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1. **A PROFILE OF LANCASHIRE**

1.1 **Overview**

Lancashire has been at the forefront of economic change since the first Industrial Revolution. Today, a strong combination of high growth sectors, research and innovation centres, and improving national and global connectivity, provide a platform for a successful Lancashire in the future.

Lancashire has a population of almost 1.5million people, of which over 850,000 are of working age. Within Lancashire there are 45,730 PAYE / VAT-registered businesses and just short of 600,000 employee jobs.

Despite ever growing links to other economic centres, principally Manchester, the majority of communities continue to be very proud of their own place identity and role; they also have small spheres of influence in terms of where people travel in living their lives. Over 80% of local residents live and work in Lancashire.

The economy is worth over £23.4bn\(^1\) meaning that Lancashire is the second largest economy in the North West. However, since the mid-1990s, whilst the Lancashire economy has grown consistently it has done so at a slower rate than both the national and regional economy.\(^2\) The main reasons for this has been the lack of a high-value Service economy, by comparison to other areas such as Manchester, as well as entrenched and deepening deprivation, in particular in Blackpool and parts of urban east Lancashire. The information set out in paragraphs 1.2 to 1.5 is shown is illustrated in Annexe 1 to this document.

However, we believe Lancashire's growth prospects remain strong. Over the next 10-years we expect to generate 40,000 new jobs (15,000 in high-value sectors) and new economic activity valued at £3billion.

1.2 **Lancashire and Place**

Lancashire's recent growth has centred from those places most adjacent to the M6 and West-Coast Mainline, effectively the core axis of Lancashire. Lancaster and Preston (including Chorley and South Ribble districts) have been the catalysts for this and analysis (see the table at paragraph 1.8) would suggest that they will continue to be places most likely to thrive within Lancashire in the immediate future.

Places adjacent to this central spine have all fared less well, albeit to different extents. To the west, pockets of affluence and high activity, in particular in the Fylde and rural West Lancashire have been contrasted with poor economic performance in Fleetwood, Skelmersdale and Blackpool.\(^3\) In the east the rural parts of Rossendale and Pendle as well as Ribble Valley have prospered, but towns including Blackburn, Burnley and Nelson, continue to address problems of economic decline.

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\(^1\) Data for 2008 (Lancashire Profile [www.lancashire.gov.uk](http://www.lancashire.gov.uk))

\(^2\) In 1995 the Lancashire economy was worth 89% of the UK, in 2008 this was 79%.

\(^3\) Blackpool is ranked 12\(^{th}\) out of 354 in Indices of Multiple of Deprivation.
1.3 Lancashire and Business

Lancashire's recent prosperity has been founded on the growth of **Advanced Manufacturing** and the presence of world class companies, including Aircelle, BAE Systems, Rolls Royce, Springfield Fuels and Toshiba-Westinghouse, which together represent the single largest concentration of manufacturing in England. This reinforces a legacy built initially around Aerospace and Defence, with flagship sites for BAe at Samlesbury and Warton, and for Rolls Royce in Barnoldswick. Lancashire accounts for 20% of total UK production and employment within Aerospace and there are a host of other businesses that feed into the supply chain of the more major sites as well as into parts of the supply-chain in other parts of the world.

Lancashire also retains strengths in traditional areas of Manufacturing such as Food and Drink, Automotive and Paint, but is diversifying and developing in new areas such as Advanced Engineering, Optical and Medical. As a result of all this activity, very few places in the UK can claim to have the same scale and concentration of quality manufacturing as Lancashire does.

Major growth opportunities present themselves for Lancashire in the **Nuclear** industry and Lancashire has one of the fastest growing **Renewables & Environmental technologies** sectors in the country. Together they offer great potential for Lancashire to secure a national centre of Energy & Renewables.

Lancashire has a nationally significant role in Nuclear. As well as Heysham's power-stations\(^4\), Lancashire is home to the UK headquarters of Toshiba-Westinghouse who process and manufacture nuclear fuels at their Springfield site near Preston and are likely to play a prominent role in the design and construction of new reactors in the UK and worldwide. Both Lancaster University and the University of Central Lancashire (UCLan) have strong departments and profile with interest in the Nuclear sector.

The Renewables & Environmental technologies sector is already worth over £2bn and supports over 10,000 jobs. The potential of the Lancaster Science Park, a strategic development that will harness the University of Lancaster's international reputation in environmental and digital sciences to attract global investors and accelerate the growth of a dynamic low carbon sector, will be a significant asset for Lancashire in leading this sector in the future.

There are significant opportunities for Lancashire in **other sectors** including Digital, Creative, and Financial & Professional Services.

Flagship companies based in Lancashire, a high-quality portfolio of developable strategic sites and locations, and effective working relationships with Lancashire's two principal universities all create the potential to strengthen Lancashire’s economic base even further, especially when connected through enhanced NGA (superfast) broadband.

**Tourism** provides a natural opportunity for Lancashire. 60-million visitors each year come to Lancashire. Blackpool has a unique strength and national profile, and whilst remaining one of the most visited places in the UK has ambitious plans to improve its

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\(^4\) Heysham power stations are scheduled for decommissioning in 2014 and 2023. A third power station could be built as part of Government plans for new nuclear power stations.
offer for families as a visitor / holiday destination; the broader assets along the Fylde Coast including the Royal Lytham golf course (hosting the Open 2012) enhance this further. Tourism is worth £3bn per year countywide and employs over 50,000 people.

Lancashire has a relatively low business start-up rate\(^5\), although UCLan and Lancaster University have strong track records in creating graduate business-start-ups and in the commercialisation of intellectual property.

### 1.4 Lancashire and Skills & Employment

Lancashire has one of the largest concentrations of **universities** in the north of England with four universities (Lancaster, UCLAN, Edge Hill and Cumbria) educating over 70,000 students each year. They are complemented by the work of 9 Further Education colleges, all of which are rated as excellent, while local schools continue to out-perform national benchmarks.

