

# BDUK New Procurement Pipeline

Supplier Briefing Session, June 2016



# Objective

1. Overall programme update from BDUK
2. Introduce suppliers to the requirements of a procurement, including State Aid constraints and obligations
3. Provide suppliers with an understanding of a typical procurement process, the tender documentation, and how this is evaluated
4. Overview of upcoming Local Authority projects within BDUK pipeline
5. Introduce suppliers to the further support available from BDUK

# 1. Overall Programme Update from BDUK



# Delivering Superfast Broadband

- Superfast broadband coverage available to 90% of UK homes and businesses (up from 45% in 2010); on track to achieve 95% by Dec 2017.
- BDUK programme added around 4 million superfast premises to date.
- Access to Universal 2Mbps standard broadband now in place.
- Piloted options to provide superfast broadband coverage to hardest to reach areas.
- Provided over 50,000 connection vouchers to SMEs

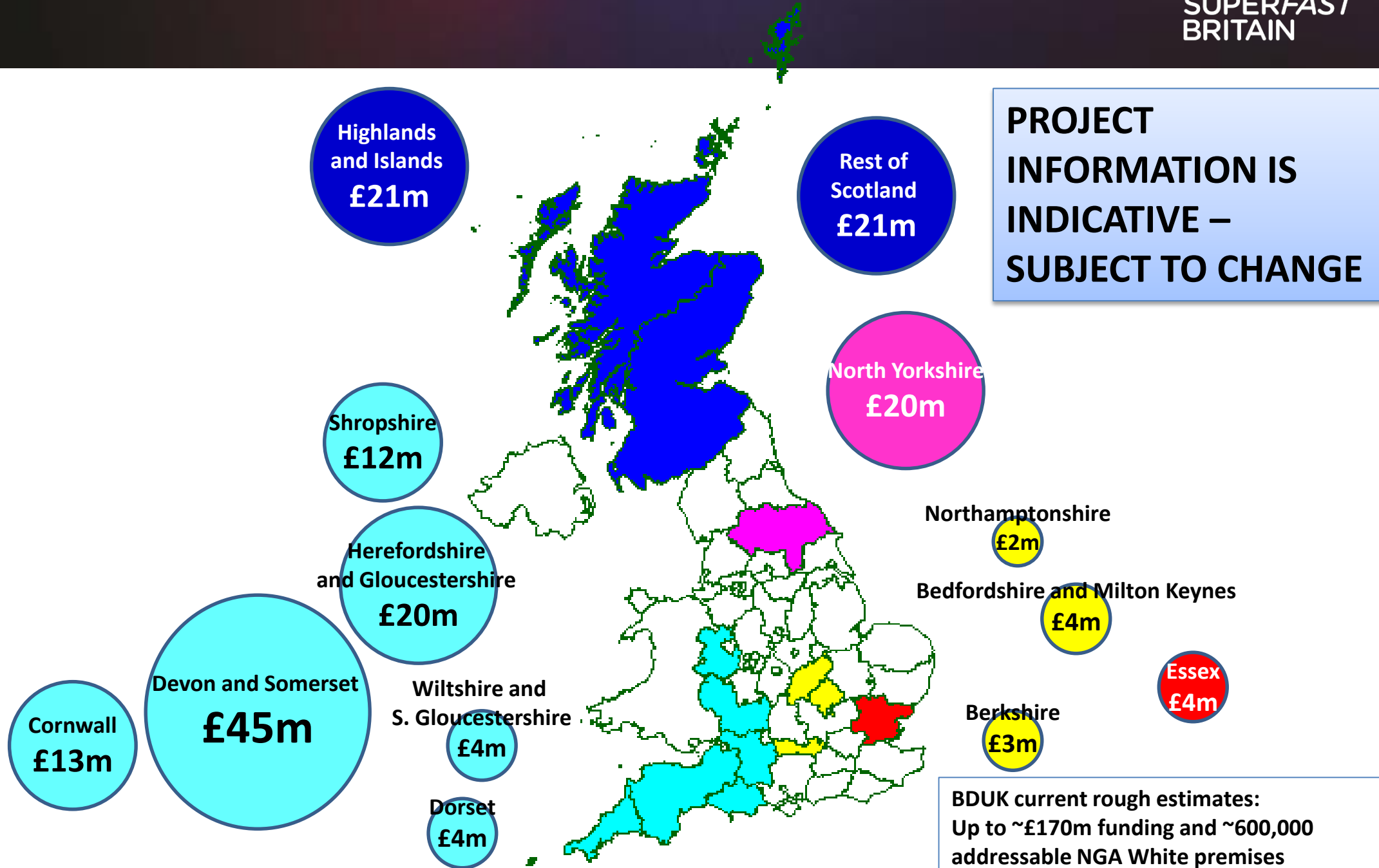
# Actions to extend coverage

BDUK and Local Bodies are continuing with plans to reach – and exceed – the 95% superfast target by undertaking 3 core activities:

1. Working with suppliers to maximise potential commercial coverage
2. Closely managing existing contracts to completion or extending contracts where appropriate
3. **Running new procurements to support rollout of superfast broadband to additional “NGA white” areas**

