



<b>Title of Report:</b>	<b>Local Full Fibre Network (LFFN) Funding Bid</b>
<b>Committee Report Submitted To:</b>	Leisure and Development Committee
<b>Date of Meeting:</b>	18 <sup>th</sup> March 2020
<b>For Decision or For Information</b>	For Decision

<b>Linkage to Council Strategy (2019-23)</b>	
Strategic Theme	Innovation & Transformation
Outcome	The Council will embrace new technologies and processes where they can bring about better experiences for citizens and visitors.
Lead Officer	Strategic Projects Manager

<b>Budgetary Considerations</b>	
Cost of Proposal	£50k (£35k in 19/20 and £15k in 20/21)
Included in Current Year Estimates	Yes
Capital/Revenue	Revenue
Code	Not applicable
Staffing Costs	Yes

<b>Screening Requirements</b>	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	No	Date
	EQIA Required and Completed:	No	Date:
Rural Needs Assessment (RNA)	Screening Completed	No	Date:
	RNA Required and Completed	No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	No	Date:
	DPIA Required and Completed:	No	Date:

## **1.0 Purpose of Report**

The purpose of this report is to propose options for the delivery of the FFNI programme.

## **2.0 Background**

Causeway Coast and Glens Borough Council is part of a Full Fibre Network NI (FFNI) Consortium of 10 Councils led by Newry, Mourne and Down District Council (NMD) that is to receive funding of £15 million from the Department of Culture, Media and Sport (DCMS). The funding will be used to install gigabit capable fibre 'direct to the premises' of Council owned buildings by March 2021 that will in turn increase the broadband infrastructure in the surrounding vicinity.

The Council is to draw down 10% of the funding offer amounting to £1.5 million. Currently £50k is profiled within the Prosperity and Place Business Plans for both the current and next financial years i.e. £35k in 2019/20; and £15k in 2020/21.

## **3.0 Proposals**

The FFNI bid to DCMS was to include £500k towards the cost of an Operations Team that would be hosted by NMD. The Operations Team is a hybrid team made up of three roles, an Operations Lead, an Analyst and a Project Support Officer, supported by external consulting resource for technical procurements and supplier coordination.

Despite regular communication from DCMS officials in early 2019 confirming that the cost of the Operations Team would be eligible for reimbursement, it was confirmed by separate DCMS officials during the pre-contract procurement stage in late 2019 that such costs were actually ineligible and that this cost would have to be resourced from Council Consortium Members. This amounts to £50k per Council to cover costs up to March 2021.

Members should note that the Consortium agreement (**Annex A**) signed by all 10 Councils states under pt. 6.3 that Consortium Councils are obliged to make financial contributions to FFNI Operation and pt. 8.5 that any unplanned Operations Team costs are obliged to be borne equally by Consortium Members.

## **4.0 Options**

NMD has provided Consortium Councils with an Options Paper for consideration (**Annex B**) which outlines three potential courses of action with an associated commentary on benefits, risk and cost as follows:

- **Option 1** - Stop the programme and meet costs already incurred at 22k per Council.
- **Option 2** - Meet the costs of consultancy to procurement stage and one operations lead staff member at £37k per Council.
- **Option 3** - Meet all staff and consultancy costs as detailed in the original bid at £50k per Council.

All Consortium Councils have agreed to support Option 3. The adoption of Option 3 amounts to a Council investment of 3% (£50k) against the potential draw down of £1.5 million for fibre infrastructure installation in the Council area. Furthermore as detailed in the benefits section of Option 3, continued support for the Consortium could lead to savings in Council WAN costs via collective Consortium procurement approaches.

In addition, the Consortium has significant potential to act as a conduit to draw down additional DCMS funding for 5G infrastructure, future DfE Project Stratum funding, and Growth Deal infrastructure funding.

#### **4.0 Recommendation**

**It is recommended that Option 3 is chosen to deliver the FFNI programme to the greatest benefit to Council, businesses and residents in the Causeway Coast and Glens area. The costs for Option 3 are profiled within Prosperity and Place's Business Plans i.e. £35k in 2019/20; and £15k in 2020/21.**

# CONSORTIUM AGREEMENT

## Full Fibre Northern Ireland Consortium (FFNI) Programme

This **CONSORTIUM AGREEMENT** is made the 21 of May 2019 between the following Councils:

1. Antrim and Newtownabbey Borough Council
2. Ards and North Down Borough Council
3. Armagh City, Banbridge and Craigavon Borough Council
4. Causeway Coast and Glens Borough Council
5. Derry City and Strabane District Council
6. Fermanagh and Omagh District Council
7. Lisburn and Castlereagh City Council
8. Mid East Antrim Borough Council
9. Mid Ulster District Council
10. Newry, Mourne and Down District Council

(together referred to as “the Consortium”, each referred to as “Consortium Members”)