**Skill levels** within Lancashire vary markedly from place to place however. Overall levels are comparable with national benchmarks although in the more affluent districts (such as Fylde and Ribble Valley) figures are as high as any others nationally; by contrast in the deprived urban districts (such as Blackpool and Burnley) statistics are amongst the worst nationally.

<table>
<thead>
<tr>
<th>Level @ 2009(^6)</th>
<th>Lancashire</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 2</td>
<td>65.2</td>
<td>65.0</td>
</tr>
<tr>
<td>Level 3</td>
<td>47.3</td>
<td>48.9</td>
</tr>
<tr>
<td>Level 4</td>
<td>26.3</td>
<td>29.6</td>
</tr>
</tbody>
</table>

Nearly 13.9% of the working age population have no qualifications. Where skill levels are low it is often part of a more complex set of barriers linked to low aspiration, poor health, limited connectivity and poor quality housing.

There is similar high contrast within an overall **Employment rate** for Lancashire that is consistently better than the regional but worse than national averages. Between 2008 and 2009 the number of employee jobs in Lancashire fell by 1.7% to just less than 600,000.

**Travel to Work Areas** are generally limited to directly adjacent employment centres. This applies to places in the north of Greater Manchester that abut Lancashire and to South Lakeland’s relationship with Lancaster. West Lancashire has the most diverse travel patterns with significant numbers travelling into places in Central Lancashire, Greater Manchester and, in particular, Merseyside.

### 1.5 Lancashire and Transport

As was articulated earlier the core road and rail infrastructure is central to Lancashire’s economic performance. This infrastructure in the medium term can open up new

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\(^5\) If Lancashire is compared within the 27 agreed Local Enterprise Partnerships, its Business Start-up Rate would rank at 25.

business and trading opportunities and, when linked to Lancashire's quality of life offer and other economic assets, strengthen the competitiveness of Lancashire as a whole.

Within Lancashire **Road** use dominates Lancashire's travel patterns. This is in part due to a good network of motorways and roads that are largely free from inhibitive congestion. The recently announced Heysham – M6 link will ease congestion to the north of Lancaster and support better connectivity for Heysham and Morecambe. Fleetwood is difficult to access due to its location at the tip of the Wyre peninsula, and Colne also suffers from congestion being as it is at the end of the M65. Lancashire's manufacturing sector in particular relies on the road network for transport supplies and goods. As a result the broader transport network is also important, in particular the M6 south of Cheshire and the M62 across the Pennines.

**Public transport** currently constrains Lancashire's labour market. Rail only plays a minor role in catering for travel demand, whilst bus accessibility is poor beyond the boundaries of urban areas. However recent improvements to the West Coast Railway line have reduced travel times to London to around two hours from Preston. Electrification of the line between Blackpool (North) and Manchester through Preston by 2016 will bring significant benefit to rail travel in terms of speed, capacity, reliability and quality. In the longer-term High-Speed 2 provides the potential to reduce journey times to London (and on to Europe) even further. Improving rail access to Manchester from a number of different points in Lancashire is also important, in particular from places in east Lancashire where a number of solutions are required.

Port access to the Irish Sea is available at Heysham, with Liverpool Superport within easy reach of key centres. A range of European destinations can also be accessed from Blackpool Airport, with nearby Manchester and Liverpool Airports providing access to a wider range of international destinations.

### 1.6 Rural Lancashire

The majority of land in Lancashire is classified as rural and includes two Areas of Outstanding Natural Beauty (Arnside and Silverdale; the Forest of Bowland). Important Lancashire assets are located in rural locations, including Samlesbury and Springfields (referred to previously within key sectors). Agriculture represents Lancashire's largest single land use, with in excess of 7500 farm-holdings employing over 12,000 people. This offer is diverse, from the intensive horticulture on the Lancashire plain to dairy and sheep farming on the lowlands and uplands. Approximately 15% of the Lancashire population live in what can be classed as rural locations, although half of these are within market towns.

According to the last census around 80,000 people live in rural villages and over 50,000 live in "dispersed" communities, including hamlets. The census also showed, when compared against the rest of Lancashire, a greater proportion of people aged 30-60 living in rural locations as distinct to people aged under 30; this would be expected given house prices and access to employment.

### 1.7 Lancashire and the future

Proposed activity and interventions across Lancashire against agreed priorities will achieve:
• New economic activity (GVA) valued at £3billion (13% increase);
• Creation of over 40,000 new jobs, with 15,000 new jobs in higher-value sectors; and
• A rate of GVA per head that matches or out-performs the national average.

These will be complemented by improvements in the quality of strategic economic leadership that enable Lancashire to be recognised as a destination of choice for businesses, investors, visitors and residents alike.

1.8 Key Lancashire statistics

<table>
<thead>
<tr>
<th></th>
<th>Population’</th>
<th>Employee Jobs</th>
<th>No. of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lancashire</td>
<td>1,445,700</td>
<td>594,800</td>
<td>45,730</td>
</tr>
<tr>
<td>Lancashire CC</td>
<td>1,165,800</td>
<td>476,600</td>
<td>38,520</td>
</tr>
<tr>
<td>Blackburn with Darwen</td>
<td>139,900</td>
<td>60,000</td>
<td>3,755</td>
</tr>
<tr>
<td>Blackpool</td>
<td>140,000</td>
<td>58,300</td>
<td>3,455</td>
</tr>
<tr>
<td>Burnley &amp; Pendle</td>
<td>174,900</td>
<td>60,800</td>
<td>4,635</td>
</tr>
<tr>
<td>Central Lancashire</td>
<td>347,600</td>
<td>174,000</td>
<td>11,725</td>
</tr>
<tr>
<td>Fylde &amp; Wyre</td>
<td>187,400</td>
<td>73,200</td>
<td>6,710</td>
</tr>
<tr>
<td>Hyndburn</td>
<td>81,100</td>
<td>26,600</td>
<td>2,130</td>
</tr>
<tr>
<td>Lancaster</td>
<td>139,800</td>
<td>51,500</td>
<td>4,130</td>
</tr>
<tr>
<td>Ribble Valley</td>
<td>57,700</td>
<td>29,000</td>
<td>2,970</td>
</tr>
<tr>
<td>Rossendale</td>
<td>67,100</td>
<td>20,100</td>
<td>2,315</td>
</tr>
<tr>
<td>West Lancashire</td>
<td>110,200</td>
<td>41,400</td>
<td>3,905</td>
</tr>
</tbody>
</table>

