



SUFFOLK BETTER BROADBAND PROGRAMME PHASE 3

MARKET ENGAGEMENT QUESTIONNAIRE

1. INTRODUCTION

The Suffolk Better Broadband Programme is extending coverage of better broadband connectivity across the county of Suffolk. Suffolk's overarching aspiration is to deliver full coverage of better broadband services to all premises in Suffolk as soon as possible.

2. PROGRESS TO DATE

Suffolk's initial Local Broadband Plan was approved in April 2011, covering an Intervention Area of some 134,503 premises that were assessed as being outside the scope for normal commercial NGA investment through an open market review process. The Phase 1 contract signed in December 2012 aimed to deliver at least 85% Superfast Broadband coverage of Suffolk by November 2015. In October 2014, Suffolk signed a Phase 2 contract, which aims to further extend coverage to 98% of Suffolk premises by 2020. In line with the UK Government's targets, we are substantially contributing to the Government objective to support investment to provide Superfast Broadband coverage to as many premises as possible beyond the 95% level across the UK achieved in December 2017, achieving 94% Superfast Broadband coverage of Suffolk premises by April 2019.

Suffolk now propose to undertake a Phase 3 procurement with the aim of achieving full coverage of Suffolk premises as soon as possible. Suffolk is currently securing the funding required for its Phase 3 procurement, and the details of the funding secured, and any restrictions on their use, will be set-out in our forthcoming tender documentation. It is therefore Suffolk's intention to procure Next Generation Access solutions – those capable of achieving a minimum of 30 Mbps download speed - for the remaining area in scope for NGA deployment, and to prioritise any remaining premises getting less than 15Mbps by the end of our Phase 2 deployment.

4. SUFFOLK PHASE 3 OMR & STATE AID PUBLIC CONSULTATION

As part of this new Phase 3 procurement process, we commenced an Open Market Review (“OMR”) in June 2018 to establish existing and planned (next 3 years) commercial coverage of broadband services across the Suffolk by all existing, and any prospective, NGA broadband infrastructure providers.

This OMR was intended as a precursor to a formal public consultation document. The UK applies a best practice process that promotes the use of both an Open Market Review (“OMR”) and a Public Consultation, the latter being conducted in a manner consistent with the requirements of the Broadband Guidelines.¹ We consider that early market engagement at this stage is an essential and extremely important part of our early market research. The results of the OMR are assisting us with understanding the broadband infrastructure (Next Generation Access (NGA)) already in place and where there are plans for investment in such infrastructure in the coming three years, and is a significant step in the design of the Intervention Area to be targeted by the new Phase 3 contract.

We will shortly be conducting a minimum one-month State Aid public consultation on our proposed Intervention Areas resulting from our Phase 3 OMR.

