

## THE HIGHLAND COUNCIL

### RESOURCES COMMITTEE – 17 February 2010

Agenda Item	
Report No	

### Pathfinder North Progress Update Report

#### Report by Head of E-Government

#### SUMMARY

This report updates the Resources Committee on the progress of the Pathfinder North Broadband Project which will provide high capacity broadband links to schools, libraries and other Council buildings throughout the Highlands and Islands.

#### 1. Background

- 1.1 The Programme for the Highland Council 'Strengthening the Highlands' makes a commitment to work with the Scottish Government, HIE and the private sector to support the provision and use of high speed broadband services for our businesses and communities. (Theme 3: Economy) and the Pathfinder North broadband implementation also supports the overall objectives of Theme 5 to make the Council more effective and efficient in the delivery of Council services by improving and modernising the ICT infrastructure in the delivery of services. Within the Single Outcome Agreement the activities within the Pathfinder North implementation are encompassed in Local Outcome 3.A: People across the Highlands have access to the services they need. The project also contributes to the Local Outcome 1.I :To support the economy access is improved to housing, transport and high speed broadband.
- 1.2 The Pathfinder North project is to procure, implement and manage the delivery of broadband services in five local authority areas across the Highlands and Islands (Highland, Moray, Argyll and Bute, Orkney and Shetland). The five local authorities formed a consortium to undertake the procurement. The Highland Council was appointed the Lead Authority for the procurement and implementation of the Pathfinder North programme
- 1.3 The Highland Council has a dual role in the project, acting as the Lead Authority on behalf of other Partner authorities and as an individual Partner authority. The services delivered by the Pathfinder North Project, will offer direct benefits to local authorities by enabling high bandwidth connections for schools, libraries and other Council offices throughout the Highlands and Islands. The Implementation phase has now finished with the last site connected on 20.12.2009.

1.4 The end of the implementation phase of Pathfinder North represents a major milestone for all of the local authorities involved in the project. This project represents one of the largest successful local government shared services projects in the UK and one of the largest collaborative broadband procurements in Europe. As such the Pathfinder North Partners will now move into operational service delivery and start to harness the benefits by using the network to continue to develop shared services and improve public service delivery.

## **2. Implementation Progress**

2.1 Pathfinder North is one of the largest telecoms projects in the UK, delivering and expanding an extensive broadband network across the Highlands and Islands for the five local authority Partners comprising a range of connectivity technologies (fibre, radio and BT).

2.2 During the implementation phase, there were three distinct projects:

- The core Cable and Wireless network upgrade and installation across the Highlands and Islands;
- The end-site installation programme at Partner sites;
- A programme of further significant bandwidth enhancements to data centres and secondary schools

2.3 Whilst there were many challenges in delivering the infrastructure, it will and is providing Partners a platform to enhance service delivery and for Highland Council specifically, will be key to some of the new services that will be delivered through the ICT Procurement.

2.4 A further programme of bandwidth upgrades for primary schools in Highland, Moray and Argyll and Bute areas will take place over the coming months – a contractual provision, this will improve the bandwidth provision to 55 sites across these areas that have connections provided by BT.

2.5 The original implementation deadline was 20 March 2009, as previously advised the Partnership has been engaged with Cable and Wireless to agree a resolution to the costs incurred (£395k) as a result of these delays.

2.6 These costs are directly related to the extension of the period required to extend the contracts of the Partner local implementation teams, project office costs and the extension of the Construction, Design and Management Co-ordinator contract for the end site surveys and installations.

2.7 A meeting has been scheduled with the Lead Authority to resolve this matter on behalf of the Partnership which will take place on 24 February 2010. An update on progress with this will be provided to a future Resources Committee once the matter has been resolved.

### **3. Novation of Contract**

- 3.1 Following the takeover of THUS plc by Cable and Wireless (C&W) in October 2008, the Novation which commenced in March 2009 has now been completed under the terms and conditions of the original contract. As such, the Novation of the contract from THUS plc to Cable and Wireless UK was signed and approved on 21 January 2010.
- 3.2 Legal advice for this process was sought from Harper Macleod, and approval and guidance provided by the Pathfinder Partners, Highland Council Procurement, Legal and Finance representatives. The Pathfinder North Project Manager has negotiated with Cable and Wireless that they will pay for the Council's legal costs of £12,984.

### **4. Service Management**

- 4.1 The Pathfinder North network continues to meet the agreed service levels (average availability of 99.8%) over the radio network and fibre/BT network achieving 99.88% and 99.99% respectively for December 2009.
- 4.2 The Internet, Remote Access Service and Inter-VPN network achieved 100% availability.
- 4.3 Work continues on the Service Improvement Plan which will oversee the delivery of some core network resiliency across five specific radio links. This will enhance or provide alternative routes for network traffic and have been identified as vulnerable following failures last Winter. Along with the improvements on response times, support arrangements and strategically positioned spares stores – this has resulted in the service meeting it's contracted service level since July 2009.
- 4.4 As the project moves into the service management phase, this will be the last Pathfinder implementation report. Future reports on Pathfinder North service will be included in the ICT monitoring report.