2. NATIONAL AND REGIONAL CONTEXT

The expressions "superfast broadband" and "Next Generation Access (NGA)" are interchangeable but essentially mean one and the same thing.

Superfast broadband describes a combination of infrastructure and technology that delivers very high speed broadband access which allows business users and domestic customers to benefit from a range of information, education, entertainment and business services.

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7 2009 Mid-Year Population [www.lancashire.gov.uk](http://www.lancashire.gov.uk)
8 2009 Annual Business Survey [www.lancashire.gov.uk](http://www.lancashire.gov.uk)
9 As defined by PAYE / VAT registration. 2010 Inter-Departmental Business Register [www.lancashire.gov.uk](http://www.lancashire.gov.uk)
10 Chorley, Preston & South Ribble
Superfast broadband is one of the coalition government's top priorities. In December 2010, the coalition government published its strategy for Britain's Superfast Broadband future setting out a clear vision that the UK should have the best broadband network in Europe by 2015.

Sitting within the national policy context for superfast broadband is the Northwest NGA Strategic Framework which has the overriding vision of "the widespread take up and use of NGA by all, to enable social and economic prosperity". In order to validate the Strategic Framework, a consultation process was undertaken between March 2010 and June 2010, which sought the views of private-sector and public-sector stakeholders in the North West. The consultation received feedback from three sources:

- Five sub-regional workshops, (Lancashire was one of the regions) which were attended by 230 delegates;
- Face to face and telephone interviews with 20 key industry stakeholders;
- Written responses from stakeholders across the region.

This Strategic Framework was subsequently refined to incorporate the views, opinions and evidence provided by regional stakeholders during the consultation period, and peer reviewed by the North West NGA Regional Advisory Group.

Achievement of the vision will lead to numerous economic and transformation benefits that are associated with superfast broadband. This will put Lancashire in the strongest possible position to exploit the full benefits that superfast broadband brings. The vision is supported by four strategic priorities, as shown in figure 1.

**Figure 1 (Vision and strategic priorities for NGA (Source: Analysis Mason)**

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<table>
<thead>
<tr>
<th>Universal availability of NGA</th>
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<tr>
<td>Without universal availability the usage of NGA will be limited by the proportion of citizens and businesses that can access NGA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Networks that can sustain world-class applications</th>
</tr>
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<tbody>
<tr>
<td>Networks need to be sufficiently advanced to support the applications that deliver the economic and transformational benefits</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Range of competitive retail service providers</th>
</tr>
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<tbody>
<tr>
<td>Having a wide range of suppliers in a competitive market will help to drive innovation and lower costs to end users</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Promotion of innovative services and applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without attractive services and applications for end users, the take-up of NGA will be limited</td>
</tr>
<tr>
<td>Services need to be attractive to both existing broadband users and those who are currently digitally excluded</td>
</tr>
</tbody>
</table>
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Achieving these four strategic priorities is fundamental to the widespread take up and use of superfast broadband across Lancashire.
3. THE LANCASHIRE CONTEXT

Lancashire County Council's Economic Strategy is structured around five strategic priorities which are critical to Lancashire's economic success:

- Economic Growth, Knowledge and Innovation
- Spatial
- Skill and Employment
- Infrastructure, and
- Partnership Development

The ambition is to deliver the following key outcomes over the next 10 years:

- New economic activity (GVA) valued at £3 billion, underpinned by private investment plans worth around £4 billion;
- The creation of nearly 40,000 new jobs, with more than 15,000 new jobs in higher-value sectors;
- A rate of GVA per head that matches or out-performs the national average;
- Employment gaps in our communities in greatest need reduces to the national average; and
- Improvements in the quality of our collective strategic leadership that enable Lancashire, as a whole, to become recognised as a destination of choice for businesses, investors, visitors, students and residents alike.

Underpinning and enabling Lancashire's long term strategic direction is superfast broadband. Without the accelerated deployment of superfast broadband, Lancashire will be unable to meet these outcomes; the Lancashire economy will be far less competitive than the economies of our regional neighbours.

Improved connectivity would benefit a number of industries – especially those that are information intensive – by improving links between businesses in Lancashire, and links from Lancashire to companies around the world. These links would serve to increase productivity, stimulate activity in rural areas, and attract inward investment from UK-based and international companies.

Beyond the business benefits, improved Internet access would provide Lancashire’s citizens with a host of new services and applications that would assist in raising overall quality of life.

Lancashire businesses will benefit from improved supply chain linkages, improved R&D collaboration with other firms and institutions and reduced costs of using productivity boosting ICT applications such as video conferencing and cloud computing. Superfast broadband will enable public and private sector organisations to explore new business models and adopt new ways of working by enabling flexibility in aspects such as home working. The benefits of this initiative will be felt particularly strongly across information-intensive sectors prioritised in Future North West: Our Shared Priorities, such as Digital and Creative Industries, Advanced Engineering and Manufacturing, Biochemicals and Business and Professional Services, which regularly transfer large media files and require high levels of network resilience and security. This will be of
particular significance to Lancashire’s desire to attract increased levels of overseas investment.