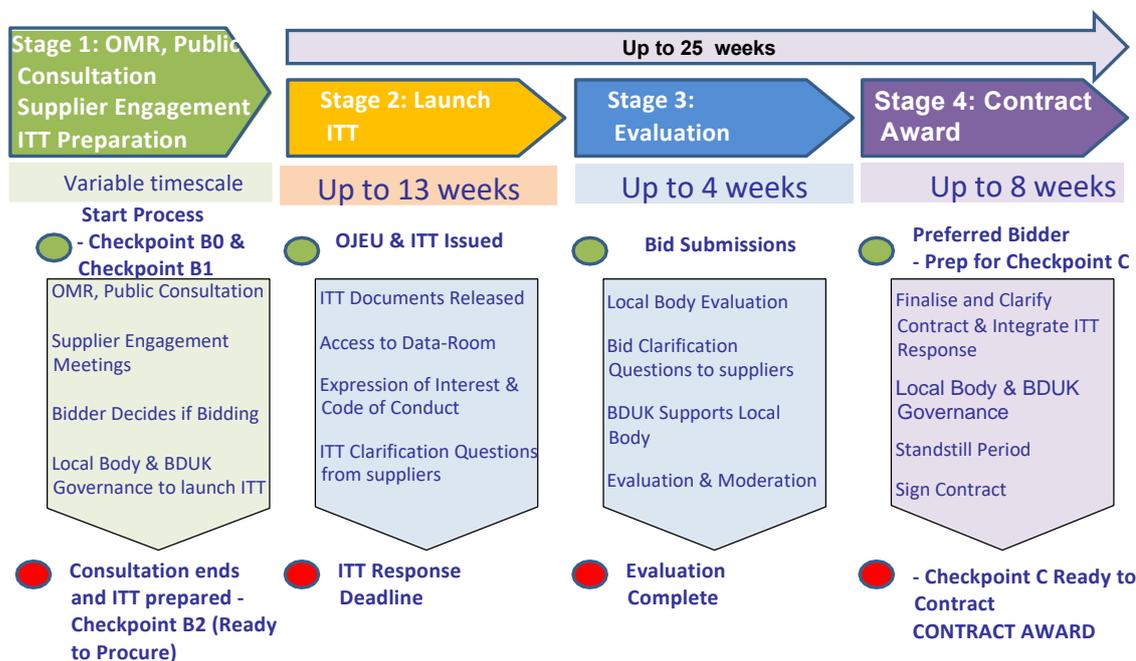
5. SUFFOLK PHASE 3 OJEU PROCUREMENT

We are now also commencing our Phase 3 procurement process by publishing a Prior Information Notice (PIN) together with this Market Engagement Questionnaire to help inform our approach to Phase 3.

An indicative timeline for the Suffolk Phase 3 procurement is shown in Figure 1:

¹ Community Guidelines for the application of State aid rules in relation to rapid deployment of broadband networks
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:025:0001:0026:EN:PDF>

Indicative Timeline and stages of Open Procedure



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5.1 SCOPE OF SUFFOLK PHASE 3 PROCUREMENT

The scope of the Suffolk Phase 3 procurement includes:

- The Suffolk Phase 3 intervention can only target broadband coverage to areas which are not otherwise planned to get Next Generation Access coverage in the next three years, ie areas that are mapped as NGA white in our Phase 3 Intervention Area - areas that do not, or will not, receive speeds of at least 30Mbps mapped through our public consultation process
- The project must meet the requirements of the State aid 'umbrella scheme' (the National Broadband Scheme 2016) approved by the European Commission which sets out the criteria for compatible projects:
http://ec.europa.eu/competition/state_aid/cases/263954/263954_1760328_135_4.pdf
- Infrastructure must be capable of delivering access speeds over 30Mbps and a "step-change" in capability – including at least a doubling of speeds. Solutions must be NGA qualifying technologies, e.g. FTTP, HFC (DOCSIS 3), FTTC, and Fixed Wireless Access (configured appropriately)

<https://www.gov.uk/government/publications/2016-nbs-tech-guidelines>

- Wholesale access to the passive and active network must be made available to third-parties:
 - Applies to **new and existing** infrastructure used in the Intervention Area
 - New infrastructure **must enable additional capacity** to be made available for future demand (where technically and legally feasible)
 - Prices based on those available in more competitive areas

This access must be provided for at least 7 years after implementation is complete (indefinitely for passive assets).

5.2 FUNDING MODEL FOR SUFFOLK PHASE 3 PROCUREMENT

Suffolk has considered a range of alternative funding models for Suffolk Phase 3, as outlined in Figure 2:

Model	Description
Gap funding model	The Supplier receives a subsidy for the minimum amount necessary to deliver the project whilst making an acceptable rate of return. The network is retained by the supplier. The subsidy is subject to claw-back mechanisms.
Concession to build, operate and transfer	Local Body contracts with a Supplier to finance, build and operate the infrastructure. Ownership of the network at the end of the contract reverts to the Local Body.
Joint Venture	The Local Body and a Supplier form a Joint Venture to design, build and operate the network. Both parties own equity in the entity and split the risks and rewards of ownership.
Public Sector owned infrastructure	The Local Body funds and owns the wholesale network. They may decide to contract suppliers to design, build and operate the network or do this internally.