### **5. Pathfinder North and South Evaluation**

- 5.1 Last Autumn, Pathfinder North along with our colleagues in the Scottish Government and Pathfinder South (Borders and Dumfries and Galloway Councils) formed the Pathfinder Evaluation Steering Group.
- 5.2 The Steering Group are seeking an appropriately qualified and experienced Contractor to jointly evaluate and report on both Pathfinder projects.
- 5.3 The two projects represent the biggest public sector investment in broadband in Scotland and the largest broadband aggregation currently implemented in the UK. They received a substantial amount of Scottish Government funding (£90m) and the projects have already been subject to Gateway Reviews.
- 5.4 It is important that projects of this scale and scope are fully monitored and evaluated, and it is felt that an evaluation will be worthwhile both in terms of promoting transparency and accountability, as well as providing a valuable opportunity for the involved stakeholders to re-examine and learn from the process,

and to capture this learning for the benefit of future projects and policy development.

5.5 The evaluation will involve gathering baseline data and assess:

- The advantages and disadvantages of the aggregated LA approach to procurement and rollout;
- How the rollout of the project progressed within both Pathfinder North and South areas;
- What has been achieved to date and how well the process is working;
- What impact the project had had so far on users and staff within a variety of sites, as well as wider social issues; and
- How best to maximise the impact of Pathfinder on other services such as GLOW (the national schools intranet), e-Government and community planning

5.6 The key outputs will be:

- An assessment of the benefits of high-speed broadband connectivity to the public sector;
- A detailed consideration of the benefits of broadband for a wide range of Pathfinder sites, including, primary and secondary schools, libraries, museums, council and social work offices, etc;
- Detailed consideration of any gaps in current public service provision, as well as potential future needs within technology development;
- A Literature Review that will add value to existing research, and facilitate a qualitative assessment of existing studies into public sector broadband interventions;
- Provide lessons for other non Pathfinder local authority areas, in particular rural areas such as Ayrshire or Tayside;
- Evaluate the benefits of the aggregation model, which may encourage future Scottish projects to adopt this cross-local authority approach

5.7 The overall cost of the evaluation project will be no more than £60,000 shared between all Pathfinder North and South Partners. The final amount will be determined by the Steering Group and approved by the respective Boards of each project when it agrees the final project specification.

5.8 Funding for the evaluation will be secured from savings accrued as a result of the delayed rollout, at no additional cost to the Pathfinder North Partnership. No additional budget is required.

5.9 The indicative timetable for the analytical work to take place is expected to run from 22 March – 11 June 2010, with the evaluation being complete within this 12 week period.

5.11 The tender will be undertaken by the Scottish Government with the Evaluation of tenders being undertaken by the Steering Group.

5.12 The results from the evaluation will be made available at a future Resources Committee following completion of the project

## **6. Pathfinder North Project Costs**

- 6.1 By 30 September 2009, THUS plc were paid a total of £29m that had been made to this date. As a result of a number of contractual issues, a sum of £6.6m (covering four invoices) was withheld for the period 1 October 2009 to 21 January 2010 until these issues were resolved; this included the successful conclusion to the Novation of the contract as previously referred.
- 6.2 These outstanding monies were paid to Cable and Wireless by 26 January 2010.
- 6.3 The current total expenditure has been 100% grant aided from the £61.1m Government grant available for this project. Partners will provide the balance of funding of £7.4m towards the end of the 7 year contract.
- 6.4 Partners have so far drawn down minor enabling works grant claims of £900k, this completes the funding arrangement available for this part of the project.

## **7. Future Broadband Strategy**

- 7.1 The Council is currently reviewing it's position on broadband and is working with a number of it's public sectors partners to understand the opportunities that may be available to improve broadband provision across the Highlands.
- 7.2 On the 21<sup>st</sup> December, the Council attended a meeting of the Highland Broadband Coalition, a collection of the main public and private sector agencies in the Highlands. The purpose of the meeting was to understand the current broadband networks/availability in place and to outline major issues facing the public and private sectors. At this meeting, representatives from HIE agreed to hold a further broadband connectivity workshop on the 29<sup>th</sup> January 2010. This workshop, was attended by the Council and explored the current issues facing the Highlands with the aim of recommending a Highland action plan for broadband access improvement.
- 7.3 Separately the Head of E-Government is working with the Director of Planning and Development and his team to progress broadband issues and opportunities at a Council and area level and a paper will be presented to Resources Committee in April 2010 to outline progress to date, and to update members on the output from the 29<sup>th</sup> January workshop.

## **8. Recommendations**

- 8.1 Members are asked to:
  - i. Note the Report
  - ii. Note the end of the Pathfinder North Implementation phase
  - iii. Note the contract Novation from Thus to Cable and Wireless
  - iv. Note that a future report on broadband development will be presented to the April 2010 Resources committee

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