BDUK and Local Bodies are also encouraging communities to register demand with suppliers, or to explore community funded projects

# Over £150m of pending procurements



**PROJECT  
INFORMATION IS  
INDICATIVE –  
SUBJECT TO CHANGE**

**BDUK current rough estimates:  
Up to ~£170m funding and ~600,000  
addressable NGA White premises**

## 2. State Aid requirements and typical procurement scope



# Introduction to State Aid

- State aid is triggered if the use of public resources favours certain ‘undertakings’ which distorts competition and affects trade between Member States
- State aid can take a wide range of forms, including: grants, loans, benefits in kind - or even an announcement of intention to grant aid.
- Projects must comply with the Commission’s ‘2013 Broadband guidelines’ which outline their policy on applying State aid rules to broadband projects
- **UK has secured an ‘umbrella scheme’ from the EC**
  - **Decision sets out the criteria for compatible projects under a scheme**
  - **BDUK’s National Competence Centre assures individual projects**



# Key requirements of the umbrella scheme

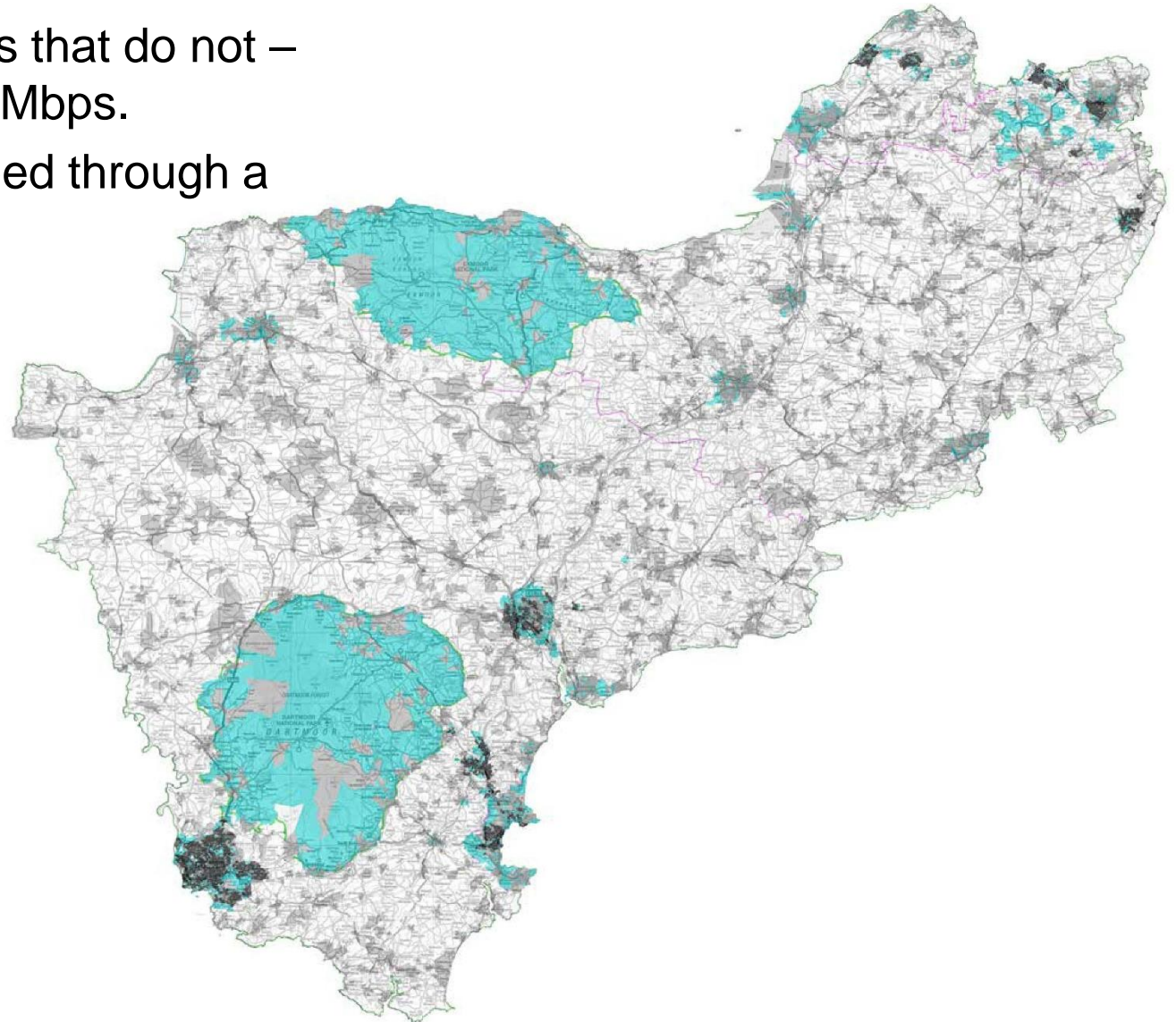
## Determining where to intervene

- Interventions can only be in areas that do not – or will not – receive speeds of 30Mbps.
- Intervention areas must be mapped through a Public Consultation process
  - e.g. Connecting Devon & Somerset