## 1. DEFINITIONS

Term	Meaning
Agreement	means this Consortium Agreement
Consortium	means the Full Fibre Northern Ireland Consortium and its Programmes and Projects defined in this Consortium Agreement
Consortium Budget	means the financial resources made up of contributions from Consortium Members and contributions from other sources such as grants
Consortium Member and Consortium Members	means the Councils within the Consortium and listed above, including the Lead Council
Customer	means a public sector body that is not a Consortium Member but that benefits from services procured by the Consortium

Initial Funding	means the £15m DCMS Local Full Fibre Programme Wave 3 grant conditionally offered to the Consortium in its letter of 18 <sup>th</sup> February 2019
Lead Council	means Newry, Mourne & Down District Council
Operations Group	means the FFNI Operations Group described in the Governance section of this Agreement
Operations Team	means the FFNI Operations Team described in the Governance section of this Agreement
Provider	means a supplier of fibre infrastructure services procured by the Consortium to deliver full fibre
Programme	means any Programme operated by the Consortium
Secondment	means a voluntary transfer from a permanent employer (the Employer) for a fixed period which does not sever the employment relationship with the permanent employer, of the person seconded
Steering Group	means the FFNI Steering Group described in the Governance section of this Agreement

## 2. BACKGROUND

2.1. The Consortium Members recognise that high quality digital infrastructure, including full fibre broadband services, is essential for economic prosperity in their region. They recognise that they have a part to play in ensuring that digital infrastructure is made available, and that customers benefit from it.

With their objectives of promoting local economic development, and their local knowledge, Consortium Members are well positioned to help stimulate the market and proactively encourage greater investment in digital infrastructure across the region.

2.2. The Consortium Members recognise that their efforts to drive the better availability and benefits of digital infrastructure will be more efficiently delivered collectively than individually, and have therefore set in place the Full Fibre Northern Ireland Consortium to co-ordinate those efforts.

2.3. The Consortium will set in place a Programme, within which to manage Projects to deliver aspects of digital infrastructure. It is possible that the Consortium might initiate further Programmes in future, although this is not currently envisaged.

- 2.4. The Department for Digital, Culture, Media and Sport (DCMS) Local Full Fibre Networks Programme (LFFN) is designed to stimulate commercial investment in full fibre networks in rural and urban locations across the whole of the UK.

The programme is part of the government's £740m National Productivity Investment Fund to support the next generation of digital infrastructure. Full fibre broadband uses fibre to the premises (FTTP) technology and is considered a fast and reliable technology.

Its aim is to provide funding to help local bodies deliver Projects that can meet the objectives of the LFFN programme as follows:

- Stimulate more commercial investment to deliver more gigabit-capable connectivity
- Directly maximise the availability and benefit of gigabit-capable broadband services to public sector, business and residential users
- Improve commercial investment conditions in local areas

LFFN is a digital infrastructure programme that will have important long-term benefits. Although it is likely to directly improve availability of high bandwidth connectivity in some areas, its main effect will be felt more slowly through the commercial investment that will follow in time.

- 2.5. The Consortium has been awarded £15m funding from the DCMS LFFN Programme Wave 3 (the Initial Funding). The first group of Projects in the Consortium's Programme will address the deployment of this funding by 31<sup>st</sup> March 2021, in line with the Consortium's bid document. Other Projects will promote fibre deployment through a range of measures, including voucher promotion and barrier busting.

- 2.6. The Consortium's Programme will provide a vehicle through which to bid for future fibre investment funding that may be available, and to manage the deployment of such funding.

### 3. CONSORTIUM

- 3.1. The Councils have entered into this Agreement which defines their respective rights and responsibilities within the FFNI Consortium.
- 3.2. The Councils agree that they have full legal power and authority to enter into this Agreement and are committed to jointly delivering a Fibre Intervention Programme for Northern Ireland, with the objective of maximising the availability of full fibre connectivity to domestic, public sector and commercial premises in Northern Ireland.
- 3.3. This Agreement shall commence on 1<sup>st</sup> May 2019 and shall terminate on 30<sup>th</sup> April 2027.

- 3.4. Newry, Mourne and Down District Council (“the Lead Council”) has agreed to undertake the role of Lead Council on behalf of and with the agreement of the Consortium Members.
- 3.5. The Lead Council will recruit, procure and host a dedicated Operations Team to carry out the shared functions of the Consortium. It will assure the work of the Operations Team.
- 3.6. The Consortium will establish the FFNI Operations Group and the FFNI Steering Group to oversee programme delivery and review performance of the programme against its Investment Objectives to ensure that they are met.
- 3.7. The role, functions and governance structures of the FFNI Steering Group, FFNI Operations Group and FFNI Operations Team are as set out in the Governance section of this agreement.
- 3.8. The Operations Group will direct the activities of the Operations Team, so that the Consortium Members control the operations of the Consortium.
- 3.9. The Steering Group will direct the Operations Group, so that the Consortium Members control the strategic direction of the Consortium.
- 3.10. The Steering Group may agree to extend the scope of the Programme, for example to provide a procurement and delivery vehicle for other digital infrastructure or related initiatives.
- 3.11. The Steering Group may agree to extend or shorten the Agreement’s duration as required, and to add new members where appropriate. The Steering Group may agree to make changes to the terms of reference of the FFNI Governance Bodies, or to the contents of this Agreement.
- 3.12. The Programme will deliver several LFFN delivery Projects comprising multiple interventions in different areas. These Projects will be determined in detail during the planning phase and as agreed by Steering Group.
- 3.13. The Programme may include Projects that procure fibre services for public sector organisations that are not Consortium Members, for example the Education Authority. There is no requirement for such bodies to become Consortium Members.

