

**BROADBAND PATHFINDER NORTH UPDATE**

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**1 EXECUTIVE SUMMARY**

- 1.1 This report updates the Policy & Resources Committee on the Broadband Pathfinder re-procurement for a wide area network for the council providing connectivity to all schools, libraries and offices. It details the progress following the paper presented to the Council meeting on 13 February 2014 which approved the business case and associated costs, and delegated authority to the Executive Director Customer Services to conclude the Minute of Agreement with Highland Council.
- 1.2 It highlights that there has been a six month delay to finalising the order for sites with Capita, and that Capita has served a notice on the partnership claiming relief for delay of up to 6 months. At present their plans for transition show that all our sites should be implemented by end of September 2016 as per the original milestones. However, there is risk of a delay which would bring risks to business continuity and possible additional costs. The paper sets out the actions being taken to mitigate these risks and the Committee is asked to note these.

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**2 INTRODUCTION**

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- 2.2 It highlights that there has been a six month delay to finalising the order for sites with Capita, and that Capita has served a notice on the partnership claiming relief for delay of up to 6 months. At present their plans for transition show that all our sites should be implemented by end of September 2016 as per the original milestones. However, there is risk of a delay which would bring risks to business continuity and possible additional costs. The paper sets out the actions being taken to mitigate these risks and the Committee is asked to note these.

**3 RECOMMENDATIONS**

- 3.1 The Committee is asked to note the details provided and to note the actions being taken to mitigate the risks described.

**4 DETAIL**

- 4.1 The Pathfinder North 1 (PFN1) contract provided connections to 145 sites in Argyll and Bute. Our cost was £367k p.a. which was a lot less than the real cost of this service due to the substantial subsidy from the Scottish Government. The full annual cost of these connections was £1.48m p.a.. The contract expired on 20 March 2014.
- 4.2 As previously reported to Council, we agreed to delay implementation of SWAN services until early 2016 in order to enable Partners to benefit from the Next Generation Broadband (NGB) infrastructure rolled out by BT across the Highlands & Islands area.
- 4.3 Final pricing for a contract extension was confirmed by Cable & Wireless on 19 December 2012 with the price for Argyll and Bute Council sites finalised at £814,330 p.a. This was for a 2 year contract extension from 21 March 2014 to 20 March 2016 and also allows for up to 6 months extension as part of a handover period to a new service provider.

### Scottish Wide Area Network (SWAN) update

- 4.4 Following approval by Council of the PFN2 business case on 13 February 2014, a new Minute of Agreement was eventually signed by us in July 2015 between the new PFN2 partners (now including Western Isles and excluding Shetland) to bind partners together and allowing Highland Council to sign both a SWAN Membership Agreement with NHS National Services Scotland (NSS) on behalf of Pathfinder North 2 partners and a Call-Off contract with Capita.
- 4.5 We expected to confirm our order to SWAN by 19 June 2015 in line with signing the Minute of Agreement. However this was delayed until December largely because of difficulties with supplying the originally agreed bandwidths and associated technology to a significant number of Highland Council sites. During this process, we have taken the opportunity to reassess our own requirements, particularly for smaller schools, against actual bandwidth being utilised, and have lowered our bandwidth requirements at a number of sites in order to reduce costs. This was reflected in the service choices saving put forward. These sites are ones where NGB access is not yet available. Once it does become available, there will be the opportunity to increase bandwidth at a more reasonable cost.
- 4.6 Detailed transition planning has now commenced following the submission of the Confirmed Initial Order by the partnership. Capita, as the supplier for SWAN, submitted a relief notice to Highland Council on 25 November 2015 claiming up to 6 months' extra time on the transition programme. Their specific grounds for this notice relate only to Highland Council sites. However the notice applies to the whole programme. They have verbally confirmed that the delay notice should only apply to the Highland Council and we are awaiting written confirmation of this. Their latest forecast is that for other partners, including ourselves, all sites should be transitioned by end of September as originally planned. A full 6 month delay would potentially delay completion of transition until March 2017. The biggest risk is of loss of continuity of service as our contract with Vodafone does not envisage their service continuing beyond September 2016. They have indicated that much of their equipment is end of life.
- 4.7 There is an option to procure an extension of services directly from Vodafone in a similar way as we procured the original contract extension. However, it would be contractually simpler if Capita procured these services directly from Vodafone in the same way as they have done for Pathfinder South when it became obvious that their transition would overrun. In order to progress this matter, initial meetings have taken place with both Vodafone and Capita. The meetings have progressed positively. The agreed next step is to clearly establish which sites will not be completed by the current contract end date in order to make contingency plans in detail for each site.
- 4.8 At present, whilst it is possible that some individual sites could potentially slip further than the September date indicated, it is not likely that this would apply to a large number of sites. Of our total of 134 sites, 24 are fibre and 110 are copper and the latter should be more straightforward and unlikely to be subject to any substantial delay. However, Capita's track record of delivery on transition of sites for earlier SWAN members is very poor. The national SWAN programme board is aware of our concerns about delays and are assisting with putting pressure on Capita at a national level.
- 4.9 As of 22 February, 19 of the fibre sites are in progress following surveys and just 5 are currently known to be subject to delay for a number of reasons. Two key fibre

