



department for
**culture, media
and sport**

DCMS Accounting Officer System Statement for the Rural Broadband Delivery Programme

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Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

Contents

- Introduction
- Scope of my accountability in relation to the Rural Broadband Delivery Programme
- How the accountability system for the Rural Broadband Delivery Programme works
- Achieving value for money at the national level
- Local accountability, and ensuring regularity and propriety
- Achieving value for money at the local level
- The BDUK Rural Projects Assurance System
- Informal notification of concerns
- Transparency of progress through the project lifecycle
- How the system responds to failure
- Work in hand to strengthen the existing system
- Conclusion

Introduction

1. As Accounting Officer for the Department for Culture Media and Sport, I am accountable to Parliament for the proper stewardship of the resources allocated to my Department. The key requirements, as set out in the HM Treasury Guidance Managing Public Money, are to ensure regularity, propriety and value for money. This statement defines my responsibilities in relation to the Rural Broadband Delivery Programme. The Rural Broadband Delivery Programme covers the delivery of the Government's investment to bring forward broadband network infrastructure upgrades and to improve the accessibility of services in locations where there is a weak commercial investment case.
2. A proportion of DCMS funding is allocated by Broadband Delivery UK (BDUK) to the Rural Broadband Delivery Programme, for onward distribution to local bodies, principally local authorities or local partnerships or the Devolved Administrations. Most of this funding is allocated to local bodies to support investment in broadband infrastructure. Funding is allocated on the basis of an assessment of need, derived from a broadband model maintained by BDUK. Local bodies have responsibility for implementing their local broadband projects through the procurement of broadband outputs from the private sector with local and private sector funding as well as BDUK's support. I must provide assurance that a core framework is in place which ensures that local bodies act with regularity, propriety and value for money in the use of the resources which are allocated to them from DCMS for this purpose.
3. This is my statement of how the system for funding allocated to local bodies operates. It covers:
 - the scope of my accountability in relation to the Rural Broadband Delivery Programme
 - how the accountability system for the Rural Broadband Delivery Programme works
 - work to strengthen the system
4. The System Statement is a living document. It will need to be updated as Government policy changes, and as the delivery models for other broadband delivery programmes, such as the Urban Broadband Fund, are developed.

Scope of my accountability in relation to the Rural Broadband Delivery Programme

5. I am accountable for a system by which BDUK allocates grants to local bodies for part-funding of local projects to stimulate private sector investment in improved broadband services to residential consumers and businesses.
6. I am **directly** accountable for ensuring regularity, propriety and value for money in the distribution of resources by BDUK to local bodies. Other Departmental Accounting Officers are accountable for distribution of any additional grants from their budgets to local bodies, to support delivery in other policy areas.
7. I am accountable for a **system** which provides the necessary assurances that local bodies will spend these resources with regularity, propriety and value for money as defined in Managing Public Money.
8. I am accountable for the funds allocated to support broadband delivery by DCMS which consists of the following key elements:
 - a) Development and oversight of delivery of the Rural Broadband Delivery Programme and the Urban Broadband Fund by BDUK in DCMS, working alongside the Broadband Policy Team in DCMS. BDUK is responsible for the £530m budget for the delivery of rural broadband from 2010-2015 and the £100m budget for the Urban

Broadband Fund. However, the Urban Broadband Fund is at an early stage in its development, and the model for managing delegated budgets has not been finalised. This Statement covers the assurance measures in place relating to delegated budgets allocated in respect of the Rural Broadband Delivery Programme, but will be updated under version control to reflect the arrangements for the Urban Broadband Fund once they are decided.

The majority of the funding will be distributed to local bodies (i.e. English Local Authorities), and the Devolved Administrations (DAs) in Northern Ireland, Scotland and Wales. The DAs will be responsible for the co-ordination of projects in their territories. Local bodies will be responsible for the development, sourcing and delivery of local broadband projects.

- b) £10m of the rural broadband funding has been allocated to the Rural Communities Broadband Fund (RCBF), which will be co-funded with Defra through the Rural Delivery Programme for England (RDPE). Defra will be responsible for the administration of the RCBF with the RDPE National Approval Panel as the decision making body. BDUK will sit on the RCBF steering group. £7m of the rural broadband funding has also been allocated for DAB Radio Switchover, managed separately by DCMS.