#### 4. LEAD COUNCIL ROLE AND RESPONSIBILITIES

##### **Administer the FFNI Operations team**

- 4.1. On behalf of the Consortium, the Lead Council will recruit, procure, host and administer the FFNI Operations Team that will carry out the administration activities of the Consortium.

- 4.2. The Lead Council will be responsible for the recruitment, secondment and procurement of the FFNI Operations Team posts, as appropriate. The Team could include permanent and seconded staff, fixed term contracts, consulting contracts and any other arrangements. It is expected that seconded staff will be from Consortium Members.
- 4.3. The Lead Council will agree the terms and conditions for each of the Operations Team members in their respective contracts of employment, contracts or secondment agreements.
- 4.4. During the period of a Secondment, the secondee remains an employee of the Employer, and as such, no employment liability is created for the Lead Council.
- 4.5. The rates of pay and overtime, the organisation responsible for disciplinary matters, Occupational and Statutory Sick Pay, Maternity Pay, Pension arrangements and any other statutory payments, the applicable travel and subsistence arrangements, and other relevant conditions will be defined by the Lead Council in a Secondment Agreement for each secondee.
- 4.6. The Lead Council will be responsible for the actions of the Operations Group, providing line management support.
- 4.7. The Lead Council will be responsible for all administration of payments to all FFNI Operation team members, whether in permanent, fixed-term contract, or seconded roles.
- 4.8. The Lead Council will be responsible for the procurement of consulting resources and any other third-party support required, and for the payment of consulting contracts.
- 4.9. The Lead Council will provide accounting and financial management for FFNI, through its finance function.
- 4.10. The Lead Council may perform internal auditing of the Consortium arrangements in line with standard Council audit processes, and make available the results of all audits to the Councils through the regular reporting mechanisms of the FFNI Programme Governance.
- 4.11. The Lead Council will provide financial information and governance documentation and any other assistance required for external audit.
- 4.12. The Lead Council will ensure that adequate insurance to cover its liabilities as may arise in the course of the Agreement programme is in place and shall produce evidence of same upon request to the FFNI Consortium Act.
- 4.13. For the avoidance of doubt, the Lead Council will not indemnify Consortium Members.

#### **Administer DCMS and other Grant Funding**



- 4.14. The Operations Team will administer grant claims from the DCMS LFFN fund on behalf of Consortium Members, based on agreed milestones for the delivery Projects and in accordance with the DCMS process to be agreed. The Lead Council will distribute grant payments from DCMS to each Council as required.
- 4.15. The current understanding of the LFFN grant claim process is as follows.
- Provider contracts for payment by delivery milestones
  - Operations Team agrees payment schedule based on delivery milestones with DCMS
  - Operations Team monitors planned achievement of delivery milestones
  - Provider invoices contract holder on successful delivery
  - Contract Holder provides grant claim information to Operations Team
  - Operations Team submits consolidated Consortium grant claim to DCMS
  - DCMS pays grant to Lead Council
  - Lead Council distributes grant to respective contract holders
  - Contract holders pay Provider invoices when they fall due
- 4.16. The Operations Team will administer, claim and distribute any other grant funding as may be secured, according to the process for such claims.
- 4.17. The Operations Team will co-ordinate all financial contributions from Consortium Members.

#### **Provide Governance Support**

- 4.18. The Operations Team will request and co-ordinate input from Councils wherever it is required.
- 4.19. The Operations Team will provide the governance groups with such materials, reports and so on as they may require.
- 4.20. The Operations Team will administer the meetings of the governance groups described in the Governance section of this Agreement to ensure effective governance.
- 4.21. The Operations Team shall ensure that it informs the FFNI Operations Group in a timely manner of all significant and / or untoward events especially those likely to attract media attention or become the subject of legal action which includes any circumstance which will or may affect the ability of the Consortium to meet the targets set out by the Consortium.

#### **Manage the Procurement Vehicles**

- 4.22. The Lead Council will operate procurements according to the Newry Mourne and Down District Council Procurement Policy, at <https://www.e-hub.com/epublic/displayframe.asp?id=143335>, and updated from time to time.
- 4.23. For each procurement or group of procurements, the Operations Team will define a Procurement Plan for approval by the Operations Group.

4.24. The Lead Council will operate any other procurement vehicles that the Consortium may require from time to time.

**Oversee Fibre Implementations**

4.25. The Operations Team will support the Consortium Members to work with Providers to ensure that fibre is delivered according to the contracted schedule, quality and price. Providers will be responsible for the timely delivery of the services and the management of the implementations.

