



Connectivity for Schools

SUMMARY

- 1.1 The East Midlands Broadband Consortium (EMBC) of 9 Local Authorities was established to provide broadband connections to schools. The Consortium and contract with suppliers will end on 31 March 2007.
- 1.2 Schools have concerns with EMBC, especially with regard to the cost of connections and services. Individual schools may continue to subscribe to services offered by the successor organisation to EMBC, from April 2007, but it proposed that the Council does not continue full membership of such a body.
- 1.3 It is recommended that alternative infrastructure be provided to ensure Derby schools have a cost effective option for connectivity and services.
- 1.4 The proposed rollout will achieve government targets by December 2006 and ensure that the new infrastructure is available prior to April 2007.
- 1.5 Subject to any issues raised at the meeting, I support the following recommendations.

RECOMMENDATIONS

- 2.1 That Derby does not continue membership of a regional broadband consortium from April 2007 when EMBC ends.
- 2.2 That alternative infrastructure is planned and provided to give schools in Derby a cost-effective option.
- 2.3 That the contract for circuits for the requirements of the 36 primary schools (Tender Reference: TD0116) for 2mb (or above) be awarded to BT (Contract 1). These are schools currently using ADSL and an upgrade is required to meet government targets.
- 2.4 That the contract for circuits for the requirements of the 13 secondary schools (Tender Reference: TD0114) for 8mb (or above) be awarded to BT (Contract 2). These schools are currently using 2mb broadband from EMBC and an upgrade is required to meet government targets.
- 2.5 That a waiver of Clause 6 of the Contract Procedure Rules is granted to allow negotiation with BT for circuits for the remaining 47 primary and special schools (Contract 3). These schools are currently using 2mb from EMBC.

- 2.6 That the 2006/7 school capital programme be increased by £761,994, to be fully funded by contributions to be agreed by schools.
- 2.7 That the level of planned prudential borrowing in 2006/7 in support of the capital programme be increased by £471,302, to be funded by schools over a two year period, including the cost of financing the borrowing.

REASONS FOR RECOMMENDATIONS

- 3.1 A number of developments with the National Education Network will provide schools with more exciting and innovative curriculum content but these developments are not yet available. This means schools want cost-effective connectivity today with the option to upgrade as their demand increases in the future.
- 3.2 The connectivity market has changed significantly since EMBC started in 2000, including the deregulation of copper circuits between exchanges and customer premises plus the price reduction in the installation and running of fibre connections. There are now options for urban local authorities to provide inexpensive high-speed connections.
- 3.3 The BT offer involves high initial installation costs but low running costs and, consequently, provides excellent unit costs over a five-year period or greater.
- 3.4 The development of a Council-run network for schools would provide excellent potential for expanding connectivity to a range of other sites and services, including residential children's homes.
- 3.5 The waiver of Clause 6 of the Contract Procedure Rules is sought to expedite the procurement and will be negotiated in line with the charges in the tenders.



Connectivity for Schools

SUPPORTING INFORMATION

- 1.1 The government has set targets for schools' connectivity. For primary schools, a minimum of 2mb symmetrical broadband is required and, for secondary schools, a minimum of 8mb symmetrical broadband is required. The target deadline is December 2006.
- 1.2 East Midlands Broadband Consortium (EMBC) was established in 2000 to deliver broadband connections to 100% of schools in the region by 2005. The Consortium and contract with suppliers were extended to the end of March 2007 and the current level of connections is approaching 75%.
- 1.3 The government now sees the future of Regional Broadband Consortia, such as EMBC, as providing regional services and providing a connection to the National Education Network. The intention is to give schools a choice with their connections.
- 1.4 Schools in Derby have been concerned that EMBC has failed to offer cost-effective connections. When consulted in 2005, 49 primary/special/nursery schools and secondary school asked to be withdrawn from the connection and upgrade programme. Tenders have been run to provide alternative circuits.
- 1.5 For the primary school tender (TD0016) five tenders were received. For the secondary school tender six tenders were received.
- 1.6 The tenders were assessed against the evaluation criteria for the projects, which included price (short and long term), technical solution (reliability and upgrade potential), services (proven track record) and confidence in supplier (including supplier interface arrangements).
- 1.7 The tenders from BT were not the lowest but were the only tenders offering the reliable fibre solution with a single end-to-end supplier support arrangement and has excellent unit costs over a five year period or greater.
- 1.8 The BT offer includes high initial installation costs and low running costs and, consequently, provides excellent unit costs over a five year period or greater. The average cost per school over a five year period for the whole project for 10mb connections (circuits only) is, approximately, £3,600 and this compares with the present cost for EMBC 2mb (circuits and services) of £6,500.

- 1.9 The BT fibre solution offers the most reliable and established technology. Solutions based on copper circuits employ newer, less proven, technologies. The BT solution is capable of significant upgrade, far in excess of all other suppliers. Of the suppliers, BT has the strongest track record in the connectivity field. All other solutions involve another supplier and the BT infrastructure and, therefore, are vulnerable to difficulties where responsibility for faults is not clear.
- 1.10 The three projects would complete the rollout of broadband to primary and secondary schools and allow Government targets to be met in full. All costs will be recovered from schools through service level agreements.

OTHER OPTIONS CONSIDERED

- 2.1 There has been careful technical evaluation of the solutions offered. A number were based on the copper infrastructure (ordinary telephone connections) but it was concluded that fibre offered greater reliability and provides options to readily increase the capacity.
- 2.2 The BT infrastructure is at the heart of most of the connectivity options available. Contracting with parties other than BT does increase the complexity of the contractual relationships, which can be very important when tracking and resolving faults.

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Background papers:	Tender Files TD0114 and TD0116
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

1.1 Contract 1 - Contract for 36 Primary Schools

Initial Setup £281,407 Ongoing £86,479pa

Prudential Borrowing is proposed to spread the initial costs of this contract over a two-year period.

The initial and ongoing costs will be met from a Sold Service agreement with schools.

1.2 Contract 2 - Contract for 13 Secondary Schools

Initial Setup £189,895 Ongoing £59,748pa

Prudential Borrowing is proposed to spread the initial costs of this contract over a two-year period.

The initial and ongoing costs will be met from a Sold Service agreement with schools.

1.3 Prudential Borrowing

It is proposed to borrow for the initial costs of Contracts 1 and 2 (£471,302). This would be a loan to the Department over two years at 5% interest.

This method of financing makes clear the relationship between schools and the Council. The Council is building a network and selling connectivity and other services to schools, while at the same time, establishing an infrastructure for wider purpose in the public sector.

The costs will be met by selling services to schools and there will be an option given to schools to pay the charges in advance at a slightly reduced rate or over the two separate years. Extensive market research enables us to set prices at a level that give us a high level of confidence of producing the necessary income over two years to meet initial and ongoing costs, with an element of cost averaging between schools.

1.4 Contract 3 - Contract for 47 Primary and Special Schools

Initial Setup £290,692 Ongoing £69,484pa

These schools will be invoiced at the end of 2006/7 and will receive the immediate benefit of reduced charges together with a delegated sum from the Standards Fund Broadband allocation in 2007/8. There is, therefore, no need for Prudential Borrowing with this contract.

The ongoing costs will be met from a Sold Service agreement with schools.

Legal

2. None

Personnel

3. None

Equalities impact

4. None

Corporate objectives and priorities for change

5. The proposal predominantly comes under the Council's Objective of A Stimulating and High Quality Learning Environment.