How the accountability system for the Rural Broadband Delivery Programme works

BDUK Programme Delivery Model

9. BDUK has developed a Programme Delivery Model for the Rural Broadband Delivery Programme which describes the arrangements under which BDUK and local bodies will carry out their activities to achieve the objectives of the Programme. The Delivery Model also describes support provided at each stage by BDUK to local bodies in discharging their activities.

Controls relating to the allocation and distribution of resources to local bodies

10. A system of assurance and approvals has been developed to formalise the controls around allocation and distribution of resources to local bodies, and their use of the resources provided. The aim of the system is to ensure that local bodies are fulfilling their responsibilities for compliance with regulatory requirements and with requirements around value for money, regularity and propriety as they move through the stages of their projects. It should be noted that this System Statement covers local body projects, not RCBF or DAB switchover spend.
11. The system is based on a number of key design principles. These are that it will:
 - support a locally-led delivery system while enabling the DCMS Accounting Officer to provide assurance to parliament regarding regularity, propriety and value for money
 - provide value to each local body by assuring that project, procurement and State aid requirements have been met, or highlight where there are issues, to support the Project Team in confirming completion of key deliverables, and to support the local Accounting Officer in his or her decision to sign the grant agreement
 - place reliance on local bodies' own internal assurance and democratic processes where possible and therefore take a light-touch approach to areas for assurance. To support local accountability, the system will provide transparent data on performance which is comparable across local bodies, and is easily accessible locally
 - use the ongoing relationship that the Department has with local bodies through the BDUK Local Projects team to provide "real-time" assurance

- make the assurance process an integral part of project and programme governance, rather than an “add-on”
- provide a right for the Department to step in with a specific intervention regime where individual projects fail

Achieving value for money at the national level

12. BDUK has a number of measures in place to promote the achievement of value for money at a national level.

State aid scheme

13. BDUK is seeking approval from the European Commission for a State aid scheme (often referred to as an umbrella scheme) for the programme of rural broadband projects. BDUK will act as the National Competency Centre for that aid scheme (effectively, the scheme administrator). As well as assessing whether projects comply with the terms of the State aid scheme (once approved) prior to the award of funding, it will monitor ongoing compliance of the projects with the aid scheme where applicable and report to the European Commission as appropriate on its findings.

14. Once the national State aid scheme has been approved by the European Commission, BDUK will establish a "notification" process, requiring projects to respond to a standard template to demonstrate compliance with the terms of the scheme. This standard template will simplify the "notification" process, reducing the effort for the local body to complete it and for BDUK to approve it.

Broadband Delivery Framework

15. BDUK has developed and procured a Broadband Delivery Framework contract which local bodies can utilise for subsequent projects based on the investment gap funded model. Local bodies proposing different commercial models, including where a procurement for broadband services is combined with a procurement for public sector enterprise network services, will be expected to undertake their own separate procurements. BDUK expects that local bodies in England using the investment gap funded model will generally wish to procure through the Broadband Delivery Framework. It is likely to be a more efficient method of procurement for both local bodies and suppliers, and will be consistent with BDUK’s umbrella State aid notification. The Framework will be available for local bodies outside of England to use as well.

16. The Framework offers a standard call-off tender template, contract (including schedules), requirements and a financial model to ensure all networks, operations and delivery are similar across the UK. Whilst a key benefit is to avoid a patchwork of isolated networks of widely varying standards, it also offers the opportunity to shorten the procurement from 11-15 months to 3-5 months with significantly less specialist and external support, e.g. Legal, Procurement and Technical advisors. The Framework offers local projects a greatly simplified approach, providing Value for Money in the procurement process whilst assuring that solutions are developed from tried and tested components.

17. The Framework is supported by detailed guidance, checklists and templates to support local bodies through the detailed planning required in advance of procurement, and through the procurement itself.

BDUK support for effective and efficient projects delivering sustainable outcomes