### State Aid Classification

#### Superfast Broadband

- NGA White - no provider
- NGA Grey - one provider
- NGA Black - two or more providers
- NGA Blue - under review



# Key requirements of the umbrella scheme

## What must be procured:

- Must target the NGA white areas with NGA qualifying technologies
  - E.g. FTTP, HFC (docsis 3), FTTC, and Fixed Wireless Access (configured appropriately)
- Infrastructure must be capable of delivering access speeds over 30Mbps and a “step-change” in capability – including at least a doubling of speeds
- Wholesale access to the passive and active network must be made available to third parties
  - Applies to ***new and existing*** infrastructure used in the intervention area
  - New infrastructure ***must enable additional capacity*** to be made available for future demand (where technically and legally feasible)
  - Prices based on those available in more competitive areas
  - Access must be provided for at least 7 years after implementation is complete
- Clawback mechanism to recover excess subsidy over life of the contract

# Key requirements of the umbrella scheme

## **Required forms of wholesale access:**

- Passive access via dark fibre, duct, pole and other new physical assets e.g masts
- Physical access to cabinets including power provision
- Copper loop unbundling e,g. LLU or SLU
- Mast access via mast space including power provision
- Antenna sharing
- Active access e.g. bitstream and for backhaul
- Other forms of access requested (subject to reasonable demand test)

## **Wholesale access products and pricing:**

- Prices must be consistent with UK or European benchmarks of other competitive offerings or based upon non-discriminatory cost allocation
  - Bidders will need to submit wholesale product descriptions, pricing and benchmark information as part of the bids for BDUK assurance
- Vertically integrated suppliers must not discriminate against other retail providers
  - Product reference offers must be available 6 months before offering service

# Key requirements of the umbrella scheme

## ‘Open access’ versus ‘Reduced access’

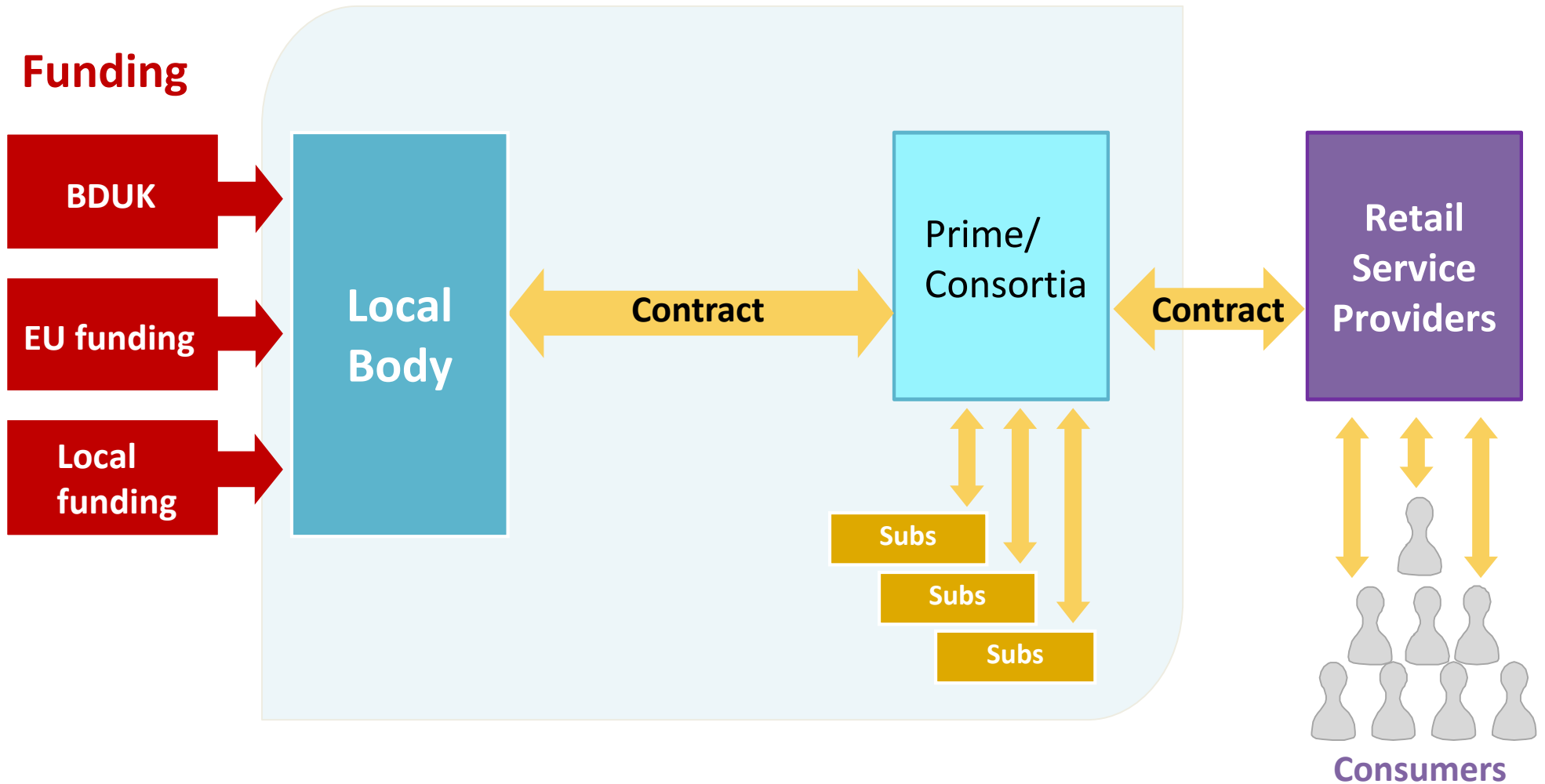
- Immediate procurements will only be on ‘open access’ basis
  - Products can be used for ***any*** commercial and public telecommunications purpose (i.e. including backhaul)
- Possible that some areas may not attract viable open access bids – BDUK proposed that ‘reduced access’ bids may subsequently be considered
  - Product usage restricted to where broadband is the primary objective (i.e. other uses possible where secondary revenue source)
- However – such “cascade procurements” will not be available until end 2016, after BDUK has conducted an external review of the impacts.

