has incurred the relevant qualifying capital expenditure and an annual monitoring report must be submitted within 3 months of the financial year end.

10.0 Risk management considerations:

10.1 The major risks with this project relate to the risk of a State Aid Challenge but it is believed these can be mitigated by use of co-operative Vehicle.

10.2 The project will inevitably lead to some minor disruption to highways and pavements as new ducting and fibre is installed. Recommendation 2.5 will aim to minimise this through the establishment of a dig once policy and via close consultation with the Highways team.

10.3 If the Council chooses not to join the co-operative, it will not be able to progress to

Checkpoint C and commence project delivery. Officers have concerns any alternatives routes to market will create significant State Aid risks and may undermine the basis of the grant award.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 Internal Consultation has taken place with Highways, Planning, Housing, Procurement and Legal Teams.

12.2 External Consultation has taken place with Department for Digital, Culture, Media and Sport, Tameside Council, Established Co-operative Members.

13.0 Background Papers

13.1 None.

14.0 Key decision information:

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 5/2019

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 11 January 2019 Date approved:

17.0 Declarations of interest (if applicable):

17.1 None.

18.0 Executive decision:

18.1 The Executive agreed the recommendations as outlined above namely:

1. To endorse proceeding with the Blackpool Local Full Fibre Network Plan, in line with the steps in the report and Build Out map attached at Appendix 6a, to the Executive report.
2. To agree that the Council joins the already established Digital Infrastructure co-operative.
3. To agree to support further build out of the fibre network by co-operative Members subject to Highways and Planning regulations.
4. To support Demand Stimulation activities to encourage the take up of Full Fibre Connectivity by Blackpool Businesses and Residents to enable them to better participate in the growing Digital Economy.
5. To support the establishment of an internal barrier busting team made up of IT, Highways, Planning and co-operative Members to co-ordinate the build out of the fibre network and establish a dig-once principle to individual properties and businesses.
6. To authorise the Head of Legal to enter into all required legal documentation relating to this Project.

18.2 Date of Decision:

21 January 2019

19.0 Reason(s) for decision:

The decisions will support economic development by enabling Blackpool businesses and residents to better participate in the digital economy especially in the following ways:

- Enabling Blackpool to gain an edge and head start in having better connectivity than other areas of the country and thereby support inward investment
- Enabling Blackpool guest houses and hotels in the vicinity of the promenade to gain access to full fibre connections and thereby offer improved digital customer experiences
- Positioning Blackpool well for 5G investment
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- Enable gigabit connectivity to both Enterprise zones on the Fylde Coast

19.1 Date Decision published:

22 January 2019

20.0 Executive Members in attendance:

20.1 Councillor Blackburn, in the Chair

Councillors Benson, Campbell, Cross, Jackson, Kirkland, Smith, I Taylor and Mrs

21.0 Call-in:

21.1

22.0 Notes:

22.1 Apologies were received from Councillor Cain who was engaged elsewhere on official Council business.