

SURREY COUNTY COUNCIL

CABINET

DATE: 24 JULY 2012

**REPORT OF: CLLR PETER MARTIN, DEPUTY LEADER
AND CABINET MEMBER FOR BROADBAND**



LEAD OFFICER: SUSIE KEMP, ASSISTANT CHIEF EXECUTIVE

SUBJECT: SUPERFAST BROADBAND IN SURREY

KEY ISSUE/DECISION:

The report gives a high level summary of the report to be considered under Part II of the agenda on 24 July, which seeks approval from Cabinet to award a contract to the preferred supplier for the provision of superfast broadband infrastructure in Surrey. This will enable the Council to discharge its commitment within its Corporate Strategy to provide access to superfast broadband across the county.

The commercially sensitive details of the preferred supplier, the contract and the procurement process will be considered under Part II. This report gives a high level summary of the business benefits.

BACKGROUND:

1. Surrey County Council's 'One County, One Team' Corporate Strategy 2012 – 2017, as approved by the Cabinet and Full Council, outlines the following ambition:

'We want to ensure that all Surrey's businesses, households and community organisations can gain access to Superfast Broadband.'¹
2. Some parts of the county do not have access to consistently fast broadband so there are concerns, not only that residents may suffer from lack of access to online services, but also that business growth will be constrained. Increased investment in the right telecommunications infrastructure to drive growth and innovation is vital.
3. Surrey has a dynamic economy, demonstrated by 53,000 registered enterprises and a high start up rate. 81% of businesses in Surrey are micro-businesses employing fewer than five staff. The county's economy is driven by the knowledge sector. These dynamic businesses need fast internet access.

¹ 'One County, One Team' Corporate Strategy 2012 – 2017, <http://www.surreycc.gov.uk/your-council/how-the-council-works/our-performance/our-key-strategies-bookcase/our-corporate-strategy-one-council-one-team>

4. If Surrey is to retain its economic strength it is crucial that the county has the means to drive innovation, increase productivity and maintain competitiveness. Superfast broadband will play a significant part in this.
5. Whilst some parts of the county are relatively well served by the commercial broadband industry, there are large areas that currently experience speeds well below the national average of 6.7mbps². A report by USwitch in February 2012 found that the village of Ripley outside Guildford is one of ten areas in the UK with the slowest broadband speeds.
6. There is an increasing digital divide in Surrey as BT Openreach expand their Next Generation Access (NGA) broadband network, which will cover approximately 80% of premises. The remaining 20% - approximately 93,000 premises are set to miss out without intervention. More details on the intervention area for this project can be found in Annex 1.
7. As a result, the County Council entered into a procurement process to select a private sector company to lay the necessary infrastructure in those areas of the county that would otherwise miss out.
8. Surrey County Council has allocated £20 million capital funding to this project. This funding was approved by Full Council in the Medium Term Financial Plan (MTFP) on 7 February 2012. A further £1.3 million has been allocated from Broadband Delivery UK (BDUK) within the Department for Culture, Media and Sport (DCMS), who are responsible for administering UK funding and policy for local authority projects. The supplier will also contribute additional funding to the project.
9. Consultation:
 - 9.1 Work with communities and businesses has demonstrated that existing broadband networks in Surrey, particularly in the more rural areas, are not sufficient to meet the needs of residents and businesses.
 - 9.2 This has confirmed the necessity of this project. Residents and businesses have told us that improving the broadband speeds is 'vital' and that they will be unable to compete and make the most of opportunities in the future without superfast broadband.
 - 9.3 A survey run by Surrey County Council demonstrates overwhelming support for the project - 99% of residents that responded say that they think it is important for everyone in Surrey have access to good broadband speeds, no matter where they are located in the county. 98% of businesses say that superfast broadband would benefit them. Full survey feedback can be found in Annex 2.
10. Procurement:
 - 10.1 Surrey County Council has followed a competitive dialogue procurement process to select a private sector company to lay the necessary broadband infrastructure in the county. This commenced in July 2011 with a publication in the Official Journal of the European Union (OJEU).

² Average broadband download speed from data published by uSwitch February 2012 – www.uswitch.com/broadband

- 10.2 Following Pre-Qualification Questionnaires (PQQ), the Council entered into competitive dialogue with the successful bidders. These sessions enabled the project team to discuss proposed solutions, in confidence, with each of the bidders and take into account the evolving commercial, technical and economic environment. Discussions covered key considerations around connection speeds, affordability and future proofing.
- 10.3 The ambition is to secure access to the fastest speeds possible, but in any case not below a minimum head line speed of 24mbps. This has been set to be consistent with existing superfast broadband services already available in the non-market failure areas of the county. Further detail on technology is attached in Annex 3.
- 10.4 The funding provided by Surrey County Council would fix a gap in the market that would become self-sustaining. The contract would ensure equal infrastructure across the county that would benefit from future developments in technology as and when they come to the market.
- 10.5 As a result of the competitive dialogue, requirements were honed and an Invitation to Submit Final Tender (ITSFT) was issued to bidders on 2 May 2012. Responses were evaluated against a set of criteria designed to identify the most economically advantageous tender. This approach rewards competitively priced bids whilst also giving credit for the quality element of the proposal.
11. Details of the preferred bid, the contract and key commercial principles are contained in Part II of the report.

RECOMMENDATIONS:

It is recommended that the Cabinet note this paper as background to the Part II report.

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