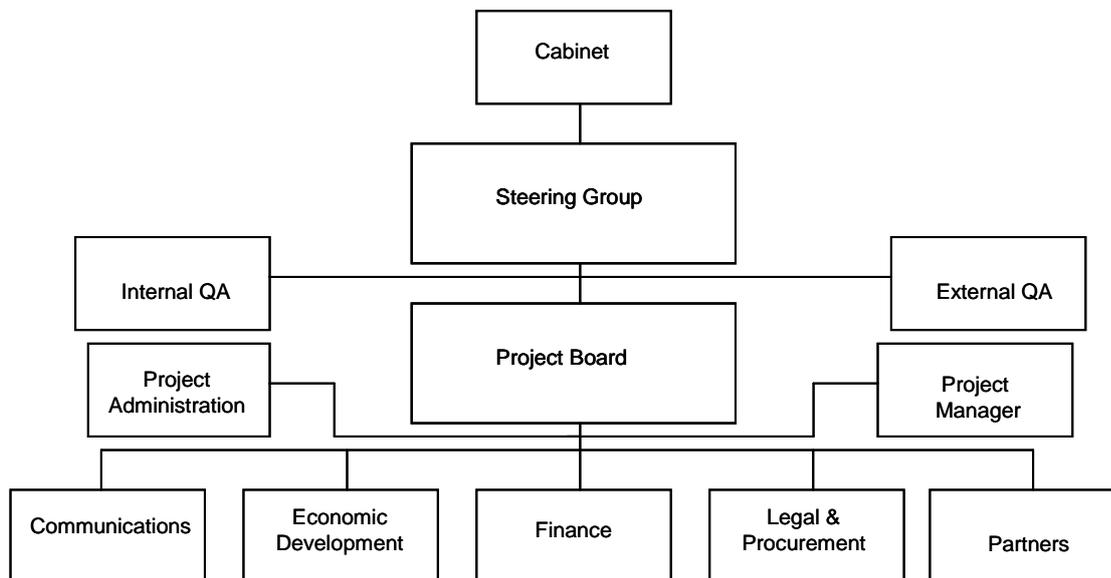
18. The scale of individual local broadband projects and their procurements represents a balance between economies of scale and the smaller bidders being accidentally excluded. The scale of projects also impacts on how attractive the wholesale network is to the retail sector. Having discussed this with a number of potential projects and

potential suppliers in the market, BDUK is promoting aggregation typically at the county level, and where feasible with multiple counties collaborating. This typically offers geographies of 100,000+ premises. Each will require a mix of network and access solutions, including potentially using shared infrastructure with power distribution network operators, wireless (WiMax), and mobile solutions such as LTE (Long Term Evolution - 4G wireless) and satellite. Whilst all these solutions exist (with LTE in trials) today, the potential combination and integration of these will offer bidders an opportunity to address affordability through being innovative in the mix of technologies.

19. A further significant element of BDUK activity is in assisting local bodies to develop robust and sustainable projects which are described in their Local Broadband Plans. A standard template for the Local Broadband Plan has been developed for local bodies to populate. Guidance has also been provided in the completion of the template to promote a “right first time” approach.
20. In order to create commercially sustainable, value-generating assets for rural areas, funding for local bodies from the Rural Broadband Delivery Programme covers capital spend only. Suppliers must disclose the nature of costs incurred and may only invoice for “eligible” costs, which must be capital costs. The aim is for the value of the ownership of the infrastructure to exceed the operating costs of maintaining it.

Local accountability, and ensuring regularity and propriety

21. A system of legal duties requires local authority councillors to spend money with regularity and propriety. Under section 151 of the 1972 Local Government Act, “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers [known as the section 151 officer or Chief Finance Officer] has responsibility for the administration of those affairs.” The section 151 officer is an important mechanism for holding councils to account, as he/she has duties and powers to alert councillors and the auditor in the case of unlawful expenditure. Legislation therefore sets the standards councils must meet and provides an internal check that they have been met.
22. The system includes external checks: local authorities are required to have an annual external audit under section 2 of the Audit Commission Act 1998. The auditor is required to give an opinion on the accuracy of the financial statements of the audited body and to satisfy themselves that arrangements are in place in the authority to achieve effectiveness, efficiency and economy, and that all statutory provisions relating to the accounts have been complied with (section 5).
23. In the context of local broadband projects, local authorities may form partnerships with other local authorities or other bodies such as Local Enterprise Partnerships and put forward a joint proposal. Such partnerships must nominate a “lead authority” who agrees to take statutory accountability for regularity and propriety in the use by the partnership of public funds.
24. BDUK will require local bodies and partnerships to have a robust governance framework in place through which accountability for the regularity and propriety of use of the BDUK grant allocation is clearly defined. Responsibility for the detail of the governance framework rests with the local body, but the structure below is indicative of a reasonable local framework.



