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# WORCESTERSHIRE COUNTY COUNCIL

## RECORD OF OFFICER EXECUTIVE DECISION

<b>Date Of Decision</b>	8 February 2017
<b>Decision Maker</b>	<i>Peter Bishop - Director of Commercial and Change, Commercial &amp; Change in consultation with Cabinet Member Responsible for Economy, Skills and Infrastructure – Ken Pollock.</i>
<b>Brief Description Of Decision</b>	<p>The early positive take-up in the programme area, in excess of 20%, enabled the Council to benefit from the 'Gainshare' clauses in the 'Superfast Worcestershire' contract with BT. BT made an opportunity available to re-coup 'Gainshare', earlier than originally required within the contract, BT offered that up to £3.25m of modelled returns could be made available immediately to further extend the fibre coverage in the county and achieve at least 95% superfast coverage of the county. Without this offer any 'Gainshare' funding would otherwise be returned to the 'Reinvestment Fund', held by BT, at two year intervals over the period of the contract and could be re-committed as it was made available; any remaining funding would be returned to public sector funders at the end of the contract.</p> <p>In October 2015, WCC Cabinet agreed to support further capital re-investment up to a total value of up to £3.25m, released early by BT, subject to value for money, to extend superfast broadband even further across the county.</p> <p>Authority was delegated for the Director of Commercial and Change, in consultation with the Cabinet Member with Responsibility for Economy, Skills and Infrastructure, to negotiate with BT to achieve the best deal for the county.</p> <p>Following the decision by Cabinet, BT completed their modelling and returned their responses to go beyond the then anticipated 94% coverage that was planned to be reached by Phase 2 in September 2017; BT had modelled two reinvestments utilising <b>Clawback</b>;</p> <ul style="list-style-type: none"><li>• Model 1: £3.76m (£2.93m public through early clawback, infill and programme efficiencies);</li><li>• Model 2: £5.93m (£4.97m public through early clawback, infill and programme efficiencies as well as underspend),</li></ul> <p>Further to Cabinet's decision, the Broadband Programme Office presented three options for reinvestment and subsequently recommended <b>Option 2</b> – the 'lower' reinvestment offer with BT (based on model 1 above). The Director of Commercial and Change, in consultation with the Cabinet Member with Responsibility for Economy,</p>

	Skills and Infrastructure agreed to proceed with the recommended option and approved the request on 8 February 2017.
<b>Reason(s) For Decision</b>	<p>To further extend superfast broadband to Worcestershire's residents and businesses, Option 2 was preferred as it:</p> <p>Allows WCC to continue extending broadband coverage in partnership with BT towards and beyond 95% coverage of the county (using project baselines) at Superfast speeds (24Mbps+) in line with national targets.</p> <p>Will offer further broadband improvements for over 3,000 of premises, meaning that once deployed c. 95% of all Worcestershire premises will have access to superfast speeds. The Value for Money and coverage offered were in line with expectations.</p> <p>Enables early access to funding to enable the deployment to continue minimising delays that would be associated with a slower return of the Gainshare over a longer period of time.</p> <p>Allows flexibility, by not committing the potential 'Underspend' (linked to BT's higher offer 'Model 2') at this stage, WCC have the option at a later date, not to reinvest all of the originally approved £8.5m of capital funding or to reinvest 'underspend' in a wider range of options.</p>
<b>Alternative Options Considered And Rejected</b>	<p><b>Option 1:</b> Reinvest into the higher of BT's modelled solutions (Model 2) using the vast majority of both Take-up and Underspend (to ensure greatest coverage through the maximum investment). Whilst offering a greater coverage of premises initially, it was anticipated that with the developments of the national programme that Option 1 may offer less flexibility around the total available funding.</p> <p><b>Option 3:</b> WCC do not consider the return represents 'good value and decide not to reinvest into the existing broadband contracts, instead consider the 'best value' of the full amount of clawback to be reconsidered. The next step would be to agree the appropriate 'priority' for the reinvestment. Noting that much of the 'clawback' will be tied into the contract and a proportion would have to be returned to BDUK. This would require a high volume of supplier relationship management. As communities have been informed of the remodelling and potential for extending coverage, not proceeding with any broadband extension activity at this stage would have reputational risk.</p>
<b>Any Conflict of Interest declared by a consulted Cabinet Member/ any dispensation granted</b>	No