

GREATER MANCHESTER CORPORATE ISSUES & REFORM OVERVIEW AND SCRUTINY COMMITTEE

DATE: Tuesday 15 October 2019
TIME: 6.00 - 8.00pm
VENUE: GMCA - GMCA Boardroom, Churchgate House, 56
Oxford Street, Manchester, M1 6EU

SUPPLEMENTARY AGENDA

7. **GREATER MANCHESTER LOCAL FULL FIBRE NETWORK PROGRAMME** 1 - 8
Report of Elise Wilson, Portfolio Lead for Digital City-Region, and Sara Todd, Portfolio Lead Chief Executive for Digital City-Region.
10. **EXCLUSION OF THE PRESS AND PUBLIC – NO LONGER REQUIRED**
11. **GREATER MANCHESTER LOCAL FULL FIBRE NETWORK** 3
**PROGRAMME – NO LONGER REQUIRED, THE REPORT IS
APPENDED ABOVE AT ITEM 7**

For copies of papers and further information on this meeting please refer to the website
www.greatermanchester-ca.gov.uk.

Alternatively, contact the following Governance & Scrutiny Officer:

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This agenda was issued on 11 October 2019 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Churchgate House, 56 Oxford Street, Manchester M1 6EU

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Corporate Issues and Reform Overview & Scrutiny Committee

Date: 15th October 2019

Subject: Greater Manchester LFFN Programme

Report of: Cllr Elise Wilson, Portfolio Lead Leader for Digital City Region, Sara Todd
Portfolio Lead Chief Executive for Digital City Region and Tony Oakman,
Chair – GM LFFN Board

PURPOSE OF REPORT

This report follows that which came to GMCA in March 2019, the decisions from which are noted in Appendix A. This report provides members of the Committee with an overview of the progress towards delivery of the Greater Manchester Local Full Fibre Network (LFFN) programme.

This report also summarises the successful completion of the Greater Manchester Prospectus, which will provide a simplified and consistent approach across all GM Local Authorities to the way in which full fibre infrastructure will be delivered across GM.

Timescales to finalise all aspects of the programme are very short, with significant activity still to complete before the deadline of the end of October.

RECOMMENDATIONS:

Members are recommended to:

- Note the progress to date towards completion of the procurement contracting and grant funding stages of for each Arc to deliver Greater Manchester's LFFN programme.
- Note the Greater Manchester Prospectus.

CONTACT OFFICERS: Phil Swan (GMCA), Alison Gordon (GMCA), Chris Founds (TFGM), John Steward (GMCA)

Report authors must identify which paragraph relating to the following issues

| | | | | |
|---------------|-------------------|-----------------|------------------|-----------------|
| <u>BOLTON</u> | <u>MANCHESTER</u> | <u>ROCHDALE</u> | <u>STOCKPORT</u> | <u>TRAFFORD</u> |
| <u>BURY</u> | <u>OLDHAM</u> | <u>SALFORD</u> | <u>TAMESIDE</u> | <u>WIGAN</u> |

Risk Management – see paragraph - **3.10; 3.18; 3.21**

Legal Considerations – see paragraph - **3.1, 3.10, 5.1, 5.2**

Financial Consequences – Revenue – **3.12, 3.18**

Financial Consequences – Capital – **1.5, 3.12, 3.18, 3.20**

Number of attachments included in the report:

Appendix A - GMCA decisions relating to this programme

BACKGROUND PAPERS:

GM Digital Strategy (February 2018)

GMCA Board Papers and Decision Notice (1st March 2019)

| | | |
|---|--------------------------------------|---|
| TRACKING/PROCESS | | GREEN |
| Does this report relate to a major strategic decision, as set out in the GMCA Constitution | | No |
| EXEMPTION FROM CALL IN | | |
| Are there any aspects in this report which means it should be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency? | | Financial Grant Funding Agreement until approved by DCMS – expected by 31 st October |
| Transport Committee | Overview & Scrutiny Committee | |
| | 15 th October (Corporate) | |

1. BACKGROUND

- 1.1 In 2018, Greater Manchester Combined Authority agreed a Digital Strategy, which set out an aspiration to be a top 5 European digital city-region of global significance. Whilst commercial investment has doubled “full fibre” availability in the UK to 6%, the UK lags almost all of Europe by this measure with the March 2019 full fibre penetration figure being a lowly 1.5%.
- 1.2 In March 2018, GM secured £23.7M (25% of the UK LFFN Wave 2 funding allocation) from DCMS as part of the National Productivity Infrastructure Fund, to connect over 1300 public sector sites across GM with full fibre. Based on similar projects in the UK, the overall programme aims to encourage further wider private sector investment of up to £250M.
- 1.3 The Greater Manchester LFFN Programme bid highlighted the transformational impact on digital infrastructure in GM which would lead to an increase of full fibre coverage from 2% now to around 25% within three years. Greater Manchester would then have the best high-speed digital infrastructure coverage of any city-region in the UK.
- 1.4 The GM LFFN bid also anticipated the delivery of cost benefits to public sector partners over the medium term and additional cost benefits expected from increased competition from providers, seeking to provide services to partners over the new fibre network. The GM LFFN programme anticipated the costs of full fibre infrastructure for partners would be fixed for 20 years, meaning the borrowing costs on upfront capital would be offset as there would be no inflation costs.
- 1.5 The Programme Procurement overall anticipated that a minimum 1300 public sector sites and assets would be connected by over 450km of new fibre across GM. The GM bid covered three elements:
 - an anchor tenancy component in which councils and GMCA/FRS and GMCA/TfGM Traffic Controls Systems assets) invested in or brought forward expected revenues to secure greater impact and develop networks in localities
 - a specific, tactical public sector site upgrade component relating to Manchester City Council where there was already considerable fibre networks and risk of overbuild
 - an extension to the existing Digital Infrastructure Cooperative work in Tameside.
- 1.6 It was agreed that the Digital Infrastructure Cooperative component would be managed separately with DCMS awarding £2.5m of the GM LFFN grant directly to Tameside. The grant agreements for the other two components would be via the GMCA.
- 1.7 DCMS currently requires GM to defray all DCMS LFFN funding by the end of March 2021. This is a challenging timescale, which requires the GM LFFN programme to be procured and