4.26. The Operations Team will support the Consortium Members to work with Providers to ensure that any delivery issues are resolved in the most appropriate way.

4.27. The Operations Team will oversee the Provider testing to confirm successful completion of delivery milestones, and support the Consortium Members' sign off of Milestones.

## 5. CONSORTIUM MEMBER OBLIGATIONS

### **Work Together in the Consortium**

- 5.1. Consortium Members will work together and to actively participate in the FFNI Consortium to support the FFNI Operations Team in achieving the Consortium's objectives.
- 5.2. Consortium Members will adhere to the FFNI governance structure and ensure that activities are delivered, and actions taken as required.
- 5.3. Consortium Members will be accountable for the performance of the respective roles and responsibilities set out in this Agreement.
- 5.4. Consortium Members will be open and transparent and communicate openly about major concerns, issues or opportunities relating to the FFNI Consortium and its Programmes and Projects.
- 5.5. Consortium Members will learn, develop and seek to achieve the full potential of the Consortium. In respect of the Consortium's aims, they will share information, experience, materials and skills to learn from each other and develop effective working practices, work collaboratively to identify solutions, eliminate duplication of effort, mitigate risk and reduce cost.

### **Support the Governance Structure**

- 5.6. Consortium Members will undertake all of the FFNI Consortium responsibilities under the direction and guidance of the FFNI Steering Group and Operations Group.
- 5.7. Consortium Members will support the shared activities of the FFNI Operations Team and enable it to represent individual organisation interests to the Framework Supplier's, FFNI Steering Group and, and FFNI Operations Group as required and appropriate.
- 5.8. Consortium Members will respect the remit of FFNI Operations Team, the FFNI Steering Group and the FFNI Operations Group to enforce the terms of FFNI Agreement on Suppliers and all Consortium Members Councils.
- 5.9. Consortium Members will act at all times in a way that is not detrimental to the reasonable and agreed participation of other Consortium Members Councils.
- 5.10. Consortium Members who receive a request for information relating to the Consortium and which the Consortium Member is treating under the FOIA and/or EIR should:
  - Notify the Lead Council of the request within two working days;
  - Issue a 'draft response' for consideration to the Lead Council who may provide comment within 3 working days; and
  - Provide the final response issued to the requester by the Consortium Member.

6.

**Support the FFNI Commercial & Financial models**

- 6.1. Consortium Members will use any contracts entered into under this Agreement for the subject matter of the Agreement.
- 6.2. Consortium Members will invest in full fibre delivery any savings that are secured against future Wide Area Network costs as a result of the Initial Funding.
- 6.3. Consortium Members will make financial contributions to the operation of the FFNI Consortium as set out in the Financial Model and varied from time to time by the Steering Group.
- 6.4. Consortium Members will adhere to statutory requirements and best practice. They will comply with any and all applicable laws and standards including EU procurement rules, data protection (GDPR) and freedom of information legislation to act in a timely manner. They will recognise the potentially time-critical nature of the requests and respond accordingly to requests requiring a response.
- 6.5. Consortium Members will be responsible for their obligations detailed in their respective contracts with Providers, including in respect of payments, delays due to Authority Cause and others.