25. The local project would normally be sponsored by the body's Chief Officer or Deputy Chief Officer. The Steering Group/Programme Board would comprise the Chief Officer and relevant elected members such as Deputy Leader / Cabinet Member for Finance & Performance, Cabinet Member for Sustainable Development, and Cabinet Member for Efficiency and Lead Officer.
26. The Project Board would normally be chaired by the Lead Officer and attended by Workstream Leads, Project Manager and Internal Quality Assurance.
27. BDUK expect Internal Quality Assurance to be undertaken by suitably qualified persons and an independent Risk Assessment to be applied at key project gateways.
28. Local bodies will be responsible for identifying, securing and managing funding to support the delivery of services including financial control and audit of public sector funding invested in projects.

Achieving value for money at the local level

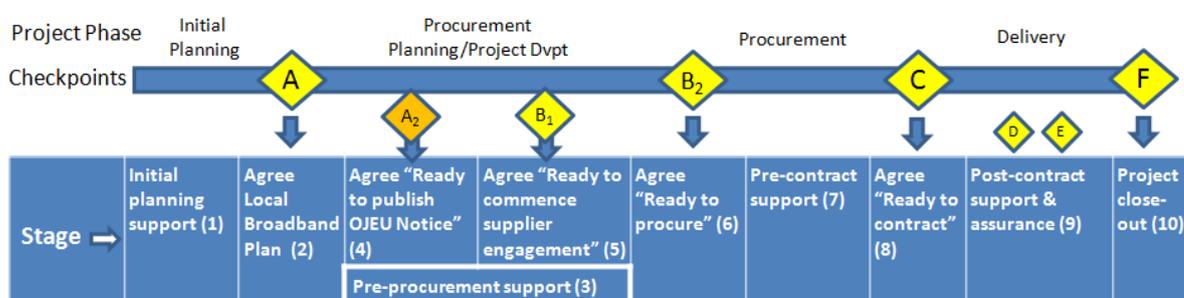
29. As councillors are democratically elected as representatives of the people (Local Government Act 1972), they are well placed to decide on what local communities need and can be voted out if they do not deliver what the public wants. Democratic accountability provides a strong assurance that councillors, knowing what their communities need, will strive to deliver as much as they can within their financial envelope.
30. The incentive to manage their affairs effectively is reinforced by the Best Value duty on local authorities. Under the Local Government Act 1999, a council must "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". They must consult local persons on how they should fulfil this duty.
31. Being responsible for the "proper administration of [a council's] financial affairs", the section 151 Officer has a role in helping councils to fulfil their financial duties, which includes achieving Best Value. The Chartered Institute of Public Finance and Accountancy guidance, The Role of the Chief Financial Officer in Local Government, makes it clear that achieving Best Value is expected of section 151 officers as part of their professional standards, stating that the section 151 officer "must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and

effectively.” There is therefore a clear role for officers in supporting achievement of value for money.

32. Ultimately, the requirement to undergo re-election creates a strong incentive for the council executive to set, explain and deliver on their priorities. The council Mayor or Leader is likely to communicate to the electorate how they have achieved the priorities that they set out in their electoral manifestos.
33. Audit provides an additional check on value for money, as auditors are required to satisfy themselves that arrangements are in place in the authority to achieve effectiveness, efficiency and economy (section 5, Audit Commission Act 1998).
34. In addition, BDUK will review progress and expenditure for each project against milestones and budget to ensure that value for money is being achieved in practice.

The BDUK Rural Broadband Projects Assurance System

35. BDUK actions regarding local projects comprise a combination of assurance (including in respect of State aid) and support activities, summarised in the diagram below:



36. Specific checks will be made at four “Checkpoints” during the planning and procurement process: at “Agree Local Broadband Plan”, at “Agree Ready to commence supplier engagement”, at “Agree Ready to procure” and at “Agree Ready to contract.” These are shown at A, B1, B2 and C in the diagram above. Further Checkpoints (D, E, F above) will coincide with contractual milestones during and at completion of the Delivery phase.
37. An additional Checkpoint (A2) will be required at “Agree ready to publish OJEU Notice” for those projects which have decided not to procure under the BDUK Broadband Framework. Reviews at Checkpoints B2 and C will be more rigorous for these projects to reflect the fact that the procurement and contract documentation is not based on the pre-assured Framework document set.
38. Between Checkpoints, structured support and continuous review will be provided to ensure that local bodies are ready to procure, ready to engage with suppliers and ready to contract, and are therefore also well-prepared for Checkpoint review.
39. Lessons learned from each Checkpoint review will be captured and shared with projects which are at an earlier stage in the process during support stages.
40. The conclusions of the assessments at Checkpoints A to C will be considered by a Rural Projects Assurance Board, which will decide whether projects can move to the next stage. This Assurance Board reports to the Broadband Portfolio Board which has oversight across DCMS’s broadband portfolio.
41. In general, until the requirements of the Checkpoint review (including State aid checks) are met, a project will not pass to the next stage. If the Checkpoint review indicates that there are areas of fundamental misalignment with requirements, BDUK may decide to

