

9 June 2020		ITEM: 3
Corporate Overview and Scrutiny Committee		
Procurement of a Contract to deliver a Local Full Fibre Network on behalf of ASELA		
Wards and communities affected: All	Key Decision: Key Decision	
Report of: Graham Brace, Traded Services Consultant		
Accountable Assistant Director: Margaret Gozna, Senior Category Manager		
Accountable Director: Jackie Hinchliffe, Director of HR, OD & Transformation		
This report is Public		

Executive Summary

The formation of ASELA was approved by Cabinet in January 2018. One of the key work streams is the delivery of enabling infrastructure that will underpin Thurrock 2050: A Smart Place based on the rollout of a Local Full Fibre Network (LFFN) connectivity across around 130 sites in South Essex, including around 70% of Thurrock Council Wide Area Network (WAN) sites.

The LFFN work stream, led by the council, submitted a grant bid to the DCMS. This was successful and a grant of £4.436m has been awarded to Thurrock Council for the programme, covering the full costs of improvements.

The procurement for the delivery of this next stage is proposed via the Suffolk Cloud Partnership Agreement, which is owned by Suffolk County Council as the anchor tenant. Other procurement options were explored but this approach was favoured because:

- Given the limited time allowed by DCMS for rollout of the LFFN project, the timeliness of the procurement process was seen by DCMS to be key.
- The Suffolk Cloud Partnership was used by Suffolk County Council for their LFFN project procurement, and approved as a desirable route for procurement by DCMS.
- This was found to be the most cost effective procurement route.

This report requests approval from Cabinet to award the contract for delivery of the LFFN project to MLL Networks Ltd via the Suffolk Cloud Partnership Agreement.

1. Recommendation(s)

The Corporate Overview and Scrutiny Committee recommend that Cabinet:

- 1.1 Agree delegated authority for award of contract for the delivery of a Local Full Fibre Network (LFFN) to MLL Networks Ltd, via the Suffolk Cloud Partnership agreement, to the Director of HR, OD & Transformation in consultation with the Leader of the Council. The total cost of this project is £4.436M for the rollout of Dark Fibre connectivity and an Irrevocable Right of Use (IRU) of that fibre for 15 years. There is no additional ongoing cost for use of the dark fibre for the 15-year period.**

2. Introduction and Background

- 2.1 The Department for Digital, Culture, Media and Sport (DCMS), has a major programme Building Digital UK (BDUK), to help drive the government agenda of high speed broadband rollout across the country. Superfast coverage across the UK as a whole at December 2019 was 96% of homes and businesses, (which is defined as ability to get at least 30Mbit/s download speed), with full fibre penetration at just 10%. Thurrock currently has a 97% Superfast coverage, but just 6% full fibre penetration.
- 2.2 One of the BDUK initiatives is a Local Full Fibre Network (LFFN) programme, which has £740m of funding, designed to stimulate commercial investment in full fibre networks in both rural and urban locations across the whole of the UK. However, in order to comply with state aid rules the business case for an accepted bid must relate purely to the benefit that will be realised by the public sector organisation directly in the delivery of its services. LFFN is about delivering dedicated point-to-point gigabit capable fibre direct to the premise from the local serving exchange.
- 2.3 An ASELA wide bid for LFFN funding for £4.436m was approved in principal by the DCMS investment panel in January 2019. Subsequently ASELA successfully progressed through the three compliance gateways to finally secure the grant funding in April 2020. This grant is to roll out full fibre around 130 sites across the ASELA authorities (with the exception of Southend).
- 2.4 The Thurrock sites within this programme account for around 70% of the Thurrock WAN. A key part of the LFFN business case is that DCMS expect the LFFN investment to drive WAN savings. In addition to this in the strategic case that was approved by the DCMS investment panel, ASELA made clear an aspiration to create a single fibre based connectivity platform across the South Essex Corridor. This would lead to consequent opportunities for driving shared services, service aggregation, and aggregation of operational cost.