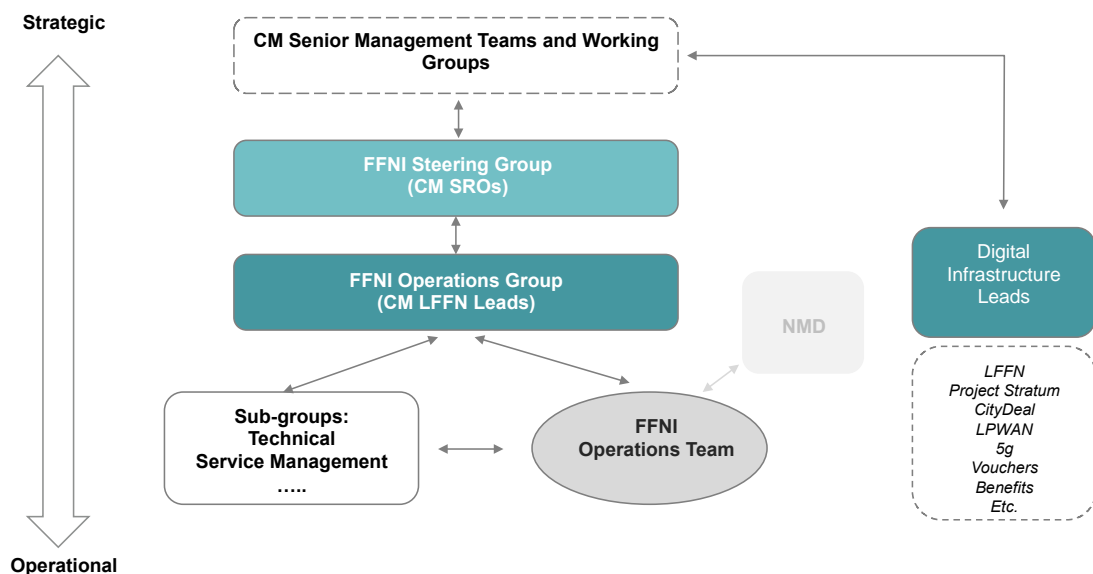
**Deliver FFNI activities**

- 6.6. Consortium Members will manage stakeholders effectively, ensuring that the objectives and activities of the Consortium are widely communicated and understood.
- 6.7. Consortium Members will oversee the delivery work of Providers within their respective geographical areas to ensure that disruption to citizens is managed and minimised. Consortium Members will be responsible for co-ordination between citizens and Providers in respect of any problems of disruption that may occur.
- 6.8. Consortium Members will deploy appropriate resources. They will ensure sufficient and appropriately qualified resources are available and authorised to fulfil the responsibilities set out in this Agreement.
- 6.9. Consortium Members will nominate resources to participate in and support the governance and practical operation of the Consortium, including membership of governance groups.
- 6.10. Consortium Members will provide local Digital Infrastructure resources to support the delivery of the Consortium's objectives.
- 6.11. Consortium Members will review specifications and other procurement or delivery related documentation in a timely fashion, to support the FFNI Operations team in the delivery of Project activity.

- 6.12. Consortium Members will ensure that communications about the Consortium are accurate and timely.
- 6.13. Consortium Members will ensure that all activities and services provided under the terms of the Agreement shall be delivered in such a way as to promote equality of opportunity and shall not discriminate on the grounds of religious belief, political opinion, race, disability, age, gender or sexual orientation.
- 6.14. Consortium Members will ensure that the requirements of the Health & Safety at Work Act 1974 and other Acts and Regulations, Directives and Orders on Health & Safety are observed.
- 6.15. Consortium Members will comply with the General Data Protection Regulation (GDPR) and comply with all Non-Disclosure Agreements in relation to third party suppliers.
- 6.16. Consortium Members will establish and maintain effective and robust financial control systems in relation to the FFNI programme and maintain proper and effective accounting records which identify individual financial transactions relating to it.

## 7. GOVERNANCE

7.1. The Governance Structure is shown below.



7.2. Strategic Management Levels – Steering Group

The FFNI Steering Group	
Role	The FFNI Steering Group will set the vision and overall strategic direction for FFNI. It will ensure that the Programme and Projects meet the strategic aims of the Consortium.

	The Steering Group will decide on financial matters where the value exceeds the £100,000 Limit of Authority of the FFNI Operations Group
Responsibilities	<ul style="list-style-type: none"> <li>• Defining the strategic vision for the Consortium</li> <li>• Defining the remit of the Consortium and its Programmes and Projects</li> <li>• Championing the aims and work of the Consortium</li> <li>• Acting as a communication channel into Council bodies e.g. Senior Management Teams and Working Groups</li> <li>• Managing internal and external stakeholders</li> <li>• Providing strategic assurance of financial and auditing activity</li> <li>• Establishing governance arrangements and group participation aimed at encouraging close collaboration between FFNI, Department for Economy and DCMS as the programme develops</li> <li>• Making financial decisions that exceed the limit of authority of the FFNI Operations Group.</li> </ul>
Members	As agreed by the Councils, but typically Senior Officers holding the role of Director or Assistant Director responsible for Economic Development, or equivalent.
Communication flow	Up to Council Senior Management Teams and Working Groups. Down to the FFNI Operations Group.
Frequency	Quarterly

### 7.3. Operational Management Level – Operations Group

<b>The FFNI Operations Group</b>	
Role	<p>The FFNI Operations Group will oversee Programme delivery and review the performance of Projects against their Investment Objectives to ensure that they are met.</p> <p>It will oversee the work of the FFNI Operations team, and any technical or service management subgroups that are likely to be established to support FFNI delivery.</p>
Responsibilities	<ul style="list-style-type: none"> <li>• Ensuring Value for Money of any activity procured through and delivered by the FFNI Consortium</li> <li>• Overseeing and assuring the activities of the FFNI Operations Team</li> <li>• Developing new services, and service improvement</li> <li>• Escalating disputes or issues in the operation of the Services;</li> <li>• Internal and external stakeholder management</li> </ul>

	<ul style="list-style-type: none"> <li>• Providing reporting as required to the FFNI Steering Group</li> <li>• Overseeing risks and issues management</li> <li>• Overseeing benefits management activities</li> <li>• Making financial decisions up to £100,000, or to any other limit set by the FFNI Steering Group</li> <li>• Reviewing the performance of 3<sup>rd</sup> party consultant support within the FFNI Operations team</li> <li>• Overseeing any other matters relevant to the Services or as defined by the FFNI Steering Group over time</li> </ul>
Members	As agreed by the Councils, but typically Council Officers holding the role of Head of Service, Economic Development Manager or Digital Infrastructure leads.
Communication flow	Up to FFNI Steering Group, and directly to Council Working Groups as required. Down to FFNI Operations Team.
Frequency	Quarterly to FFNI Steering Group Monthly and ad hoc oversight of FFNI Operations Team