Suffolk County Council has limited appetite to bear the risks involved in designing, building and operating broadband infrastructure, and is currently minded to pursue a gap-funding investment model, but there is an opportunity for potential bidders to indicate their views on preferred funding models in this market engagement questionnaire,

5.3 CONDUCT OF THE SUFFOLK PHASE 3 PROCUREMENT

- The Suffolk Phase 3 procurement will be technologically-neutral and select the Most Economically Advantageous Tender (MEAT)
- The procurement will use BDUK Invitation to Tender, evaluation and contract templates. Pre-set selection and award evaluation criteria will be used.
- Bidders who own or control infrastructure within the Intervention Area must enable other bidders to re-use it within their bids. This is achieved through signing a 'Code of Conduct' as a step within the ITT.
- Suffolk will inform all suppliers, through their procurement portal, of the names of the suppliers who completed an Expression of Interest and completed the Code of Conduct document. This will enable suppliers to make contact with each other with regard the potential re-use of any existing infrastructure within the Intervention Area that can form part of their bid submission.
- Given the geographically-widespread distribution of premises in the Suffolk Phase 3 Intervention Area, and the lack of any obvious method of dividing the Intervention Area into lots, or any benefits of doing so, we are currently minded to procure the Suffolk Phase 3 Intervention Area as a single lot, but there is an opportunity for potential bidders to indicate their views on preferred lotting in this market engagement questionnaire.

5.4 OVERVIEW OF PRINCIPLES IN BDUK ITT & CONTRACT TEMPLATES

Suffolk intends to use the BDUK Phase 3 Invitation to Tender (ITT) and Contract Templates for the Suffolk Phase 3 procurement. An overview of the principles on which the BDUK ITT and Contract templates are based are summarised below:

1. The BDUK/Local Body relationship
 1. Local Body runs the procurement and has direct contract relationship with supplier - but the principle of BDUK as a Programme Authority is introduced, to provide support to local bodies and engage suppliers at a programme level
2. Reflecting the 2016 State aid decision
 1. Requirement for premises-level mapping
 2. Requirement for "Open Access" for public funded infrastructure

3. Superfast threshold is 30 Mbps (previously 24 Mbps)
 4. Encourages re-use of existing infrastructure (“Code of Conduct”)
3. OJEU procedure and supplier evaluation
 1. Open procedure, with “Expression of Interest” step instead of PQQ
 2. Independent supplier technical solution and financial model for each project
 3. Defined top-level evaluation criteria and weightings, as well as mandatory and discretionary grounds for exclusion (as set out in State Aid decision)
 4. Implementation governance
 1. Change control process establishes timescales for response to change requests – undue delays can result in material breach
 2. Maximum change of 10% of contract value before requiring new procurement (re-investment of all efficiency savings is permitted) at the Suffolk’s discretion
 5. Financial model and VfM controls
 1. Clawback (take-up gainshare) is calculated annually and paid direct to Local Body (replaces notion of Investment Fund in previous contracts)
 2. Greater transparency within the financial model for solution component costs
 3. “Statement of Assurance” from supplier confirming bid pricing is consistent with commercial deployments
 6. Reporting and data sharing
 1. Take-up data at premises level, along with SLA performance reporting
 2. Granular classification of Commercially Sensitive Information (CSI) and clearer ability to publish and share with local bodies

6. SUPPLIER QUESTIONNAIRE

Potential bidders interested in participating in the Suffolk Phase 3 procurement are invited to provide feedback on Suffolk’s approach to the Phase 3 procurement by completing an online questionnaire:

Disclaimer: Potential bidders are reminded that at all times they retain responsibility for obtaining their own legal, State Aid and procurement advice.

Please answer the following questions, and provide as much explanation as possible to support your answers:

Q1: Which Funding Model(s) (as described in Section 5.2) would you be interested in?

Q2: Are you content with the Phase 3 Intervention Area being offered as a single lot, or would you prefer the Phase 3 Intervention Area to be offered as a set of more than one lot (if the latter,

please propose the basis on which multiple lots might be defined)?

Q3: Are you interested in bidding in the Suffolk Phase 3 procurement (given the outline description of the Suffolk Phase 3 procurement provided in this document?

Thank you for your interest in the Suffolk Phase 3 Procurement.

If you have any questions about any of the above, please contact us at:
broadband@suffolk.gov.uk