### 4. THE CHALLENGES

Lancashire faces a number of current challenges:

- Broadband availability in Lancashire is expected to increase incrementally due to market forces, with fibre to the cabinet coverage increasing at national level to around 66% by 2015 from private investment by companies such as Virgin Media and BT;
- About 34% of premises across Lancashire will not have superfast broadband by 2015. The impact of this will be most acute in our rural and harder to reach communities. This means that a significant proportion of Lancashire businesses and citizens would otherwise be unable to exploit the transformational benefits of superfast broadband;
- The majority of private sector funded superfast broadband deployment is expected to be fibre to cabinet, because deploying fibre to premises is generally recognised as being more expensive. This will lead to the requirements of information intensive sectors such as advanced manufacturing, digital, creative, business and professional services and inward investors not being met in the short term or medium term;
- Currently, roll out of superfast broadband across the UK is largely determined by the telecommunications companies. Within their proposed national allocations, all UK regions are competing for investment in geographically specific areas and also to exploit the economic benefits of earlier investment. Due to the rural, coastal and sparsely populated aspects of Lancashire, these areas run the real risk of not receiving investment until 2015, if at all;
- Not having world class infrastructure will affect the level of inward investment; and
- If superfast broadband is not adopted widely, the overall benefits will be diluted. Lancashire currently has pronounced aspects of below average broadband adoption and it is important to reverse this for superfast broadband to deliver its full potential.

### 5. OBJECTIVES OF THE LANCASHIRE SUPERFAST BROADBAND PROJECT

Lancashire is seeking an innovative private sector partner to work with us in a new public private partnership. This could be one organisation or a number of organisations who come together as a consortium. The County Council will need to be satisfied that any consortium is robust, commercial and able to act and conduct itself as one entity. The primary purpose of this partnership will be to enable economic growth and social benefits from new technology, through the development of a future proof, fully sustainable superfast broadband network with access to end user applications and services to all Lancashire’s communities. The County Council will select the partner through an open, non-discriminatory and competitive tender process, using the competitive dialogue process, in full compliance with UK and EU public sector
procurement rules. Clearly, we want to achieve the best possible outcome for Lancashire with the minimum amount of public sector funding.

The key objectives of the project are:

1. Through an open, non-discriminatory and competitive process to select a private sector partner who will, in partnership with Lancashire County Council develop and deliver superfast broadband, and in doing so attract private sector investment to build a superfast broadband network;

2. To secure public sector funding in order to provide gap funding required to attract and supplement private sector investment in areas that are currently perceived as commercially and technically challenging for the roll out of superfast broadband;

3. A superfast broadband network which provides the optimum achievable end to end service levels that support current and future applications and services, resilience, quality of customer experience and affordability at the end user level;

4. Deployment of a superfast broadband network that delivers optimum coverage for the available investment funding, aiming for close to 100% coverage in Lancashire, including rural, remote and sparsely populated areas;

5. A superfast broadband network which is demonstrably sustainable and future proof in the long term without recourse to further public funding;

6. A superfast broadband network open to all service and communications providers;

7. The completion of the superfast broadband network within 2.5 to 3 years from the commencement of deployment;

8. A partner who will invest in and support a Lancashire programme of demand stimulation and business support, to include:
   • developing broadband and ICT skills and capabilities of the workforce in Lancashire;
   • addressing digital exclusion and promoting use of broadband and ICT in communities;

9. A superfast broadband network that will support the delivery of innovative, future public sector services; and

10. The superfast broadband deployment must take steps to reduce any impact on the environment and in doing so maximise the positive impact of ICT on the environment and use of sustainable energy.
6. DELIVERING THE OBJECTIVES

The following initiatives are fundamental to the long term success of this project:

a. **Develop a Broadband Plan for Lancashire.** An overarching framework for Lancashire that describes the optimum outcome for superfast broadband in Lancashire and includes: expected coverage; technology mix; and options for commercial models to achieve this. A detailed analysis of the existing broadband infrastructure in Lancashire will be required in order to clearly indentify the areas where public sector intervention will be required. The Broadband Plan will set the ambition for Lancashire and provides a strategy within which investment can be deployed in a way that avoids stranded assets and optimises the opportunities for fibre and to improve broadband experience in all areas.

b. **Identify and stimulate market demand for superfast broadband.**
Input from the partner to economic development and regeneration programmes in Lancashire including:

- a joint approach to identify the role of technology and digital connectivity in realising outcomes; and
- actions to identify areas of high demand alongside encouraging the use of existing services and the stimulation of demand for superfast broadband.

This will enable early priority projects in Lancashire to be identified.

c. **Reduce the cost and time to deploy superfast broadband making Lancashire attractive for investment.**
Take an innovative approach to planning and highway processes, establishing relationships and communications channels to create a shared objective around efficient deployment of infrastructure. This will include investigation of opportunities for innovation around access to street works, power supplies, notice procedures and planning. Community liaison and communications relating to rollout will be crucial.

d. **Seek out and win funding for superfast broadband in Lancashire**
A partner who will support Lancashire in developing projects and bidding for funding as it becomes available, including the Regional Growth Fund, RDPE, ERDP, and BDUK.

e. **Identify opportunities to drive superfast broadband development as a consequence of public sector initiatives**
Building superfast broadband considerations across Lancashire activities and procurements. Identifying opportunities to attract broadband investment through procurement of networks or services. Planning considerations in highways and new developments to promote superfast broadband infrastructure investments.

f. **A single network plan for Lancashire**
Explore options and identify a roadmap for cost reduction, technology migration and growth across public sector networks.

7. THE LANCASHIRE BROADBAND PARTNERSHIP

This project will be delivered through public sector gap funding made available to a partner selected using a competitive process under the EU procurement rules. What is not clear is the level of public sector intervention required. This will be determined through the competitive process. The approach to public sector funding is outlined in paragraph 9. We will not be prescriptive about the exact model for the partnership. This is one of the issues that we will want to explore with potential partners through the competitive dialogue.

