

Record of officer decision

Decision title:	Implementing the Cabinet Member Decision “Fastershire Terms of Extension 2019” 18/12/19
Date of decision:	31 July 2020
Decision maker:	Assistant Director Corporate Support
Authority for delegated decision:	<p>Chief Executive Scheme of Delegation – Updated 16 July 2020, point SA78 delegated authority to Assistant Director Corporate Support for County-wide broadband deployment and digital inclusion.</p> <p>Delegated authority to the Assistant Director Corporate Support to take operational decision to deliver recommendation (a) within cabinet decision report of 18 December 2019.</p>
Ward:	Countywide
Consultation:	<ul style="list-style-type: none"> • Building Digital UK (BDUK) and the National Competency Centre – In seeking the state aid approval that the decision was dependent upon. • Cabinet Member for Environment, Economy and Skills (Herefordshire Council) • Cabinet Member for Economy, Education and Skills (Gloucestershire County Council) • Legal Services, Herefordshire Council
Decision made:	Contract variation with Gigaclear Ltd of increased subsidy of £1.55m to provide “fibre to the premise broadband” to an additional 1,718 premises.
Reasons for decision:	<p>The Fastershire project works across Herefordshire and Gloucestershire to commission a broadband network where commercial providers will not invest. Capital funding is provided by The County of Herefordshire District Council (“Herefordshire Council”), Gloucestershire County Council and national Government via BDUK. Herefordshire Council is the lead authority. The total percentage of premises with superfast broadband in Herefordshire is currently 91% which is set to increase with contracted delivery.</p> <p>The decision made by cabinet member on 18th December 2019 contained this following recommendation:</p> <p><i>£1.8m of additional subsidy is used to extend the scope of the Gigaclear contracts (subject to state aid approval), in order to extend the full fibre broadband network to no less than 5,485 extra premises of which at least 872 premises do not currently receive superfast broadband.</i></p> <p>To deliver on the recommendation, a contract variation is needed which will cover the new premises and the financial contribution from the Fastershire project.</p>

	<p>Consultations have taken place with the National Competency Centre (the national authority on state aid who advise BDUK and who provide the state aid approval on which the above decision was dependent). This process has led to a revision of the contractible figures as follows:</p> <ul style="list-style-type: none"> • £250k reduction in the public sector subsidy required • £190k increase in the private sector contribution • Reduction in the contractible number of premises to 1,718 which include 835 of the 872 premises that do not have a superfast capability and which were the primary target of the original decision. <p>The difference in superfast premises between 835 now being reached and the 872 in the recommendation is revised deployment design and associated reduced cost of public sector subsidy.</p> <p>The total premise figure is not a contracted amount but incidental build by Gigaclear as part of their deployment. In the decision of December 2019 that was stated as 5,485 and as part of the redesign stands at 5,348 - this difference is accounted for in that premises having coverage with those premises already reached.</p>
<p>Highlight any associated risks/finance/legal/equality considerations:</p>	<p>Finance: The updated project financial models show no increase in the Project Management or Opex costs so the changes merely reflect the determination of BDUK of which of the benefitting premises may be targeted through a contract change.</p> <p>In terms of the targeted premises that do not and will not have a superfast capability without this change being approved, the Value for Money has improved as a result of this change with the cost per targeted premise coming down to £1,856 from £2,064 and the private leverage increasing.</p> <p>Of superfast deployment:</p> <ul style="list-style-type: none"> • Decision of December 2019 - 872 premises based on £1.8m subsidy: £2,064 per premise • Current decision: 835 premise based on £1.55m subsidy: £1,856 per premise <p>The Fastershire programme is based on a gap funding model which means the public sector funds are used to support the private sector to make a decision to invest in a deployment programme (as rural areas are expensive to reach with limited opportunity for return on investment).</p> <p>Risk: While the risk is deemed to be relatively low, there will be no contractual obligation for Gigaclear to provide to all 5,348 premises that are planned to be passed as a consequence of the change. Assurances have been sought and provided by Gigaclear that the physical plan with its wider coverage benefits will remain the same.</p> <p>Equality: one of the main barriers to digital inclusion is broadband</p>

	<p>coverage. Therefore more coverage is the key goal which this decision supports.</p> <p>Legal: The decision of 18 December 2019 was based on state aid approval and as a result recommendation (a) includes different figures reflecting only those numbers will be formally contracted. Financially, the result presents a more positive outcome with minimal impact on the coverage. The contractible number is lower but the majority of the original premises remain in Gigaclear's commercial plan (once in delivery) with the remainder able to be dealt with via future stages of the broadband strategy.</p>
Details of any alternative options considered and rejected:	<p>Cease the change request: The potential withdrawal of the change was considered as the total number of premises will not be contractible directly.</p> <p>That would mean not just losing the additional coverage through the subsidy, but also the investment by Gigaclear to reach premises with their own funds. As the reach of the change is virtually unaffected by the volume of premises that are contractible, the changes are deemed to be largely technical rather than material. As such, withdrawing the change would needlessly impact on thousands of premises.</p> <p>Also, the uplift is only possible as it is a change to a contract awarded under the 2016 National Broadband Scheme (NBS). This scheme is now lapsed therefore a new stand-alone process to commit the funding under the NBS would not be possible.</p> <p>While this change has been processed, a number of contracted premises which are connected to cabinets that are affected by the change have been on hold until the change is executed. Withdrawing the change would lead to further delays for those premises.</p> <p>New decision: The possibility of seeking an entirely new decision was also considered. However, as the wider impact and costs are broadly the same and with the changes deemed to be of a technical rather than a material nature, little practical benefit would be gleaned by extending the process further and delaying the broadband delivery programme.</p>
Details of any declarations of interest made:	None

Signed..... Date: 31 July 2020