# Key requirements of the umbrella scheme

## How procurements must be run

- Local Bodies must justify their choice of project delivery model and their design of the procurement process
- Procurements must be technologically neutral and select the Most Economically Advantageous Tender
  - Local Bodies' must use preset selection and award evaluation criteria
- Bidders who own or control infrastructure within the intervention area must enable other bidders to re-use it within their bids.
  - Bidders will need to sign up to a 'code of conduct' about sharing information during the bid process

# Wholesale Contract Model

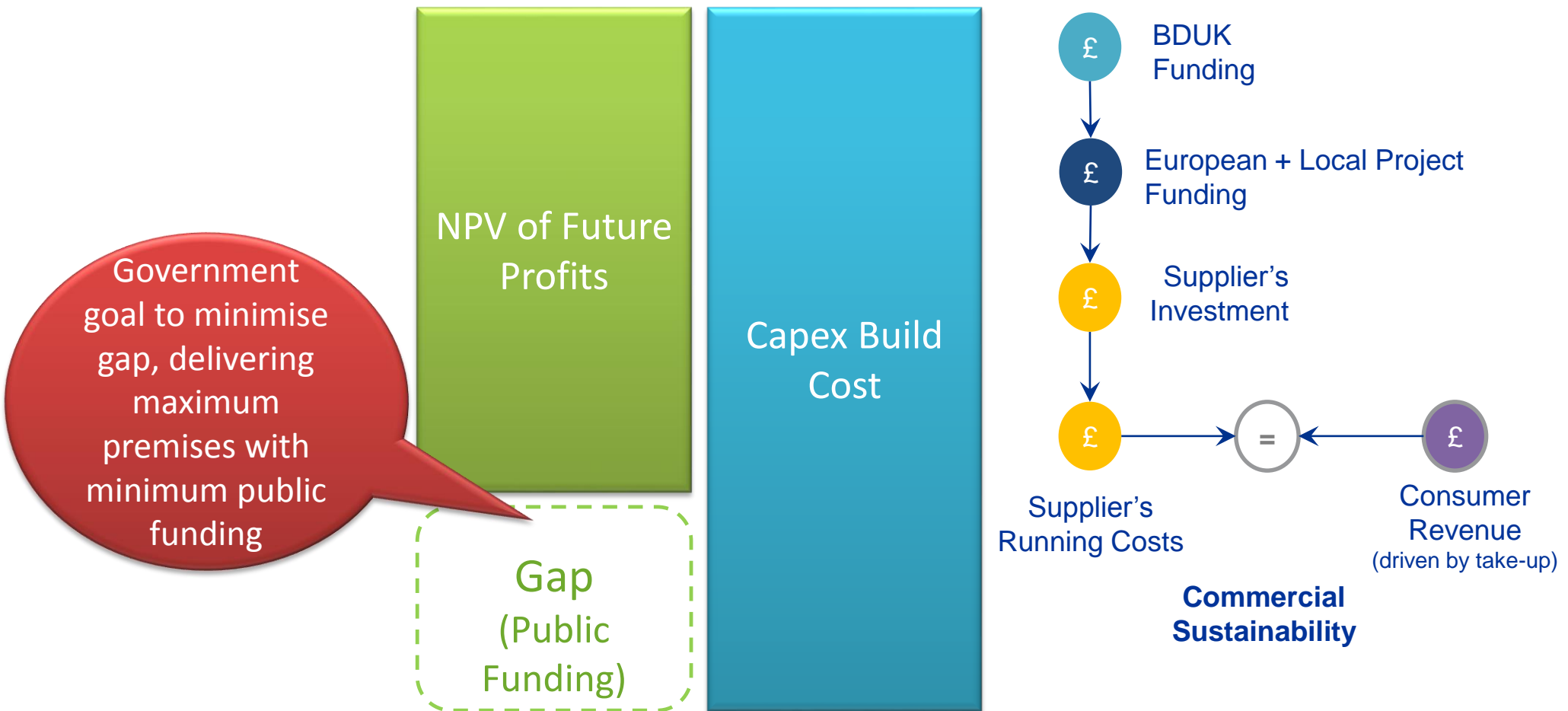


# Potential Delivery Models

There are four main funding models that a Local Body could choose to apply to BDUK procurements:

