

## THE HIGHLAND COUNCIL

RESOURCES COMMITTEE – 15<sup>th</sup> April 2009

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 Pathfinder North project is to procure, implement and manage the delivery of managed broadband services in five local authority areas across the Highlands and Islands (Highland, Moray, Argyll and Bute, Orkney and Shetland).
- 1.2 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.
- 1.4 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.
- 1.5 The intention is that the infrastructure currently being deployed, could be used in the future for the delivery of broadband services across the geographical areas by making the facility available to the private sector, residential and other public sectors, working with the supplier of Pathfinder North and third party suppliers.

#### 2. Implementation Progress

- 2.1 The network rollout was originally phased over a period of eight Milestones covering two years from March 2007 to March 2009. This has been extended by a further two Milestones (9 and 10) following confirmation from THUS plc of the proposed delay in implementation.
- 2.3 As of 13 March 2009, 541 sites have been connected across the Pathfinder Partnership.

2.4 A breakdown of the Milestone progress is detailed in Table 1 below:

Table 1 – \*as of 16<sup>th</sup> March 2009

Milestone	Dates for Delivery	CT	Forecast 7 <sup>th</sup> Nov 08	C/Live
1	21 <sup>st</sup> Mar 07 – 20 <sup>th</sup> Jun 07	25	-	10
2	21 <sup>st</sup> Jun 07 – 20 <sup>th</sup> Sep 07	127	-	27
3	21 <sup>st</sup> Sep 07 – 20 <sup>th</sup> Dec 07	212	-	89
4	21 <sup>st</sup> Dec 07 – 20 <sup>th</sup> Mar 08	340	-	152
5	21 <sup>st</sup> Mar 08 – 20 <sup>th</sup> June 08	468	-	234
6	21 <sup>st</sup> Jun 08 – 20 <sup>th</sup> Sep 08	595	-	371
7	21 <sup>st</sup> Sep 08 – 20 <sup>th</sup> Dec 08	723	466	416
8	21 <sup>st</sup> Dec 08 – 20 <sup>th</sup> Mar 09	850	712	544*
9	21 <sup>st</sup> Mar 09 – 20 <sup>th</sup> Jun 09	-	791	
10	21 <sup>st</sup> Jun 09 – 20 <sup>th</sup> Sep 09		806	
		n/a	806	

**Key:**

CT – contractual total (cumulative)

Forecast – cumulative number of sites currently scheduled to be connected as part of Letter response

C/Live – the cumulative total of live sites

2.5 Across the Partnership the delivery to 16<sup>th</sup> March 2009 is as follows (these exclude sites in the process of Change Control):

	A&B	HC	MC	OIC	SIC	Total
Sites connected	102	272	82	21	67	544
Sites still to be connected	43	179	26	6	8	262
Total Sites	145	451	108	27	75	806
% complete	70.3%	60.3%	75.9%	77.8%	89.3%	67.5%

### 3 Project Progress

3.1 As advised in the last report to the Resources Committee on 20 November 2008, a meeting was called with THUS plc Directors and The Highland Council Chief Executive to discuss the delays to the rollout of the Pathfinder North network.

3.2 Partners were informed at their Project Board on 27 November 2008 by THUS plc, that the implementation period would run past 20 March 2009, the original contract implementation deadline. The majority of sites would be delivered by June 2009 with the final sites proposed for installation in September 2009.

3.3 The revised schedule has continued to be affected by a number of factors such as:

- Access to 3<sup>rd</sup> party mast sites (such as National Grid Wireless, Scottish and Southern Electric, Arquiva and Scottish Water), required for Core Network connectivity, had not been granted in the timeframes expected;

- Delay by THUS plc in implementing the necessary agreements and arrangements for BT connected sites;
- 3<sup>rd</sup> party sub-contractors were failing to complete their works as scheduled

3.4 Lately however, there has been significant improvement in the works in the core network that should speed up the delivery of the connection of Partner sites.

3.5 However, the delivery of 120 BT sites have been further delayed due to unclear requirements from both THUS plc and BT on the technical requirements at Partner sites. This is currently being addressed and it is envisaged that sites being connected using this method will commence by April 2009.

3.6 The Central Project team and Partners continue to work with our supplier to improve on the delivery timescales.

3.7 Since December 2008, Partners have also experienced a number of service related outages which has particularly affected Argyll and Bute Council, Shetland Islands Council and Highland Council (Skye and the West Coast).

