

**THE HIGHLAND COUNCIL**

**RESOURCES COMMITTEE**

Agenda Item	
Report No	

**UPDATE ON PROGRESS WITH THE PATHFINDER BROADBAND PROCUREMENT PROJECT**

**Report by the Chief Executive**

**SUMMARY**

This report updates members on the progress of the Pathfinder Broadband Procurement Project which aims to provide high capacity broadband links to schools, libraries and other council buildings throughout the Highlands and Islands. Revised bids from BT and Thus were received on 19 May following a period of clarification to develop the initial bids. The plan is to secure Council authority to approve the appointment of a preferred bidder on 29 June and conclude negotiations and contractual details by September 2006.

**1. Introduction**

1.1 The project involves the procurement of managed broadband services from a telecommunications company to meet the needs of the six local authorities. The procurement route is by Invitation to Negotiate.

The total estimated budget for the 5-7 year contract is £70m, with £63m coming from the Scottish Executive, the remainder coming from the Partner authorities existing spend on network connections. Part of the project will be to upgrade the Connected Communities network in the Western Isles to the level being procured across the rest of the Highlands and Islands under the Pathfinder project. £1million has been allocated for this which will be spent on a network upgrade during 2006/7.

1.2 The main benefits of the project which should see very high levels of bandwidth delivered to 800 plus sites across the Highlands and Islands are:

- It will permit the full local delivery of the Scottish Schools Digital Network (SSDN) which is currently being rolled out by Learning and Teaching Scotland (the provision of SSDN interconnect has been included within the scope of the project).
- It will allow councils to modernise service delivery and improve on efficiency through the full use of broadband.
- Delivery of e-government targets.

**2.0 Project Progress**

Following the submission of two bids by BT and Thus at the end of February, a period of detailed clarification and negotiation with the bidders has resulted in the submission of two bids – which now go a considerable way to meeting the partners' aspirations (these bids were received on 19 May 2006). Both bids now have a significant wireless element. A detailed technical, financial and legal review is currently underway involving all partners and external advisors. Negotiations are currently taking place between the partner's Lead Negotiation Team and the suppliers prior to the submission of final offers on 23 June 2006. A recommendation on the preferred supplier will be submitted to the Pathfinder Project Board meeting on 27 June 2006.

- 2.1 The timetable of Council meetings will mean it is not possible for a full report on the appointment of preferred bidder to be submitted to either Resources Committee or full Council. Consequently I propose to make a full verbal report to Council on 29 June 2006 where I will be seeking approval of the Projects Board's recommendation to appoint a preferred bidder.
- 2.2 The overall procurement and rollout timetable is therefore:

<b>Task</b>	<b>Anticipated Completion Date</b>
<b>State Aid Notification</b>	21 February 2005
<b>Receive State Aid Approval</b>	23 September 2005
<b>Issue OJEU Notice</b>	4 <sup>th</sup> October 2005
<b>Issue PQQ</b>	6 <sup>th</sup> October 2005
<b>Finalise ITN plus Evaluation</b>	28 <sup>th</sup> November 2005
<b>Send out ITN to selected Bidders</b>	15 <sup>th</sup> December 2005
<b>Bids Received</b>	27 <sup>th</sup> February 2006
<b>Negotiations and submission of Revised Bids</b>	April- May 2006
<b>Preferred Bidder Selected</b>	June 2006
<b>Contract Signed</b>	September 2006
<b>Network Rollout Completed</b>	September 2008

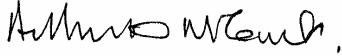
- 2.3 At the request of the Pathfinder Project Board an Education Strategy Group has been formed which will identify and lead on the actions required to maximize the benefits of the investment in the Pathfinder Network and the Scottish Schools Digital Network across the Highlands and Islands. All partners are represented on the group which is chaired by Carol Walker, Head of Education Service Argyll and Bute and facilitated by the Procurement Team. The Highland Council representation is Tony McCulloch from ECS.
- 2.4 With the technical solution now clear, detailed forward planning for the implementation of this project is now underway. Significant levels of resource will be required to manage the implementation over the expected two-year roll-out period. This will comprise a small team to centrally manage the supplier through this important phase, staffing at a local level and a budget for minor site works to prepare for equipment installation. Discussions will be undertaken amongst the partners and with the Executive on how to resource this work.
- 2.5 Current items arising which the members may wish to note are:

The Minute of Agreement approved by Highland Council on 4 May 2006 will be signed by all Councils prior to the appointment of preferred bidder. Argyll and Bute signing on 18 May and Moray to approve on 24 May. An addendum to the minute will be required to cover the signature of the services agreement with the chosen supplier. This will be the subject of a full report to full council. The Memorandum of Agreement commits The Highland Council to contributing up to £1,014,972 per annum (the equivalent of the Council's spend on Networks in 2004/5) towards the project costs over the 7 year life of the project.

### **3. RECOMMENDATION**

#### 3.1 Members are asked to:

1. Note that bids have been submitted from Thus and BT.
2. Approve the proposal to present a verbal report requesting authorisation to appoint a preferred supplier at the Highland Council meeting on 29 June.
3. Note the progress on Partners signing the Minute of Agreement and addendum covering the Service Agreement will be required.
4. Note the planning for implementation is underway and discussions will be undertaken with Partners and the Executive on how to resource the requirement.
5. Note that the procurement phase of the project is on schedule for conclusion in September 2006.

Signature: 

Designation: Chief Executive

Date: 08 June 2006

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