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

# Gap Funding Model



Public Funding given to supplier to build the network, up to the level needed to close the gap



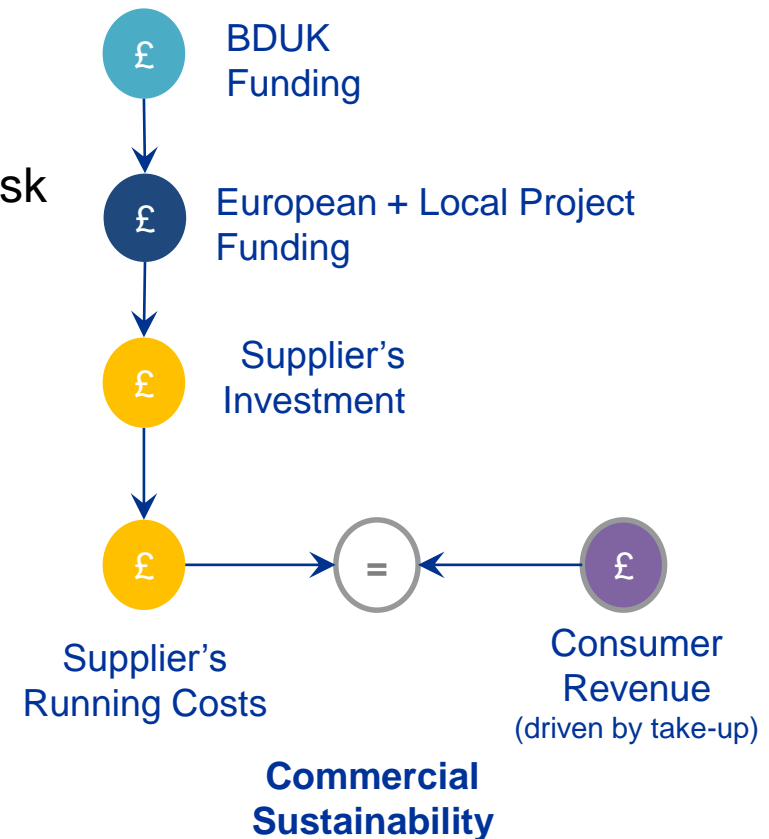
# Risk allocation

- Risks primarily owned by supplier

- Network design risk
- Technology selection, supply and integration risk
- Planning and implementation risks
- Cost overrun risk
- Service delivery risk
- Take-up risk
- State Aid – repayment of claw-back
- State Aid – repayment of illegal aid

- Risks primarily owned by local body

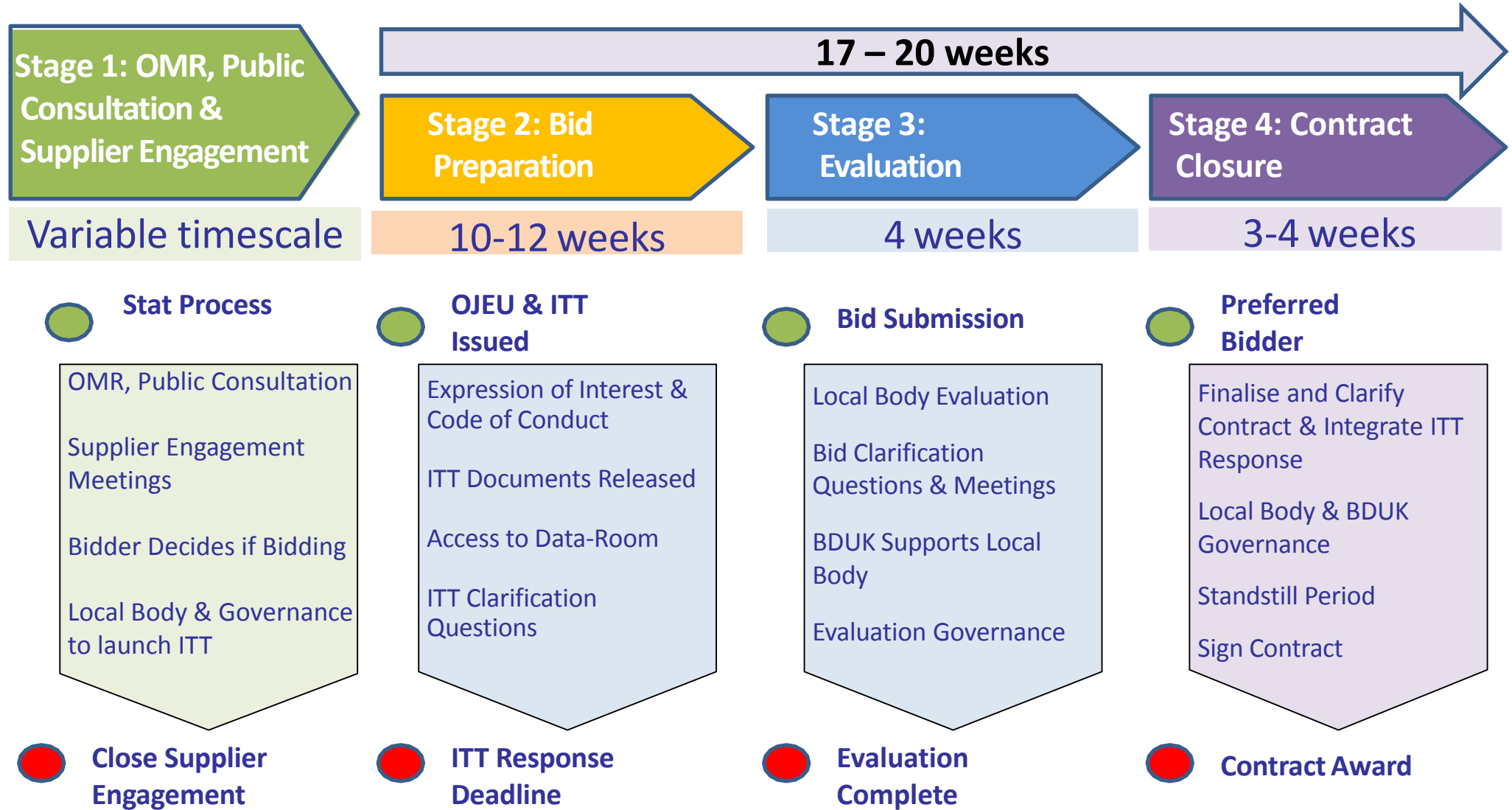
- Securing sufficient funding to meet objectives
- Identifying target priority areas
- Designing project to attract suppliers
- Political and practical consequences
- State Aid – ensuring project compliance