stop the project and consider options for realignment, including re-planning or re-procurement, or alternatively may withdraw BDUK funding entirely and either manage the procurement itself or reallocate the funding to other broadband projects.

42. Each Checkpoint has a supporting checklist of requirements and associated quality criteria which will be provided to local bodies well in advance of a Checkpoint review taking place. The BDUK Assurance team will seek evidence from each local body that these requirements have been met. Summaries of requirements for each Checkpoint are set out in the following sections.

Checkpoint A: Agree Local Broadband Plan

43. Under the Programme Delivery Model, local bodies are required to submit an overarching Local Broadband Plan to BDUK. As this is an important part of the project planning process, BDUK will require that Local Broadband Plans are well developed, and will assess each plan against detailed criteria which require the following to be set out:

- a) A clear vision for the area covered by the local body, linked in to business plans
- b) The current and forecast “picture” of broadband coverage, speeds, usage, private sector investment state, topography and local and issues
- c) A gap analysis describing the case for investment justified and reflected in supporting information described in a structured way using maps
- d) Scope of the proposed project describing what the project will deliver in terms of coverage, technology, speed and the number of premises impacted
- e) A description of how local demand for broadband services will be stimulated to attract private investment, and examples of working with business and community groups and National Programmes to achieve this
- f) A description of how local demand will be registered
- g) A description of stakeholder support and involvement
- h) Funding requirements to achieve the vision and scope, and proposed structure of funding to be provided from BDUK, from the local body, from other sources such as ERDF, and from the private sector
- i) A robust commercial case based on an options appraisal and attractiveness assessment, a market assessment, and a procurement strategy
- j) Proposals for market engagement: Use of BDUK Broadband Delivery Framework (preferred) or Competitive Dialogue OJEU procurement; supplier engagement, bidder days, SMEs
- k) Procurement strategy: proposals to undertake Framework mini competition or OJEU procurement; Risk management, evaluation criteria, value for money etc. Where a non-Framework procurement is proposed the assessment will be more rigorous to ensure that the route taken has been properly considered and is capable of delivering a solution which meet national objectives.
- l) Project governance proposals for how the local body will manage accountability and responsibility for delivery and for dealing with risks and issues arising
- m) Project timetable: either BDUK Broadband Delivery Framework timetable or, if not using Framework, timetable for Local Authority OJEU to Financial Close (likely to be around 12 months); description of critical paths: State aid, planning etc
- n) Expected strategic benefits which are evidenced, quantified and measurable

- o) Risk management: treatment of key risks and mitigation strategies
 - p) State aid: confirmation that the project falls within scope of the State aid guidelines
44. In summary, Local Broadband Plans must include an appropriate assessment of the full needs of and benefits to the local area through meeting the Rural Broadband Delivery Programme's objectives for broadband coverage. They must also include sign-off by the local body's (or bodies') governing group(s) or responsible executive in terms of assured commitment to the Plan, including approval of the outline budget for the project team and identification of key resources.
45. A detailed checklist and scoring template has been developed by BDUK against which Local Broadband Plans are assessed and scored. A guidance pack for local bodies has also been developed.
46. Once a review has been completed, a report will be provided to the Rural Broadband Projects Assurance Board for their consideration. Where a Local Broadband Plan is deemed to meet the assessment criteria,
- a) Agreement will be given that the local body should begin preparations for procurement; and
 - b) For projects using the Broadband Delivery Framework, the indicative place of the project within the procurement call-off process will be allocated.
47. Where a Local Broadband Plan does not meet the required criteria the Assurance Board will require the local body to address points for remediation and resubmit their plan. Until a plan has been signed-off by the Assurance Board as meeting the required criteria, an indicative procurement slot within the Framework process will not be allocated.
48. Given that there is an existing market for broadband provision in the UK, and a significant proportion of funding for local projects is from government grant, an important element of the Local Broadband Plan is an explicit undertaking to procure within the requirements relating to State aid. To be compliant, each project must:
- a) be supported by detailed mapping and coverage analysis which identifies areas within scope of the procurement
 - b) procure a private sector partner by an open market tender
 - c) select a private sector partner based on the most economically advantageous offer. This will assess (in proportion) both the extent of the desired coverage which can be offered, and the lowest amount of aid required to achieve it
 - d) be technologically neutral, providing no preference of the technological solution or the mix of technologies to be used
 - e) make use of existing infrastructure
 - f) provide wholesale access to the resultant infrastructure
 - g) benchmark wholesale access prices to prevent or minimise any distortion of competition
 - h) include a claw-back mechanism in the event of higher than anticipated demand resulting in excess subsidy having been provided