mobilisation underway by November 2019 to allow enough time for network build without being in breach of the Grant Funding Agreement.

1.8 At its meeting on 1st March 2019 the GMCA agreed the recommendations in Appendix A.

2. STRATEGIC AND ECONOMIC FACTORS

2.1 Greater Manchester public sector partners are investing in full fibre to enable public sector productivity and benefits and all decision making has been made on this basis, which also avoids state aid conflicts. It is however worth noting the wider positive economic considerations of this project.

2.2 Current full fibre coverage in Greater Manchester (Sept 2019) is summarised in Table 1 below and is in line with the UK average. Salford is the only local authority area that has seen significant increases in coverage over the past two years.

| Bolton | Bury | Manchester | Oldham | Rochdale | Salford | Stockport | Tameside | Trafford | Wigan |
|--------|-------|------------|--------|----------|---------|-----------|----------|----------|-------|
| 0.84% | 4.07% | 10.92% | 7.11% | 3.1% | 45.14% | 0.56% | 6.46% | 1.95% | 1.31% |

3. FINANCIAL AND COMMERCIAL UPDATE AND GRANT ALLOCATIONS

ANCHOR TENANCY AREAS AND AUTHORITIES

3.1 Following a rigorous OJEU compliant procurement process, GMCA is close to identifying providers selected as preferred bidders to deliver the Greater Manchester LFFN Anchor Tenancy Programme.

3.2 This has been built around procuring two lot frameworks:

- one lot covering the **Northern Arc** of Greater Manchester that includes Wigan, Bolton, Bury, Rochdale and Oldham local authorities, GM Fire and Rescue, GMCA/TfGM urban traffic control and assets within those local authority areas.
- one lot covering the **Southern Arc** (Stockport, Trafford and Fire and Rescue and GMCA/TfGM urban traffic control and assets within those localities as well as in Salford and Manchester local authority areas).

3.3 At this stage, it is likely the procurement will deliver benefits well above those set out in Section 1 of this report, including delivering significant social value.

- 3.4 The division of DCMS grant across each locality for anchor tenancy has been shared and discussed with each partner organisation. This has provided clear additionality arising from the combination of both grant and procurement outcomes.
- 3.5 The partner capital funding requirements remain capped at the levels agreed by local authorities and GMCA in March 2019. All relevant local authorities have worked since March 2019 to have the necessary delegated authorities in place to enable them to confirm funding and sign respective contracts by the end of October 2019.

PUBLIC SECTOR BUILDING UPGRADE

- 3.6 As anticipated, the success of our DCMS bid (the largest allocation in the UK) has triggered some wider market investment in full fibre in the City Region. Coverage in most of the local authority areas outside of Manchester remains below 5%. However, in Salford coverage has increased from 10% in 2018 to over 45% as a result of investment by Openreach in the past 18 months. This has led to DCMS concern about its grant being used to overbuild fibre that has already been delivered without intervention.
- 3.7 Following discussion with DCMS and Salford it has been agreed that the Salford City Council sites should be removed from the Anchor Tenancy procurement and that a smaller number of eligible sites should be delivered through Public Sector Buildings Upgrade (PSBU) model - in line with the approach that was adopted for the Manchester City Council sites. These Salford City Council sites will receive a flat rate grant contribution which will be the same as the Manchester PSBU sites. The new contract for Salford will be delivered outside of this LFFN anchor tenancy programme and will be directly contracted or procured through an extension to the Manchester City Council contract, utilising the Crown Commercial Services Frameworks.

GMCA/FIRE & RESCUE SITES

- 3.8 The GMCA/FRS investment is cost effective, and at worst cost neutral. Importantly the investment in GMCA/FRS sites creates opportunities for further benefits and creates a basis for wider innovation.