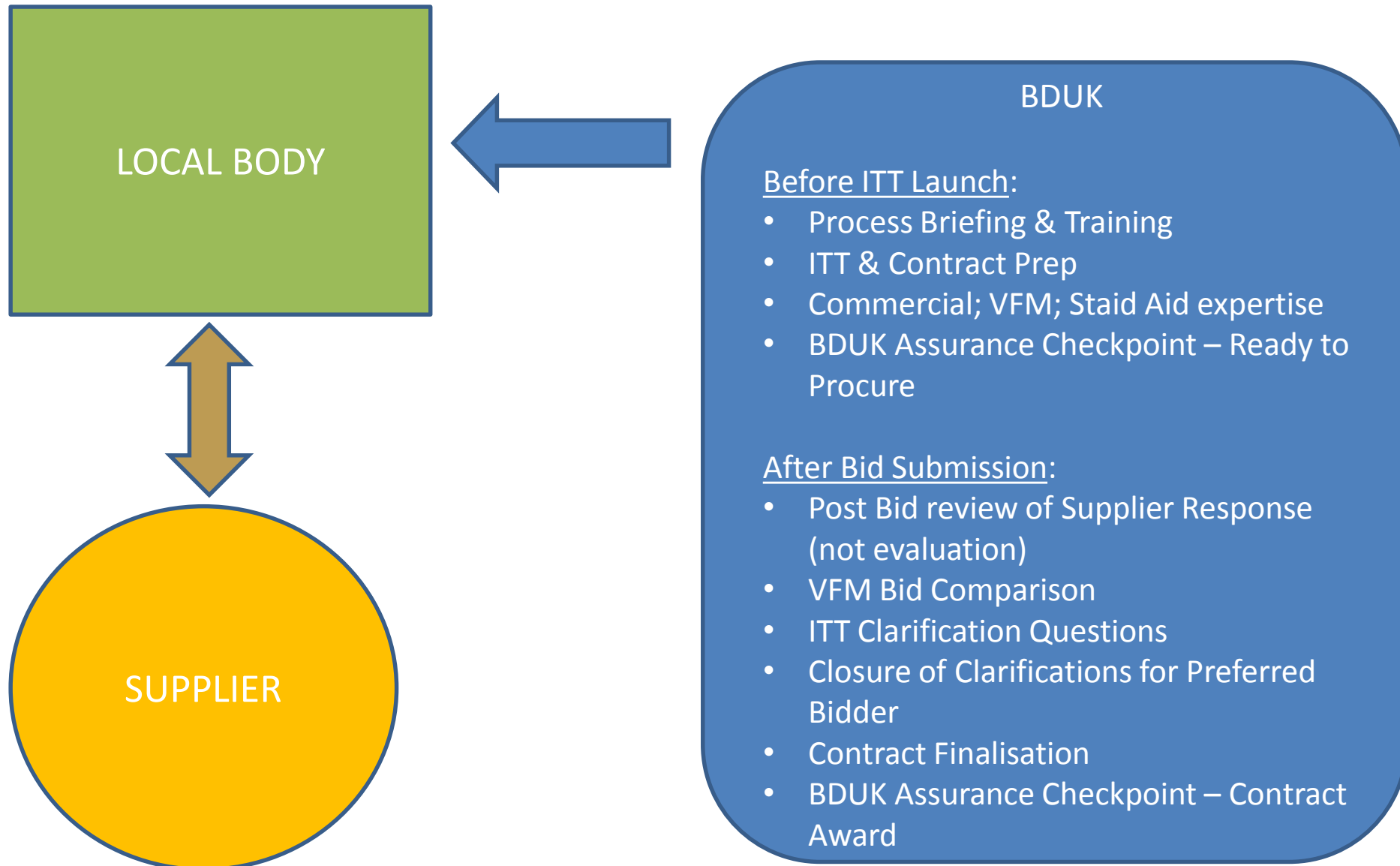
### 3. Typical procurement process, tender documentation, and evaluation