The partner will own the superfast broadband network and in doing so will have responsibility for maintaining and upgrading the network, ensuring a sustainable solution. The partner will be required to ensure open, equitable and transparent access to the network. The partner will be expected to own and manage the risks associated with delivering and operating the network including any risks from take up and demand forecasts. As part of the competitive process, we will encourage potential partners to identify the extent to which existing broadband networks in Lancashire, e.g. the CLEO network, can be utilised in order to avoid unnecessary and wasteful duplication of resources, without impacting on the services the existing networks currently provide.

Marketing, promotion and end user support activities will be fundamental in order to achieving the overall objectives and outcomes. This will be needed on two levels; firstly, attracting service providers by communicating the benefits of the superfast broadband network to the industry; and secondly, marketing and demand stimulation to the end users in particular the business community. High levels of take up will accelerate benefits to Lancashire in achieving its objectives. A joint programme of demand stimulation and business support will be a key feature of the partnership.

In order for the project to be a success, over the forthcoming months we will need to engage with a range of partners and stakeholders across all of Lancashire’s communities to ensure that we secure the best possible outcomes. Lancashire will not prescribe the technology. In this sense we are technology neutral. Potential partners will be required to propose technologies that are most suitable to achieving the overall project objectivities, including cost effective solutions to isolated rural and hard to reach areas with limited infrastructure capacity.

It is the intention to allow neighbouring authorities and other public sector organisations to benefit from this project.
8. OUTLINE OF THE SERVICE REQUIREMENTS

The Statement of Requirements will be made available to those potential partners who prequalify to participate in the competitive dialogue. The following is an overview of the requirements;

8.1 End user service requirements

The superfast broadband network must support the full range of applications and services available today and those in the future. This relies on the ability of the network to deliver reliable, sustained, high bandwidths.

The project will remain technology neutral and the County Council will not express a preference for one technology over another. Broadband technologies proposed by potential partners will be assessed on:

- Ability to upload, as well as download, at high speed;
- Ability to handle peaks in traffic without leading to a noticeable loss in speed and quality of service – contention ratios or other appropriate methods;
- Reliability and resilience;
- Quality of service to ensure maximum performance of end user applications and enhance the customer experience; and
- End to End Performance in delivering applications and services including
  - High Definition video download and streaming in a consumer environment; and
  - Video Conferencing (presence) applications in a business context.

8.2 End User Applications

Delivering superfast broadband infrastructure in itself offers no benefit without the applications and services to enable businesses and citizens to access and exploit the technology. Wholesale and retail services will be an essential requirement of the project. Potential partners will be required to demonstrate how service providers will be attracted to use the infrastructure and what applications and services will be delivered. In addition to providing open access to the network potential partners will be required to evidence their programme for recruiting end enabling service providers and demonstrate how these service providers will be supported in terms of billing, provision, repair, change (house mover) and service processes.

Potential partners will be required to demonstrate applications and services that will be enabled/supported by the superfast broadband network and those that will be made available in Lancashire. This will include

<table>
<thead>
<tr>
<th>Technical Service</th>
<th>Business Services</th>
</tr>
</thead>
</table>

14
| High Definition Conferencing & Collaboration | • Home-shoring of remote call centre agents, with full video both directions (for CRM applications, management and training of individuals).  
• Self Serve and assisted Business Support Service providing access and guidance on business matters i.e. Legal, ICT, Finance etc. |
| HDTV | • HDTV, IPTV  
• Community TV linked in with Public Services. |
| Software as a Service (SaaS) | • SME in a Box i.e. an integrated HR, Payroll, Finance, Procurement and CRM application delivered on a subscription basis.  
• ELeaning platform delivered as a service with a Library of adult and children education material, especially video and learning by interactive gaming. |
| CCTV Managed Services | • Live feed into a central command centre(s) providing proactive monitoring and response services. |
| Business Continuity | • Remote and real-time back-up of local data and failover of business applications |
| On demand or Cloud Computing | • Thin client computing model charged using a monthly fee which reduces cost, opportunity for improving security, better performance, better control of access and energy efficiency. A core service including centrally managed file storage, internet access, emails and office automation products. |
| Remote eCare | • Telecare i.e. virtual wards and remote health monitoring.  
• High Definition video surgeries & health checks i.e. virtual bed check.  
• Secure uploads/storage of large files i.e. X-rays for remote diagnostics. |
| Remote ICT Managed Services | • Realtime monitoring and remote control of PC's and services. |
| Document Output Managed Services | • Upload to a central print service(s) large and specialist i.e. A0 colour documents for printing and dispatch. |
| Hosted VoIP+ | • Higher QoS and number of lines supported than the current BT Hosted VoIP service. |
| Intelligent Building Management | • Remote monitoring and pro-active maintenance of buildings i.e. lights, heating, air conditioning etc. |

### 8.3 Technology Options

As indicated earlier, the County Council does not favour any technology or network platform. The partner will be required to propose a range of technologies that are most suitable to achieve the overall project objectives, including a cost effective solution to
isolated rural areas with limited infrastructure capacity. Suitable technologies may include:

- Fibre Optic technology, including Fibre to the Premises and Fibre to the Cabinet;
- Wireless and mobile broadband technologies;
- Satellite technologies;
- Others a potential partner may wish to propose.

### 8.4 Open Access

Potential partners will have to offer wholesale services and access to the network to other operators for seven to ten years (with an option for an extension for up to a further 5 years) in an open, transparent and non-discriminatory manner. The duration of open access will be determined as part of the competitive dialogue. The County Council will seek proposals for open access that will include active and passive infrastructure. In doing so the project will balance the needs of service providers and communications providers who may wish to deploy their own network and those who require a wholesale service. As a minimum, there is a requirement for passive access to ducts and pole sharing in accordance with Ofcom’s requirements.