Local bodies will need to confirm whether they intend to rely on the national State aid scheme or to notify the European Commission directly. BDUK anticipates that most local bodies will go down the former route.

Checkpoint B1: Agree "Ready to commence supplier engagement"

49. Prior to issuing an Invitation to Tender (ITT), each project must undertake a “supplier warming event”. It is important that information is shared between suppliers and local bodies in advance of the procurement in order that the ITT can be adjusted if necessary, in line with good procurement practice.

Supplier warming is expected to help the local body to:

- ascertain the level of interest on their desired approach
- test its preferred outcomes
- ascertain any risks/concerns which potential suppliers have regarding the local body’s local circumstances
- identify the additional information or data that may support suppliers’ responses

In order to ensure that the local body and the supplier can take from the event what they need to promote a successful procurement, BDUK requires that a number of components are in place. These are summarised below:

- a) Local body match funding (including ERDF or other non-BDUK grant funding) is confirmed
- b) Coverage and speed required in the ITT is consistent with national objectives
- c) State Aid - Mapping: Defined areas for both Next Generation (superfast) and current generation broadband which indicate (and take into account) where there is existing or planned broadband provision (in the next three years)
- d) Data Room established containing all and only essential information. A set of data has been identified by BDUK and agreed with all Framework suppliers
- e) Pre-Contract Demand Stimulation: Local bodies should provide hard evidence within their Data Room of actual potential customers

Checkpoint B2: Agree “Ready to procure”

50. Following the supplier warming event but prior to a local body commencing procurement, BDUK will carry out a check to ensure that all necessary preparation activities and deliverables have been completed adequately. These are summarised below

- a) State Aid - Public Consultation: It is a requirement to conduct at least a one month public consultation to test the mapping of the proposed intervention areas. That public consultation should end as close to the start of the tender process as possible and generally no more than one month beforehand
- b) Each local body should establish their own project governance structure to allow effective management of their programme
- c) Supplier warming completed: to enable the local body to articulate their requirements to potential bidders and allow potential bidders to decide whether to pursue the Call-off when it commences
- d) Treatment of cross-border issues considered: all local bodies must ‘map’ an ‘overlapping strip’ covering their borders with neighbouring local bodies
- e) Gateways and reporting established: Internal approval process for sign-off of capital and revenue spend; internal assurance/audit process to confirm regularity and propriety of spend
- f) An appropriate range of skills and capacity are available to the project, particularly to support contract negotiation and demand stimulation work

51. Following completion of a Checkpoint B2 review, a summary report will be provided by the BDUK Assurance team to the Rural Projects Assurance Board for consideration. Where the Checkpoint review indicates that pre-procurement work is complete, the local body may proceed to formal procurement, according to the agreed timetable. If the review indicates that pre-procurement work is incomplete the Assurance Board will require outstanding work to be completed. This is likely to mean that the local body loses its procurement slot within the Framework process. Once work has been completed, a new slot will be allocated.

Checkpoint C: Agree “Ready to contract”

52. Following procurement, a final Checkpoint will confirm whether the local project is ready to proceed to contract. The following requirements will need to be evidenced:

- a) Robust project governance arrangements are in place. Specifically, for local projects in England:
 - i) The S 151 Officer supports and has signed off the procurement decision and takes explicit accountability for the use of grant funds awarded
 - ii) CEO and Cabinet support and sign-off of procurement and delivery plan
- b) Sufficient funding is in place (local and BDUK grant, subject to State Aid) to pay for committed milestones
- c) An appropriate allocation of risks has been agreed between the public and private sectors and is clearly articulated in the draft contract for broadband services; risk management processes for both parties are in place
- d) The project is compliant with the national State aid scheme for the UK where the body seeks to rely on that aid scheme. This would include compliance with EU procurement law. The draft contract must also be in line with the model contract/guidelines as prepared by BDUK with reference to the aid scheme.
- e) State Aid obligations are reflected in the draft contract
- f) The project includes broadband coverage consistent with the objectives of the Rural Broadband Delivery Programme and the Local Broadband Plan while meeting community needs
- g) The specification in the draft contract for broadband services includes key delivery milestones upon achievement of which payment will be contingent
- h) The bidder that has provided the Most Economically Advantageous Tender in a procurement process has been identified using robust evaluation criteria
- i) The outcome of the project offers value for money for public spend: the costs, prices and subsidy agreed in the draft contract are competitive based on a comparison with reference costs and benchmarks, given the nature of the project/area
- j) Council audit arrangements are in place for review of value for money, regularity and propriety of the use of BDUK grant funding
- k) Contract management capability and capacity is available, sufficient and funded to manage the delivery contract effectively

53. Based on an assessment of compliance with requirements, the BDUK Assurance team will present evidence to the Rural Projects Assurance Board to support a decision on whether the project should proceed to contract. If the Board is content, and subject to BDUK Finance confirming that the local body's proposed schedule of milestone

payments is consistent with BDUK's overall budget profile, the Chair of the Assurance Board will ask the BDUK CEO to sign a Grant Agreement for projects in England.

54. Where a local body has undertaken its own stand-alone procurement rather than using the BDUK call-off Framework, the Assurance Board will ask the Broadband Portfolio Board to confirm the conclusion of the Checkpoint C review before sign-off of the Grant Agreement.
55. For projects with the Devolved Administrations, DCMS will enter into an agreement to provide a funding transfer in respect of the funding required for the project. The decision will be communicated to the Broadband Portfolio Board.

Post-contract governance and assurance – projects in England

56. Following distribution of funds through a Grant Agreement and the signing of a contract with a supplier, direct **accountability** for delivery of project outcomes will sit with the S151 Officer of each local body or of the lead local body for a partnership. **Responsibility** for delivery is likely to sit jointly with the local body(ies) and the supplier. Local body internal assurance and democratic processes, and external audit, become the primary vehicles for ensuring that value for money, regularity and propriety are maintained.
57. However, BDUK, as funding authority, will maintain a governance role through its membership of programme board or steering group and will expect to be party to reports on progress against agreed project milestones. The supplier will be obliged (through the Framework Call-off Contract) to produce Milestone Achievement Reports which provide sufficient evidence to enable the local authority to verify the extent of the achievement of the Milestone. Prior to releasing funds at milestones, BDUK will review evidence provided.
58. Ongoing post-contract oversight will comprise formalised BDUK/LA contract monitoring meetings and collection and aggregation of local data to monitor performance. Key areas for examination will include appropriateness of spend, implementation progress through delivery of project outcomes, effectiveness of local body assurance framework including external scrutiny, and effectiveness of local body contract management approach. The output from these reviews will be individual and aggregated reports to the Broadband Portfolio Board on progress towards achieving national objectives. If a Review indicates slippage or problems emerging, this will be escalated, as appropriate, to the local body sponsor and Executive team, BDUK senior team, the Broadband Portfolio Board and ministers.
59. BDUK will maintain and publish an overall status schedule of progress towards achieving national broadband objectives.
60. At the conclusion of the project, a final Checkpoint (coinciding with the final delivery milestone) will be undertaken to ensure that delivery was in accordance with the contract, and that any lessons learned are captured and fed into ongoing and future projects.

Post-contract governance and assurance – projects in the Devolved Administrations

61. For projects in the Devolved Administrations, DCMS will make funding available through a transfer of funding. This will be supported by an agreement entered into with the Devolved Administration which will cover the use of the funding and reporting requirements. The Devolved Administration will then be entirely responsible and accountable for ensuring delivery. BDUK will retain membership of programme board or

steering group and will expect to be party to reports on progress against agreed project milestones.