# Indicative Timeline Open Procedure

**SUPERFAST  
BRITAIN**



# BDUK Support To Local Bodies



# Invitation to Tender - Overview

BDUK and LB objectives  
High-level project scope

## Invitation to Tender

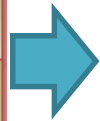
ITT Req<sup>t</sup> 1 ↔ Award Criteria 1

ITT Req<sup>t</sup> 2 ↔ Award Criteria 2

ITT Req<sup>t</sup> 3 ↔ Award Criteria 3

ITT Req<sup>t</sup> 4 ↔ Award Criteria 4

ITT Req<sup>t</sup> 5 ↔ Award Criteria 5



## Supplier's ITT Response

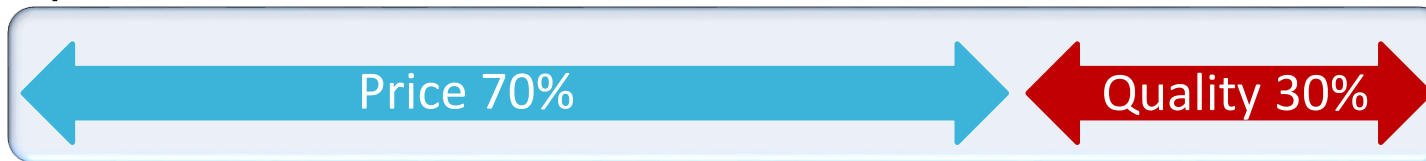
Supplier's ITT Response						
Standard Terms and Conditions	Supplier Solution	Wholesale products and pricing	Net Design + SCT	Impl <sup>n</sup> plan	Proj. Fin. Model	ITT 1
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			Net Design + SCT	Impl <sup>n</sup> plan	Proj. Fin. Model	ITT 3

# Procurement Award Criteria (1)

## ***Under the new scheme, ranges set for Award Criteria for price and quality:***

- Local bodies can choose price/quality ratio to reflect their own local requirements but must sit within the weightings below.

(i) Priority on price      Price and Quality ratio totals 100%



(ii) Priority on quality



- Level 2 criteria for price / quality also preset (mix of pass/fail and scored criteria)
- Local bodies can flex weighting for scored criteria
- Local body scoring will differentiate baseline capability versus maximum capability

# Procurement Award Criteria – Price

## ***Level 2 Award Criteria and scoring approach - Price***

Price Level 2 Award Criteria	Weighting Ranges
Contract Acceptance	Pass/Fail
Contract Mark Up and Risk Transfer*	0-10%
Financial Model	10-30%
Commercial Sustainability and Viability	10-40%
Funding Availability	Pass/Fail
Funding Levels	0-40%
Solution coverage at NGA speeds	20-80%

\* Award criteria only used with Competitive Dialogue/Competition with Negotiation

# Procurement Award Criteria - Quality

## ***Level 2 Award Criteria and scoring approach - Quality:***

Price Level 2 Award Criteria	Weighting Ranges
Solution Design Compliance	Pass/Fail
Solution Design Quality	20-40%
Wholesale Network Design/Wholesale and Retail Pricing	20-40%
Economic Value Add	0-10%
Implementation Plan	10-40%
Contract and Stakeholder Management	10-40%



# Procurement Award Criteria

The following slides set out BDUK's recommendation to Local Bodies for an evaluation approach for each of the award criteria

These should be considered to be indicative only.

Instead, refer to the Evaluation Strategy set out by each Local Body in its procurement documentation, which will document how the contract will be awarded.

# 1. Contract Acceptance/ Contract Mark-up

## Requirement

- Local Bodies achieve desired allocation of risk with the supplier through the contract by setting non-negotiable terms and conditions
- *For Competitive Dialogue/Competition with negotiation only*: Opportunity to optimise value for money from the contract by allowing suppliers to propose changes.

## Award Criteria

- *For Competitive Dialogue/Competition with negotiation only*: Whether changes to the draft contract have a negative impact on the Local Body's requirements

## Associated tender documentation

- Contract terms and conditions
- Compliance matrix

## 2. Financial Model

### Requirement

- There must be a comprehensive and transparent investment case shown for the life of the project, including costs, revenues and profitability.
- The model must enable the claw-back mechanisms to work as intended.

### AwardCriteria

- Whether there is clarity on the bidder's investment case, including one-off and recurring costs and revenue drivers.
- How specific project circumstances (relative to national norms) have impacted this particular investment case (in the model).

### Associated tender documentation

- Project Financial Model
- Consistent with Supplier Solution, Implementation Plan, Milestone Payments

# 3. Commercial Sustainability and Viability

## Requirement

- The network must be able to operate on a stand-alone and sustainable basis for *at least* the contract term.
- The Local Body must be able to understand the relative risks that may trigger the network being abandoned (e.g. insufficient take-up).