sites are our data centres and we cannot connect any site until at least one of these sites is connected. We are promised a connection to the Kilmory data centre in late March but initially this may be for a single connection only. Capita have had a number of issues with providing the resilient and diversely routed circuits which we have requested. For Kilmory, we have had to compromise on two separate connections which are routed in the same duct and this order has now been placed. For Helensburgh, we are insisting that the two circuits are diversely routed as per the catalogue description.

- 4.10 As of 22 February, there are 36 copper sites which are progressing, with 13 already complete, and 7 being subject to delay for various reasons. There were 53 copper sites shown as still to be ordered, and we are now assured that these orders were placed the following week. Capita are not expecting any issues with these sites.

#### Risks and Issues

- 4.11 There are risks that the migration to the new contract could take longer than the 6 months allowed for and this might affect continuity of service. There is also a risk of disruption to services during implementation. It would be helpful if Capita were to be able to negotiate services from Vodafone and that is still a possibility.
- 4.12 We have calculated that each 3 month delay will cost the council an additional £105k based on the difference between annual rental costs with Vodafone and Capita. We have allowed for such a delay in our financial projections when agreeing the cost pressure needed in the budget set by the Council in February. There are also other potential costs such as external legal fees (all met so far by Highland Council as the claim relates to their sites), an increase to Vodafone costs for a further extension period, potential for alternative contingency circuits to be obtained from a different supplier at higher costs, and potential liability to Capita for costs in relation to their claim for relief although none have been notified as yet.

## **5 CONCLUSION**

- 5.1 The Council is actively managing the risks of potential delay with transition of its sites to the new SWAN contract. As yet, we do not expect costs to exceed the amounts budgeted, but there is a risk that this position could change and this will continue to be carefully monitored. Detailed contingency plans are being drawn up for all sites where there is a potential for transition not to be completed by 20 September and these will be actioned as required.

## **6 IMPLICATIONS**

- 6.1 Policy: No change. In line with ICT strategy.
- 6.2 Financial: In line with budget set in February 2016. Potential for cost increases but these will be actively managed to keep within budget.
- 6.3 Legal: External legal advice is being obtained via Highland Council and NSS.
- 6.4 HR: Additional short term requirement for resources for implementation in 2016/17 is already budgeted for.
- 6.5 Equalities: None

- 6.6 Risk: Significant risk to service continuity if there is an overrun to transition beyond 20 September when provision for service from Vodafone expires. Detailed contingency plans being progressed for all sites where risk is identified as high.
- 6.7 Customer Service: Significant potential impact on services if network services are disrupted.

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**Executive Director Customer Services**  
**3 March 2016**

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For more information contact:

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Background Papers:

Broadband Pathfinder Re-Procurement: PFN2 Business Case: Council 13 February 2014