#### 7.4. Operational Management Level – Operations Team

<b>The FFNI Operations Team</b>	
Role	The FFNI Operations Team will manage, deliver and administer all operational Project activity.
Responsibilities	<ul style="list-style-type: none"> <li>• Coordinating the Councils to maintain an organised and single approach for effective delivery;</li> <li>• To develop a process by which FFNI site lists will be checked and cleared from any overlap of sites within delivery of Project Stratum</li> <li>• Overseeing Supplier engagement, implementation to ensure strategic supplier delivery and value for money</li> <li>• Wider Stakeholder management according to procurement specifications and engagement with DCMS Barrier Busting Team to improve a coordinated and consistent approach to the delivery of Fibre in Northern Ireland.</li> <li>• Informing the FFNI Operations Group in a timely manner of all significant and / or untoward events especially those likely to attract media attention or become the subject of legal action which includes any circumstance that will or may affect the ability of the programme to meet the targets set out by the Consortium.</li> </ul>

	<ul style="list-style-type: none"> <li>• Knowledge transfer to the wider public sector, and where necessary, the commercial sector to maintain a joined-up approach to delivery</li> <li>• To participate in forums and working groups with the Department for Economy, OFCOM, Belfast Regional City Deal, Belfast City Council and others to ensure alignment of programmes and reduce duplication / overlap.</li> <li>• To effectively design and manage all elements of the procurements, on behalf of the Councils</li> <li>• Operational management of FFNI Wave 3 finances, ensuring appropriate audit control.</li> <li>• Operating of the Dynamic Purchasing System (DPS) (when implemented)</li> <li>• Tracking of benefits related to the FFNI programme</li> <li>• Reporting on all aspects of the project management and delivery through the Operations Group.</li> <li>• Reporting on milestone and KPI's to DCMS</li> <li>• Management of further funding awards</li> <li>• Supporting further initiatives and procurements as required</li> </ul>
Members	A hybrid team hosted by the Lead Council comprised of permanent and seconded staff, fixed term contract staff, and specialist consulting and technical support.
Communication flow	Directly to FFNI Operations Team monthly, and to FFNI Steering Group quarterly. To both Groups as required.
Frequency	N/A

## 8. FINANCIAL MODEL

- 8.1. The Lead Council will maintain the Financial Model spreadsheet and update it as required over the term of the Consortium Agreement.
- 8.2. The costs of the Consortium will be borne equally by the Consortium Members, unless otherwise agreed by the FFNI Steering Group.
- 8.3. Grant funding will be distributed equally between the Consortium Members, unless otherwise agreed by the FFNI Steering Group.
- 8.4. The costs of the Operations Team will be funded from within the Consortium Budget based on Initial Funding for the Financial Years 19/20 and 20/21. Thereafter, the costs of the projected team will be met from contributions from Consortium Members, or from other future grants not yet identified.
- 8.5. Unplanned Operations Team staff costs such as cover for Maternity or Sickness, and Redundancy costs will be borne equally by the Consortium Members.
- 8.6. In respect of the Initial Funding of £15m, the savings secured against future Wide Area Network costs will be identified based on:



- the forecast long term evolution of prices
- the forecast effect of what the market would eventually provide unaided
- the likely service lifetime of each site and its services
- the additional migration and management costs of the new services
- the network integration and other risks
- other factors that affect the probability, scale and duration of the projected savings

The precise role of the Operations Team beyond the scope of the Initial Funding is yet to be determined. The scope, activity and funding for the Operations Team will be the subject of a business case in the future.

- 8.7. Through their Wide Area Network contracts, Consortium Members may choose to order higher bandwidths for existing sites, or new connections. The costs of these will be met directly by the relevant Consortium Member; they are not within the scope of the Consortium.
- 8.8. The contracts set in place with providers will clearly set out payment milestones, delay payments and other controls, such that all payments from the Initial Funding can be made by their due date of 31st March 2021.

8.9. The current Financial Model is shown in the table below. The Financial Model is a document that will be developed and changed extensively during the term of the Consortium.