The level of competition created by the project must be maximised and potential partners will be required to demonstrate:

- How the proposed superfast broadband network will integrate with other telecommunications infrastructure;
- The number and location of handover points and show that this has been determined through consultation; and
- Services provided at the wholesale layer to enable SP’s without a network to compete for end users.

### 8.5 Benchmarking pricing exercise

The superfast broadband network must be made available with wholesale prices that will enable end users prices to be in line with or below similar superfast broadband tariffs across the UK. Benchmarking will be used to determine the wholesale price comparison. In order to ensure effective wholesale access and to minimise potential distortion of competition, access wholesale prices should be based on the average published (regulated) wholesale prices that prevail in other comparable, more competitive areas of the country and the EU and in line with Ofcom requirements.

### 8.6 Customer Service and Support

At wholesale SP level and end user level potential partners will be required to demonstrate how customers will be resourced/delivered. This will as a minimum include billing, repair, provision, changes and customer support.

### 8.7 Coverage
The project must be designed to achieve the maximum possible superfast broadband coverage whilst delivering the project objectives within economic, funding and technology constraints. The County Council recognises the need to balance economic value and coverage requirements and there will be a need to find the optimal point at which the best possible value is achieved. As a minimum the County Council will require potential partners to address all geotypes and demonstrate expected coverage and speeds in each.

As a minimum all businesses in Lancashire must be given access to speeds significantly better than currently provided.

### 8.8 Remote and rural coverage – innovation

Potential partners will be required to address all geotypes including the final 10% in order to achieve close to 100% coverage of Lancashire.

An innovative approach is required to remote rural and sparsely populated areas. Potential partners will be required to demonstrate how they will work with these communities to meet the challenges in addressing the high cost (in comparison with urban areas) of reaching remote locations.

The expectation is that this will include:

- A range of alternative technologies;
- Community access points which facilitate community action to complete the final connection to the home or business;
- Self dig and fibre to the farm initiatives;
- Demand aggregation to improve the business case and attract further investment; and
- Demand stimulation and demand triggers to enable community action to drive take-up in order to attract further investment in coverage.

As part of the competitive dialogue process, potential partners will be required to design a solution for specific rural communities in the Lancaster area as the vanguard rural communities' project for early rollout.

Through this project we will also want to explore how we can improve mobile telephone coverage in rural and sparsely populated areas.

### 8.9 Ownership, Implementation and operation

The private sector partner will own the superfast broadband network, and have the responsibility for maintaining and upgrading the network, ensuring a sustainable solution. The private sector partner must ensure open, equitable and transparent access to the network on a wholesale basis. The private sector partner will be expected to own and manage the risk of take up and demand forecasts.

### 8.10 Demand stimulation
Marketing, promotion and end user support activities will be key in order to realise the project objectives and outcomes. This will be required on two levels;

- attracting service providers by communicating the benefits of the superfast broadband network to the industry; and
- marketing and demand stimulation to the end users in the business community.

High level of take up will drive benefits for Lancashire in achieving it outcomes and for the private sector partner in realising an early return. As such we would expect a joint programme of demand stimulation and business support to be at the centre of the partner's proposals.

8.11 Monitoring and claw-back mechanism

The project will be examined on a regular basis and the monitoring mechanisms implemented will ensure that any agreed extra profit generated through the operation of the networks will be returned to the County Council. At the County Council's sole discretion and subject to compliance with the State Aid rules, the County Council would seek to reinvest any such monies into broadband focussed community initiatives. This concept will be developed in the competitive dialogue process. This is likely to include a requirement for the partner to maintain separate accounts for the project to facilitate the monitoring of profit levels and a mechanism for the County Council to recover funding for failure to achieve agreed key performance indicators.

8.12 State Aid Notification

State Aid approval from the EU Commission will be required to supply superfast broadband to residential and business locations in areas that are defined as an NGA ‘White Area’ under the EU Commission's recently adopted Broadband Guidelines.

9. FUNDING

Gap funding will be provided through a grant award only for areas that are not commercially viable and have been designated as ‘NGA White’ in accordance with EU Broadband guidelines on state aid.

Potential partners will be required to identify profitable and unprofitable areas and provide full analysis including costs and revenues in order to calculate the minimum gap funding contribution required. The grant award will be provided as an incentive to a partner to roll out superfast broadband where otherwise this would not have been deployed by any operator in the next 3 years.

Investment by potential partners in areas not included in the NGA White area designation is encouraged but would be entirely at the partners own cost and will not form part of or benefit from any public sector funding secured for this project.

A key objective of this project is to minimise the public funding required and maximise the private sector investment contribution.
Initial public sector funding is expected to be available at the start of the project; further funding may be required and may be available at a later date. Potential partners must commit to completing the project and proposals should include arrangements for providing further investment as and when funding is secured.

Whilst it is crucial that Lancashire maximises the level of private sector funding, we recognise that public sector funding will be required in order to achieve the overall objectives. The County Council has submitted an outline proposal for ERDF funding of £20m. We would expect as a minimum that a private sector partner will match this investment.

The outline proposal is currently being reviewed by the Northwest Development Agency. The next stage will involve the development of a full ERDF bid. The Government, through Broadband Delivery UK, will be investing £530m over the lifetime of this Parliament. Lancashire expects the partner to fully support the County Council in bidding for investment from this funding. We will also seek to identify other funding sources.

10. PROCUREMENT ARRANGEMENTS

10.1 Governance Arrangements

The following governance arrangements have been put in place at strategic and day to day management levels for this project.

The County Council has established a Strategic Steering Group which will oversee the procurement and implementation of this project. The Strategic Steering Group will be chaired by the County Council's Chief Executive, who is the Project Sponsor and will comprise the other members of the County Council's management team:

- Gill Kilpatrick, county treasurer
- Ian Fisher, county secretary and solicitor
- Deborah Ashton, executive director of policy
- Helen Denton, executive director for children and young people
- Richard Jones, executive director for adult and community services
- Jo Turton, executive director for environment.