3.8 This has been as a result of some early life failures in equipment on the Core Network, implementation errors, spares availability and fix times by our supplier, therefore missing the Service Levels for radio connected sites.

3.9 Given the concerns by Partners on the reliability of the network, the Central Implementation Team has further progressed this matter with THUS plc, and a proposal from the company is due on how they will address these issues at the next Pathfinder North Project Board on 9 April 2009.

3.10 The Central Implementation Team continue to apply the penalty mechanisms within the contract which has resulted in Partners accruing £143,559 of Service Credits to 31 January 2009 as a result of these failures.

3.11 Partners however have reiterated to THUS plc, that they would prefer a service that meets or exceeds the service levels agreed rather than accrue credits due to failure.

#### **4. Health and Safety**

4.1 In recent weeks the Council has been made aware a number of Health and Safety issues which relate to the deployment of the contract. The central and Highland Implementation Teams, in co-ordination with colleagues in Legal and Housing and Property services, are currently working with our supplier to rectify these issues.

#### **5. Pathfinder Novation**

5.1 In October 2008, Cable and Wireless bought THUS plc.

- 5.2 At the Pathfinder North Project Board on 27 November 2008, it was advised by Cable and Wireless that they wish to novate the Pathfinder North contract to them.
- 5.3 The contract novation process required Partners to tender for legal advice due to a conflict with our existing legal advisors, Pinsent Masons due to their work for Cable and Wireless in connection with the integration of the THUS business into the Cable and Wireless Group.
- 5.4 Tender submissions for this work were received on 23 February 2009 and were due to be evaluated and an advisor appointed prior to this paper.
- 5.5 It is envisaged that the novation process would commence at the start of April 2009.

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

- 6.1 By 17 March 2009, THUS plc were paid a total of £17.9m for 520 connections that had been made to this date.
- 6.2 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 £7.5m towards the end of the 7 year contract.
- 6.3 Partners have so far drawn down minor enabling works grant claims of £805k, against a further Government grant of £900k.
- 6.4 The Central Project Management expenditure for 08/09 to 31 October 2008 is £95.7k and is within the approved budget limits.
- 6.5 Following discussion with THUS plc, the Scottish Government has been requested to set aside grant monies of £20.5m in total by 31 March 2009 to cover invoice charges from THUS plc since 21 March 2007.

## **7. Post Implementation Arrangements**

- 7.1 As a result of the delays in the implementation, a proposal was approved at the Pathfinder North Project Board on 27 February 2009 to extend the posts of the Central Project Implementation Team to 31 December 2009 (Project Manager, Project Officer and Administrator).

This would ensure continued management of the implementation of the network, service management and closure of the implementation phase of the project on behalf of the Pathfinder Partners.

- 7.2 Following representation from the Head of E-Government to Harry Emambocus, Acting Head of Telecoms Policy at the Scottish Government, the Scottish Government have also provided approval for this extension, and that it would be acceptable for these posts to be funded via central budgets and the savings accrued from the delayed rollout. No additional funding would be sought from Partners. The Head of E-Government has also sought approval for a similar extension for the Highland Council Project Team, comprised of a post of Project Officer and two Project

Administrators. Funding will be provided from the existing project budget and no additional funding is required. Formal approval is requested via the Organisational Establishment and Amendments report.

- 7.3 A proposal is currently being developed to be presented to the Pathfinder North Project Board shortly on arrangements post implementation. This would ensure that the remaining five years of the contract will have the necessary ongoing service management and strategic development arrangements in place for the Partners to further exploit the capabilities of this next generation network.

Highland Council, will remain as Lead Authority for the Partnership under this arrangement.

## **8. Communication**

- 8.1 One of the many benefits of the Pathfinder North project would be the opportunity to deliver services to local communities.
- 8.2 Shetland Islands Council are making a £100,000 investment on a two-year pilot project to deliver broadband to householders and businesses in the village of Vidlin and the island of Fetlar in Shetland which will utilise elements of the Pathfinder North network, where broadband coverage and speed are limited.
- 8.3 Additionally, the Pathfinder North website has recently been redesigned by the Central Implementation team. The website now contains more information about the project, technologies and progress with the rollout, including a section on benefits which will be expanded over the coming months.

## **9. Recommendations**

Members are asked to:

- i. Note the Report
- ii. Note the work being undertaken by the project team with THUS to deliver the project

Signature:

Designation: Head of E-Government

Author(s): Vicki Nairn, Graeme Mackay, Danny Bird

Date: 6<sup>th</sup> April 2009