3. Issues, Options and Analysis of Options

Scope of Procurement

3.1 The value of the tender over the life of the contract exceeded the EU Threshold value for Services of £189,330. Therefore, within the Public Contracts Regulations' 2015 the LFFN services needed to be procured through:

- a) a public sector framework suitable for local authorities, such as those made available by the Crown Commercial Services,
- b) as an open opportunity through advertisement in OJEU
- c) via use of another form of accessible framework such as the Suffolk CC Partnership Agreement, where the scope of usage covers all ASELA member authorities of which Thurrock is one.

3.2 This route to procurement was chosen because:

- Given the limited time allowed by DCMS for rollout of the LFFN project, the timeliness of the procurement process was seen by DCMS to be key.
- The Suffolk Cloud Partnership was used by Suffolk County Council for their LFFN project procurement, and approved as a desirable route for procurement by DCMS.
- This was found to be the most cost effective procurement route.

Contract Cost

3.3 The total contract cost for the LFFN project is £4.436M for the rollout of Dark Fibre connectivity and an Irrevocable Right of Use (IRU) of that fibre for 15 years. There is no additional ongoing cost for use of the dark fibre for the 15-year period. The full project cost is covered by a DCMS Grant that has already been secured.

3.4 It is proposed that the LFFN project is procured via the Suffolk Cloud Partnership Agreement.

3.5 The main benefits of the LFFN project will be:

- To drive significant WAN cost savings
- To provide significant uplift in capacity for the WAN.
- An enabler for a single ASELA wide public sector WAN.

Procurement Options

3.6 It is recommended that the LFFN project be procured via the Suffolk Cloud Partnership agreement. This would:

- Allow maximum leverage of the LFFN project in WAN re-procurement.
- Significantly reduce delivery time
- Simplify the delivery process

- Provide best value through a recently procured OJEU partnership agreement.
- Act as an enabler for a single ASELA wide public sector WAN.

4. Reasons for Recommendation

- 4.1 This report is submitted to Cabinet for approval to award a contract with a whole life cost valued at £4.436m which is above the £750K value threshold for approval by a delegated officer (Director of HR, OD & Transformation).
- 4.2 Delegated authority to award is requested in order that DCMS prescribed delivery timescales can be met to have the LFFN project completed by end of May 2021. Failure to achieve this would mean some sites might not be delivered. In addition ability to meet these timescales is required for the timely delivery of the overlay new WAN.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The procurement of the LFFN represents a new project for delivery of connectivity to be utilised by the Thurrock WAN. Hence, this project must be linked to the WAN re-procurement, which must stipulate usage of the LFFN fibre connections. Relevant departments have been consulted over the proposal.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 Delivery of LFFN and the subsequent WAN upgrade will support corporate priorities through the provision of connected public services with a commercial focus for the Council.

7. Implications

7.1 Financial

Implications verified by: **Dammy Adewole**
Senior Management Accountant – Central Services

This report seeks approval to spend £4.436m of grant-funded monies to rollout a Local Full Fibre Network across South Essex.

7.2 Legal

Implications verified by: **Kevin Molloy**
Principal Solicitor – Law and Governance

This report is seeking permission to proceed to a direct award for the LFFN project through the Suffolk County Council Cloud Partnership Agreement and that the procurement process has been compliant with the Regulations.

Taking the above into account, on the basis of the information in this report, the proposed procurement strategy does comply with the Regulations and the Council's Contract Rules.

The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of any subsequent variations to contract or additional tender exercises required that are associated with or dependent upon the Council achieving its corporate vision of achieving a "Digitally Smart Borough". Legal Services are on hand and available to assist and answer any questions that may arise.

7.3 **Diversity and Equality**

Implications verified by: **Natalie Smith**
Strategic Lead – Community Development and Equalities

This is a service with both external and internal implications; however, provision of a modern, robust and effective network will support service delivery across the council, accessibility to all staff, and help the wider community of Thurrock obtain a greater level of digital connectivity particularly in the more rural areas of the borough.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

9. **Appendices to the report**

None

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