The County Council has established a Project Board which on a day to day basis will be responsible for the delivery, management and procurement of the project. The Project Board will be chaired by Eddie Sutton, Director of Special Projects who is the County Council's Project Director for the project and will also include:

- Andrew Halliwell, assistant project director
- Mike Hart, director of capital investment and resources (children and young people)
- Martin Kelly, director of economic development
- Gill Kilpatrick, county treasurer
In addition, other officers from within the County Council will be involved when appropriate during the procurement of the project.

10.2 Contact Details

Details of the Project Sponsor; Project Director and Assistant Project Director are as follows:-

**Project Sponsor**
Phil Halsall – Chief Executive  
Telephone – 01772 533354  
Email – phil.halsall@lancashire.gov.uk

**Project Director**
Eddie Sutton – Director of Special Projects  
Telephone – 01772 535171  
Email – eddie.sutton@lancashire.gov.uk

**Assistant Project Director**
Andrew Halliwell – Assistant Project Director  
Telephone – 01772 536410  
E-mail – Andrew.halliwell@lancashire.gov.uk

11. PROCUREMENT PROCESS

11.1 Procurement Stages

The procurement process will be undertaken in the following phases leading to the selection of a preferred partner.

**Phase 1 Prequalification – Selection Stage**

Potential partners are required to complete and return all prequalification information in accordance with the requirements set out in the Pre-qualification Questionnaire (PQQ). Responses will first be checked for compliance.

Compliant submissions will then be subject to the PQQ evaluation process. In undertaking the evaluation, the County Council will use the evaluation matrix attached at Appendix A to the PQQ. Potential partners who submit a compliant PQQ may be required to attend an interview, the purpose of which will be to enable the County Council to clarify the information in the completed PQQ. Following any interviews, the County Council will complete its evaluation of the PQQ and rank potential partners in order of scores. The County Council expects to shortlist three to four potential partners whom it will invite to participate in dialogue. The County Council will rank potential partners at the pre qualification stage and reserves the right, in the event that a
potential partner withdraws or drops out after being short listed, to revert to the next best potential partner identified at the selection stage.

**Phase 2 Invitation to Participate in Dialogue (IPD) – Dialogue Phase**

The potential partners who are selected as a result of the PQQ evaluation process will be invited to participate in a competitive dialogue and will be issued with the IPD.

Provided there are sufficient qualified potential partners, then at least three potential partners will be issued with the IPD. Once the IPD has been issued the dialogue phase will commence.

The dialogue phase will be conducted in two stages.

**Stage 1:** Throughout Stage 1 of the dialogue there will be a strong emphasis and focus on potential partner's proposals to deliver the key objectives of the project. Stage 1 of the dialogue will culminate in the submission of initial proposals by the potential partners.

The County Council will evaluate the initial proposals applying the evaluation award criteria published in its IPD. At this stage, the County Council will reduce the number of potential partners (to a minimum of two), who will proceed to the second stage of the dialogue.

**Stage 2:** Through this second stage of the dialogue the County Council will continue to work with the potential partners to scope, agree and document the solution(s) capable of meeting the County Council's overall needs and requirements of this project and which are necessary and relevant to establishing the new partnership and upon which final proposals can be sought.

Prior to the conclusion of the second stage of the dialogue, the County Council may require potential partners to submit one or more interim proposals in order to enable the County Council to assess potential partners progress in developing overall solutions for the project.

**Potential partners should note that the dialogue phase will continue until the County Council is satisfied that all material issues relating to a potential partner's proposals have been scoped, agreed and documented.**

**Phase 3 Conclusion of Dialogue Phase, Invitation to Submit Final Proposals**

When the County Council is satisfied that the above requirements and the legislative provisions are met, the competitive dialogue can be concluded. The remaining potential partners will be notified in writing that the competitive dialogue is concluded. The potential partners will receive the Invitation to Submit Final Proposals (ITSFP) and be invited to submit their final proposals.

Following receipt of final proposals, and after any clarification, specification or fine-tuning that may be required; the County Council will evaluate the final proposals received and may select a preferred partner.
Potential partners are reminded that the County Council is only permitted to "clarify, specify and fine tune" final proposals. This means that there will be an extremely limited opportunity to leave matters open and / or hold discussions with potential partners once final proposals have been submitted.

Phase 4 Selection of preferred partner

Following the selection of a preferred partner, there may be a further request by the County Council for clarification of the preferred partner final proposal and confirmation of commitments within it.

The contract will be awarded on the basis of the most economically advantageous tender in accordance with the award criteria which will be included in the IPD.

11.2 Key Dates in the Procurement Timetable

The key procurement dates are as follows:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Actual or Planned Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre Qualification Stage</td>
<td></td>
</tr>
<tr>
<td>OJEU Notice Published</td>
<td>02.03.11</td>
</tr>
<tr>
<td>Descriptive Document and Pré-Qualification Questionnaire available</td>
<td>02.03.11</td>
</tr>
<tr>
<td>Return of PQQ</td>
<td>05.04.11</td>
</tr>
<tr>
<td>Shortlist confirmed</td>
<td>15.04.11</td>
</tr>
<tr>
<td>Dialogue Phase</td>
<td></td>
</tr>
<tr>
<td>Issue IPD (Stage 1 of the Dialogue)</td>
<td>15.04.11</td>
</tr>
<tr>
<td>Return of Initial Proposals</td>
<td>24.06.11</td>
</tr>
<tr>
<td>Completion of evaluation of Initial Proposals and possible deselection of potential partners</td>
<td>25.07.11</td>
</tr>
<tr>
<td>Proceed to Stage 2 of the Dialogue</td>
<td>25.07.11</td>
</tr>
<tr>
<td>Conclusion of Dialogue Phase</td>
<td>09.09.11</td>
</tr>
<tr>
<td>Close of Dialogue</td>
<td>09.09.11</td>
</tr>
<tr>
<td>Issue of ITSFP</td>
<td>09.09.11</td>
</tr>
<tr>
<td>Receipt of final proposals</td>
<td>16.09.11</td>
</tr>
<tr>
<td>Clarification, specification and fine-tuning and evaluation of final proposals</td>
<td>28.10.11</td>
</tr>
<tr>
<td>Post Dialogue Phase</td>
<td></td>
</tr>
<tr>
<td>Appointment of Preferred Partner</td>
<td>31.10.11</td>
</tr>
<tr>
<td>Clarification and confirmation of</td>
<td>1.11.11</td>
</tr>
</tbody>
</table>
12. **ENQUIRIES AND FURTHER INFORMATION**