62. Post-contract reviews comprising BDUK/Devolved Administration contract monitoring meetings will also be held, together with collection and aggregation of local data to monitor performance. Key areas for examination will include appropriateness of spend, implementation progress through delivery of project outcomes, effectiveness of local body assurance framework including external scrutiny, and effectiveness of local body contract management approach. The output from these reviews will be included in reports to the Broadband Portfolio Board on progress towards achieving national objectives. If a Review indicates slippage or problems emerging, this will be escalated, as appropriate, to the local body sponsor and Executive team, BDUK senior team, the Broadband Portfolio Board and ministers. However, DCMS will not have any direct influence over actions taken by the Devolved Administration to deal with any problems.
63. As with projects with English local authorities, a final Checkpoint will be undertaken to ensure that delivery was in accordance with the contract, and that any lessons learned are captured and fed into ongoing and future projects

Informal notification of concerns

64. BDUK will always be willing to consider concerns raised by anyone in a local body or in DCMS in relation to the regularity, propriety and value for money achieved by any local project.
65. If anyone in BDUK is informed of a concern, they should refer this to the Assurance Team, who will confer with the BDUK senior team and escalate accordingly. Confidentiality in relation to the source of the concern will be maintained.

Transparency of progress through the project lifecycle

66. A dashboard report will be maintained and, following Ministerial clearance, published showing the current target timetable for Local Broadband Plan submission and approval, commencement of procurement, contract sign-off and contract delivery. DCMS assessment of likelihood of the timetable being met will be shown by a RAG status against each project.

How the system responds to failure

67. If a local body is found to have “materially mismanaged” grant funds these can be reclaimed by BDUK. If a local body fails to comply with the terms of the national State aid scheme where applicable, BDUK also has the right to take action.
68. At each checkpoint within the local body project life-cycle (described at paragraph 35 above) there is an opportunity to identify that a local body may be failing to carry out its role effectively. Where this is the case, the scale of gap will be assessed and an action plan developed for remediation. This may result in a project being halted while the necessary steps are taken, or the offer of funding may be withdrawn if remediation is not possible within an acceptable time-frame. In this latter scenario, BDUK may decide to take responsibility for implementing local solutions within a national procurement or to reallocate funding to other broadband areas.
69. One of the pre-requisites for agreement of funding of local bodies is for them to have robust project management arrangement in place. This includes contingency planning and fall-back for failure in any key assumption upon which the outline business case was based.

70. Should BDUK determine that a competitive market does not exist across much of the UK it will consider alternative approaches to ensure value for money involving over-arching bi-lateral contracts with key suppliers instead.

Work in hand to strengthen the existing system

71. Lessons Learned reviews will be conducted during each phase of the Programme and will be summarised in Lessons Learned Reports. The reports will capture key lessons from the reviews undertaken and make recommendations for improvements to strengthen the existing system.

72. An initial report has been issued in relation to four Pilot projects undertaken by Cumbria, Herefordshire / Gloucestershire Borders, North Yorkshire and the Highlands and Islands in Scotland. The primary purpose of this report was to set out the lessons learned to date from the initial progress of the pilot projects, focusing on the set up of projects, preparation for procurement and its early stages, as well as parallel activities such as work to stimulate demand for superfast broadband.

73. BDUK has developed checklists and guidance to assist local bodies in preparing for each stage in the process, based on the experiences from the early projects. For example, templates and guidance have been produced to assist local bodies in producing their Local Broadband Plans, in preparing for procurement, and preparing to contract.

74. Based on early experience of operating the assurance process, a number of improvements have been made: the system has been updated to include a Checkpoint A2 for non-Framework projects and the pre-procurement checks have been split into B1 "Agree Ready to commence supplier engagement" and B2 "Agree Ready to procure". The assurance process has also been refined to improve efficiency through a risk assessment of local bodies that require visits versus those where adequate assurance can be gained through a desk review and conference call.

75. This System Statement describes the assurance system at the current time, but it will continue to evolve as it is applied. The document will be maintained under version control: any changes will be agreed by the Rural Projects Assurance Board and notified to the Broadband Portfolio Board. In the event of any substantial changes being made, the Portfolio Board will notify the DCMS Assurance and Risk Committee and me as Accounting Officer.

Conclusion

76. There is a robust core framework in place which I can rely on as Accounting Officer for DCMS to provide assurance that funds allocated to BDUK are distributed to local bodies on the basis of clearly articulated plans and delivery responsibilities, and that the local bodies will spend the money allocated by BDUK having regard to regularity, propriety and value for money. The key elements are Assurance Checkpoints throughout the project life-cycle, legal controls on local bodies and democratic accountability to local people. The system provides assurance that the Government's decentralising agenda can be achieved in relation to the Rural Broadband Delivery Programme without compromising the proper spending of public money.