GMCA/TFGM SITES AND URBAN TRAFFIC MANAGEMENT CONTROL ASSETS

- 3.9 The connection of the GMCA/TfGM traffic control assets represents a longer-term investment. TfGM currently operate these assets on behalf of GMCA and local authorities and will continue to progress leading edge smart city enhanced mobility as part of its future transport strategy
- 3.10 The large number of sites included within the GMCA/TfGM scope reflects the requirement to achieve efficiencies across GM by connecting at scale, whilst offering providers the opportunity to aggregate sites in each locality. This creates the potential to deliver pan

Greater Manchester capabilities, supporting our carbon reduction and green targets to be achieved and, underpin future work through connecting neighbourhoods and mobility.

- 3.11 As the fibre investments in each locality are interdependent, the local authority, GMCA's TFGM and FRS network leverage each other's investments, creating something more than the sum of the parts. This is therefore the keystone, which places Greater Manchester at the forefront of smart city solutions from Internet of Things, future mobility zones, 5G linked applications, autonomous vehicles and health and social care benefits such as pollution monitoring and remote sensor homes.
- 3.12 The GMCA investment required to connect GMCA/TfGM sites and assets is being finalised in advance of October's GMCA meeting.

ANCHOR TENANCY DELIVERY TIMESCALES

- 3.13 In order to meet DCMS funding timescale it will be necessary to move to formal contract agreement and signatures before the end of October 2019. Mobilisation will commence during November and works will commence on site early in 2020. All DCMS funding must be defrayed by 31st March 2021. DCMS grant allocation will be prioritised in all areas before utilising GM partner capital funds to complete the work.

3 GM PROSPECTUS – ACCELERATING FULL FIBRE ROLL OUT AND MINIMISING DISRUPTION

- 4.1 The GM Prospectus has been prepared alongside the LFFN Programme. Its purpose is to remove traditional barriers and to support the standardisation of delivery across a diverse geographic area. The Prospectus will establish Service Policies that will achieve a consistent high standard of delivery, by the LFFN providers, including reinstatements, exploring dig once opportunities and coordinating with local works, wayleave arrangements and planning policy. This will allow providers to deliver quickly, but also will reduce disruption through the agreement of a common high standard approach with local authority partners.
- 4.2 The Prospectus has been prepared in partnership with local authority leads and in conjunction with colleagues in Highways Departments across GM. The Prospectus will also have a wider role in encouraging future market investment across GM and demonstrating through its piloting on LFFN, that GM is open for business in terms of further fibre and telecoms investment. The document will be refined further during contract mobilisation and formally adopted before the end of the year. It will necessarily be an evolving document that agrees GM processes and protocols but updated over time to reflect all UK regulatory changes. The prospectus is attached at Appendix B.

4 INTER AUTHORITY AGREEMENT

- 5.1 The delivery of this large complex programme requires the LFFN public sector partners to enter into an Inter Authority Agreement (IAA). This confirms the funding contributions; the

support that will be provided by the GMCA LFFN team to each participating Local Authority and the general agreed contract management approach. This is seen as an important part of the GM LFFN Programme by DCMS – who were keen to ensure they had confirmation of commitment and grant funding obligations from all GM partners.

- 5.2 The IAA will act as the principles document by which the partners will engage on the project and will include a copy of the GM Prospectus, terms of reference, roles and responsibilities, funding allocations and the draft contract documents. A copy of the IAA has been shared and supported across all partner authority officers and legal teams have been consulted.
- 5.3 It is proposed that GMCA agree to become party to the IAA with local authority partners, with authority delegated to the GMCA Monitoring Officer to review and complete all necessary documentation.

5 RECOMMENDATIONS

- 6.1 The recommendations can be found at the front of this report.

Appendix A – GMCA decisions relating to this programme

At its meeting on 1st March 2019 the GMCA:

- Agreed investment of £1.46M capital from GMCA (Fire & Rescue Service) and £3.384M capital from GMCA (TfGM Urban Traffic Management Control).
- Requested that all district partners make provision for their respective capital investment commitments with formal financial approvals in place before the contracts are awarded. Noting that this capital investment is in place of revenue costs for connectivity over a minimum of 20 years.
- Requested that all district partners ensure that local project and contract management support is in place for the programme.
- That the £20.465m DCMS grant for LFFN will be allocated between the Districts and the GMCA to maximise full fibre site coverage across each district and CA agreement will be sought to the final grant allocations.
- That £835,000 of the DCMS LFFN grant will be allocated to Manchester City Council for Public Building Service Upgrade.
- Agreed the proposed approach to procurement and contract management, namely that:
 - GMCA will be the Framework Authority and will contract directly with the provider for the delivery of its network connectivity for UTMC assets and Fire and Rescue Service sites.

- The GM Prospectus is put in place as a joint agreement by local authorities and the GMCA to adopt common processes and criteria to utilities infrastructure delivery to minimise barriers to investment and reduce roll out costs of utilities works across GM.
- Participating Local Authorities and the GMCA are requested to agree, and be party to, the Inter Authority Agreement to formalise their participation in the GM Full Fibre Programme and secure Government (DCMS) LFFN grant funding.
- Delegate to GMCA Treasurer in consultation with the Portfolio Lead, the approval to select up to 2 providers under single providers framework contracts, which are then used by the GMCA and each participating Local Authority to enter into a contract for their locality.

Appendix B – Digital infrastructure prospectus

See separate document.