<b>CAPITAL Spend</b>										
	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	Total
Project Team Costs	£4,273	£225,194	£258,364	£20,000	£20,000	£0,000	£0,000	£0,000	£0,000	£597,830
PSAT		£0,000,000	£4,472,170							£4,472,170
<b>Total</b>	<b>£4,273</b>	<b>£225,194</b>	<b>£4,730,534</b>	<b>£20,000</b>	<b>£20,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£5,070,000</b>
<b>CAPITAL Funding</b>										
	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	Total
Funded by LFFN	£4,273	£364,256	£591,471							£950,000
Funded by WAN Budget		£2,860,938	£5,139,062							£8,000,000
Other				£20,000	£20,000	£0,000	£0,000	£0,000	£0,000	£40,000
<b>Total</b>	<b>£4,273</b>	<b>£2,225,194</b>	<b>£4,730,533</b>	<b>£20,000</b>	<b>£20,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£5,070,000</b>
Balance	£0	£0	£1	£-	£-	£-	£-	£-	£-	£0
<b>REVENUE Spend</b>										
	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	Total
Project Team Costs	£0	£91,879	£506,636	£61,038	£99,166	£17,022	£35,414	£54,358	£73,869	£1,339,382
<b>Total</b>	<b>£0</b>	<b>£91,879</b>	<b>£506,636</b>	<b>£61,038</b>	<b>£99,166</b>	<b>£17,022</b>	<b>£35,414</b>	<b>£54,358</b>	<b>£73,869</b>	<b>£1,339,382</b>
<b>REVENUE Funding</b>										
	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	Total
Existing Staff Resources	£0	£91,879	£506,636	£21,835	£37,490	£53,614	£70,223	£87,329	£104,949	£373,955
AR Income	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Funding	£0	£0	£0	£39,203	£61,677	£63,408	£65,191	£67,028	£68,920	£365,427
<b>Total</b>	<b>£0</b>	<b>£91,879</b>	<b>£506,636</b>	<b>£61,038</b>	<b>£99,166</b>	<b>£17,022</b>	<b>£35,414</b>	<b>£54,358</b>	<b>£73,869</b>	<b>£1,339,382</b>
	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Consortium Member Costs</b>										
<b>REVENUE Costs per Consortium Member</b>										
	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	Total
Existing Staff Resources	£0	£9,188	£50,664	£6,183	£9,917	£1,702	£3,541	£5,436	£7,387	£37,395
Contribution to FN Costs	£0	£0	£0	£3,920	£6,168	£6,341	£6,519	£6,703	£6,892	£36,543
<b>Total</b>	<b>£0</b>	<b>£9,188</b>	<b>£50,664</b>	<b>£10,103</b>	<b>£16,085</b>	<b>£8,043</b>	<b>£10,060</b>	<b>£12,139</b>	<b>£14,279</b>	<b>£73,938</b>
<b>CAPITAL Costs per Consortium Member</b>										
	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	Total
Funded by LFFN	£427	£36,426	£59,147	£2,000	£2,000	£0,000	£0,000	£0,000	£0,000	£95,000
Funded by WAN Budget	£0	£2,860,938	£5,139,062	£20,000	£20,000	£0,000	£0,000	£0,000	£0,000	£8,000,000
Other TBA	£0	£0	£0	£20,000	£20,000	£0,000	£0,000	£0,000	£0,000	£40,000
<b>CAPITAL Costs per Consortium Member</b>	<b>£427</b>	<b>£2,251,940</b>	<b>£4,730,533</b>	<b>£20,000</b>	<b>£20,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£0,000</b>	<b>£5,070,000</b>

## 9. REVIEW

9.1. This Agreement shall be reviewed on an annual basis by the FFNI Steering Group.

## 10. EXPERT ADVICE

10.1. The Lead Council shall be at liberty to procure whatever expert advice it requires, including legal, to undertake its responsibilities under this Agreement.

## 11. DISPUTE RESOLUTION

11.1. In the Event of any disagreement between the Consortium Members the matter may be referred by any of the Consortium Members to a suitable independent person to be agreed by the Consortium Members for determination, failing which to a person nominated by the President for the time being of the Law Society of Northern Ireland.

## 12. RELATIONSHIP OF THE CONSORTIUM MEMBERS

12.1. For the avoidance of doubt this Agreement shall not be construed as a Partnership Agreement within the meaning of Section 1 of the Partnership Act 1980 nor is there any intention on the part of the Consortium Members to form a Partnership.

## 13. VARIATION

13.1. Any variation to this agreement shall be in writing and signed by all Consortium Members.

## 14. LAW

14.1. The Agreement shall be construed and applied in accordance with the Laws of Northern Ireland and the Courts of Northern Ireland shall have exclusive jurisdiction thereto.

## 15. PUBLICITY/ FREEDOM OF INFORMATION ACT

15.1. The Lead Council reserves the right to publicly announce its funding of the FFNI Consortium and the extent of its commitment thereto, but otherwise all information passing between the Council and Consortium Member shall be treated as confidential, unless otherwise agreed, and nothing in this Clause shall preclude any Consortium Member from fulfilling its obligations under the Freedom of Information Act.