All queries must be submitted via the clarifications function of the e-tendering website. For assistance with this function please contact the e-Tendering Helpline on 01772 530407 or 01772 530883.

Save where the response by the County Council to a query relates to commercially confidential matters, the County Council will copy their responses to all potential partners.

13. **RIGHT TO REJECT AND/OR DISQUALIFY**

The County Council reserve the right to reject or disqualify a potential partner, where:

- The PQQ is submitted late, is completed incorrectly, is incomplete or fails to meet the County Council’s submission requirements which have been notified to potential partner;
- A potential partner is unable to satisfy the terms of Article 45 of Directive 2004/18/EC and/or Regulation 23 of The Public Contracts Regulations 2006 at any stage during the selection and evaluation process (see Form 1 attached to the PQQ);
- The potential partner is guilty of serious misrepresentation in relation to its application and/or the process and/or;
- There is a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the potential partners.

14. **RIGHT TO CANCEL, CLARIFY OR VARY THE PROCESS**

The County Council reserves the right to:

- Cancel the selection and evaluation process at any stage;
- Require a potential partner to clarify its submission in writing and/or provide additional information. (Failure to respond adequately may result in a potential partner not qualifying); and/or
- Amend the terms and conditions of the tender process.

15. **COSTS AND EXPENDITURE**
All potential partners are solely responsible for their costs and expenses incurred in connection with the preparation and submission of the PQQ and all future stages of the selection and evaluation process. Under no circumstances will the County Council be liable for any costs or expenses borne a potential partner or any of its advisers in this process.

16. THE DESCRIPTIVE DOCUMENT AND PQQ

This Descriptive Document and the PQQ have been prepared by the County Council for the purpose of providing an application procedure for individuals or organisations interested in tendering for the project.

This Descriptive Document shall not be considered as an investment recommendation made by the County Council to any potential partner.

Any persons considering making a decision to enter into contractual relationships with the County Council following receipt of this Descriptive Document should make their own investigations and their own independent assessment of the County Council and its requirements for services associated with the project and should seek their own professional financial and legal advice.

None of the County Council, or the directors, officers, members, partners, employees, other staff, agents or advisers of any such body or person:

- Makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of this Descriptive Document;
- Accepts any responsibility for the information contained in this Descriptive Document or for its fairness, accuracy or completeness; and / or
- Shall be liable for any loss or damage (other than in respect of fraudulent misrepresentation) arising as a result of reliance on such information or any subsequent communication.

Only the express terms of any written contract relating to the subject matter of this Descriptive Document as and when it is executed shall have any contractual effect in connection with the matters to which it relates. Any such contract will be governed by English law.

Nothing in this Descriptive Document or other contract documents is, or should be, relied upon as a promise or a representation as to the County Council's ultimate decisions in relation to the project which will depend at least in part on the outcome of negotiations with a potential partner.

This Descriptive Document is intended only as a preliminary background explanation of the County Council's activities and is not intended to form the basis of any decision on whether to enter into any contractual relationship with the County Council. The Descriptive Document does not purport to be all-inclusive, or to contain all of the information that a potential partner may require.
The Freedom of Information Act 2000 (FOIA) applies to the County Council. You should be aware of the County Council obligations and responsibilities under the FOIA to disclose, on written request, recorded information held by the County Council. Information provided by potential partners in connection with this procurement exercise, or with any contract that may be awarded as a result of this exercise, may therefore have to be disclosed by the County Council in response to such a request, unless the County Council decides that one of the statutory exemptions under the FOIA applies. The County Council may also include certain information in the publication scheme, which it maintains under the FOIA.

In certain circumstances, and in accordance with the Code of Practice issued under section 45 of the FOIA or the Environmental Information Regulations 2004 (EIR), the County Council may consider it appropriate to ask potential partners for their views as to the release of any information before a decision on how to respond to a request is made. In dealing with requests for information under the FOIA, the County Council must comply with a strict timetable and the County Council would, therefore, expect a timely response to any consultation within two working days.

Potential partners may provide information to the County Council in connection with this procurement exercise, or with any contract that may be awarded as a result of this exercise, which is confidential in nature and which potential partners may wish to be held in confidence. Potential partners must give a clear indication which type of material is to be considered confidential and why it is considered to be so, along with the time period for which it will remain confidential in nature. The use of blanket protective markings such as "commercial in confidence" will no longer be appropriate. In addition, marking any material as confidential or equivalent should not be taken to mean that the County Council accepts any duty of confidentiality by virtue of such marking. Please note that even where potential partners have indicated that information is confidential, the County Council may be required to disclose it under the FOIA if a request is received.

The County Council cannot accept that trivial information or information which by its very nature cannot be regarded as confidential should be subject to any obligation of confidence.

In certain circumstances where information has not been provided in confidence, the County Council may still wish to consult with potential partners about the application of any other exemption such as that relating to disclosure that will prejudice the commercial interests of any party.

The decision as to which information will be disclosed is reserved to the County Council, notwithstanding any consultation with potential partners.