**Present when the Corporate seal of Antrim and  
Newtownabbey Borough Council was affixed hereto:**

\_\_\_\_\_

CHAIRPERSON

\_\_\_\_\_

CLERK & CHIEF EXECUTIVE

**Present when the Corporate seal of Ards and North Down**

**Borough Council was affixed hereto:**

\_\_\_\_\_

CHAIRPERSON

\_\_\_\_\_

CLERK & CHIEF EXECUTIVE

**Present when the Corporate seal of  
Armagh City, Banbridge and Craigavon Borough Council  
was affixed hereto:**

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CHAIRPERSON

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CLERK & CHIEF EXECUTIVE

**Present when the Corporate seal of  
Causeway Coast and Glens Borough Council  
was affixed hereto:**

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CHAIRPERSON

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CLERK & CHIEF EXECUTIVE

**Present when the Corporate seal of  
Derry City and Strabane District Council  
was affixed hereto:**

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CHAIRPERSON

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CLERK & CHIEF EXECUTIVE



**Present when the Corporate seal of  
Fermanagh and Omagh District Council  
was affixed hereto:**

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CHAIRPERSON

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CLERK & CHIEF EXECUTIVE

**Present when the Corporate seal of  
Lisburn and Castlereagh City Council  
was affixed hereto:**

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CHAIRPERSON

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CLERK & CHIEF EXECUTIVE

**Present when the Corporate seal of  
Mid and East Antrim Borough Council  
was affixed hereto:**

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CHAIRPERSON

---

CLERK & CHIEF EXECUTIVE

**Present when the Corporate seal of  
Mid Ulster District Council  
was affixed hereto:**

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CHAIRPERSON

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CLERK & CHIEF EXECUTIVE

**Present when the Corporate seal of Newry, Mourne and  
Down District Council was affixed hereto:**

\_\_\_\_\_

CHAIRPERSON

\_\_\_\_\_

CLERK & CHIEF EXECUTIVE

# ANNEX B

## Options Briefing note for Eligible costs towards Operations team.



<u>Option</u>	<u>Benefits</u>	<u>Risks</u>	<u>Cost per Council (£1,000s)</u>	<u>Breakdown per Council</u>	<u>Expected Saving per Council</u>
<b>1 STOP THE PROGRAMME</b>	<ul style="list-style-type: none"> <li>No further costs would be incurred.</li> </ul>	<ul style="list-style-type: none"> <li>All Councils will have to pay £22k for costs incurred to date</li> <li>Nothing is gained – loss of £15m+ grant</li> <li>No WAN savings for Councils</li> <li>Limited opportunity to draw down eligible costs re: WAN connectivity in future</li> <li>It will not be easy to start up future programmes</li> <li>DCMS wants the programme to be delivered and FFNI is an important tool for other organisations e.g. DFE and BRCD</li> <li>The potential of the FFNI programme, both in respect of LFFN and future projects such as 5G, vouchers and other future initiatives would also be stopped or adversely affected.</li> <li>No FFNI opportunity to keep BCC spare £3.3m LFFN 2 fund in NI</li> </ul>	£22k	£22k stop in Dec	NIL
<b>2. CONSULTANCY TO PROCUREMENT AND 1 OPS LEAD</b>	<ul style="list-style-type: none"> <li>Reduced costs</li> <li>Possible WAN Savings</li> </ul>	<ul style="list-style-type: none"> <li>HIGH RISK – no technical or legal support post procurement</li> <li>Councils including NMD would have to pay £37k</li> <li>The potential of the FFNI programme, both in respect of LFFN and future projects such as 5G, vouchers and other future initiatives would also be adversely affected.</li> <li>Benefits realisation project, Barrier Busting and Digital infrastructure strategy for all Councils severely impacted.</li> <li>Lack of technical expertise post procurement (state aid, legal challenges, new site requests, light up of WAN (HIGH RISK) as per DCMS requirement)</li> <li>Major risk and supplier fatigue if no coordination of stakeholders - DFI, FOF, DFE, BRCD, NIPSSN, OFCOM, DCMS etc.</li> <li>Major risk on administration of grant, evaluation and management of milestones if reduced to single ops lead (most LFFN projects are 5+ teams)</li> <li>May affect stratum</li> </ul>	£37k	Costs to date £22k Costs to procurement £6k Costs of Ops lead for 15 months £7.5k Travel £1k	Estimated WAN Savings £125k per Council over 5 years





		<ul style="list-style-type: none"> <li>• Very limited FFNI opportunity to keep BCC spare £3.3m LFFN 2 fund in NI</li> </ul>			
<p><b>3 MEET STAFF COSTS FROM CONSORTIUM MEMBERS</b></p>	<ul style="list-style-type: none"> <li>• Full programme is delivered based what was presented to Consortium Members DCMS at investment panel.</li> <li>• This includes the LFFN project which contains the £15m dark fibre implementation, the Digital Infrastructure project, Barrier Busting project and Benefits Realisation.</li> <li>• FFNI continues to remain a tool for local authorities digital infrastructure projects</li> <li>• More funding per Council for infrastructure as staff costs not from grant                         <ul style="list-style-type: none"> <li>• Work continues with DFI, DFE, BRCD on the barrier busting, digital infrastructure</li> </ul> </li> <li>• Potential of future funding delivery through DCMS F20 or RGC projects or work with DAERA on coordinating communities etc.</li> <li>• Highest WAN savings to each council</li> <li>• Reasonable FFNI opportunity to keep BCC spare £3.3m LFFN 2 fund in NI</li> </ul>	<ul style="list-style-type: none"> <li>• Councils to allocate up to C. £50k</li> <li>• Revenue costs may not be available</li> <li>• Possible delay for approvals and procurement due to committee approvals but NMDDC may be able to operate until committee approvals.</li> </ul>	Up to £50k	Up to £50k for full programme inc contingency	<p>Estimated WAN Savings £250k per Council over 5 years</p> <p>Estimated £50k in additional eligible costs for each Council</p>