## Award Criteria

- Whether the business remains economically viable under a range of adverse scenarios, including those affecting the supply chain
- Whether the bidder's approach mitigates risks to the on-going service provision.

## Associated tender documentation

- Project Financial Model
- Bidder submission of financial information – outputs under different scenarios

# 4. Funding Availability and Funding Levels

## Requirement

- The project must be delivered within the available (public and private) funding envelope
- Must allow for constraints on timing and use of various Public Sector funding (e.g. targeted at SMEs, time-bound draw down periods)
- *In some cases* - To maximise coverage within the available budget
- *In some cases* - To optimise coverage versus subsidy-per-premise

## Award Criteria

- Whether bidders has provided sufficient evidence of their ability to fund the project
- *In some cases* - Scores will be awarded on a relative basis – e.g. the bid with lowest subsidy receives full marks, and a bid 10% more expensive receives a 10% reduction in score.

## Associated tender documentation

- Project Financial Model
- Specifically, accompanying financial information – details on project financing approach

# 5. Solution Coverage at NGA Speeds

## Requirement

- Coverage, speed and phasing should be identified at a premise level
- The solution should target the intervention area, including priority areas
- The solution should provide the required minimum access speeds and speed uplifts

## Award Criteria

- How much coverage is provided at >30 Mbps and at >100 Mbps
- How much speeds are uplifted
- How much coverage is provided in priority areas

## Associated tender documentation

- Speed and Coverage Template
- Consistent with Supplier Solution & Implementation Plan

## 6. Solution Design Compliance/Quality

### Requirement

- The solution must meet the NGA requirements for State aid compliance
- The solution components should be clearly documented, along with suitable design approaches and operational procedures that are consistent with industry practice .
- The solution should be upgradeable and extensible

### Award Criteria

- How the solution components perform in relation to jitter, latency, committed information rate, and service levels for installation and fix
- How achievable it is for the network to be upgraded, extended and to be expanded to provide access

### Associated tender documentation

- Supplier Solution, including Network Design
- Consistent with Financial Model, SCT and Wholesale Products & Pricing

# 7. Wholesale Network Design/ Wholesale and Retail Pricing

## Requirement

- The solution must meet the State aid wholesale access requirements.
- At least one ISP should be expected to resell the wholesale products to offer services to end users
- The wholesale access products should have appropriate prices, set with reference to appropriate price benchmarks

## Award Criteria

- How many ISPs the bidder is expecting to attract and the likelihood of doing so
- The breadth of ISPs and whether the solution is likely to result in a wide range of retail/end user offerings

## Associated tender documentation

- Wholesale Products & Pricing



## 8. Economic Value Add

### Requirement

- *In some cases:* to encourage bidders to generate additional economic benefit by incorporating apprenticeships and local employment opportunities within its solution design

### Award Criteria

- *In some cases:* How many apprenticeships or employment opportunities will be created and for what duration

### Associated tender documentation

- Supplier Solution

# 9. Implementation Plan

## Requirement

- There must be a robust implementation approach and transparent project timetable aligned to the Local Body's priorities
- Local Bodies must be able to understand risks that may affect the timetable

## Award Criteria

- Speed of deployment – taking account of contingency included
- Whether the bid provides confidence in its approach to planning, deployment, testing and overall project management

## Associated tender documentation

- Implementation Plan & Supplier Solution
- Consistent with Project Financial Model, SCT, Milestone Payment Profile

# 10. Contract and Stakeholder Management

## Requirement

- The bid must meet the Local Body's stakeholder management priorities, for example interfacing with the Local Body, planning authorities, BDUK and communities

## Award Criteria

- The level of commitment to sharing data on its deployment plans, to community engagement and to demand stimulation.
- The level of commitment and investment to joint working with the Local Body, BDUK, existing suppliers and other stakeholders

## Associated tender documentation

- Supplier Solution
- Consistent with Project Financial Model



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# Invitation to Tender - Overview

BDUK and LB objectives  
High-level project scope

## Invitation to Tender

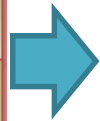
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ITT Req<sup>t</sup> 5 ↔ Award Criteria 5



## Supplier's ITT Response

Supplier's ITT Response						
Standard Terms and Conditions	Supplier Solution	Wholesale products and pricing	Net Design + SCT	Impl <sup>n</sup> plan	Proj. Fin. Model	ITT 1
			Net Design + SCT	Impl <sup>n</sup> plan	Proj. Fin. Model	ITT 2
			Net Design + SCT	Impl <sup>n</sup> plan	Proj. Fin. Model	ITT 3

# ITT Structure

- ITT is structured into 4 Main Parts
  - Part 1 – Introduction
    - Instructions to Bidders, timetable, process for questions, etc
  - Part 2 – Requirements
    - Main Requirements, geographic coverage, funding available
    - Evaluation strategy and award criteria
    - **Non financial information response requirements**
  - Part 3 – Contract
    - Terms & Conditions & Schedules
  - **Part 4 – Financial information response requirements**
- ITT structure will be standardised for most procurements

# Supplier Response - 5 Key Documents

**1. SUPPLIER  
SOLUTION**

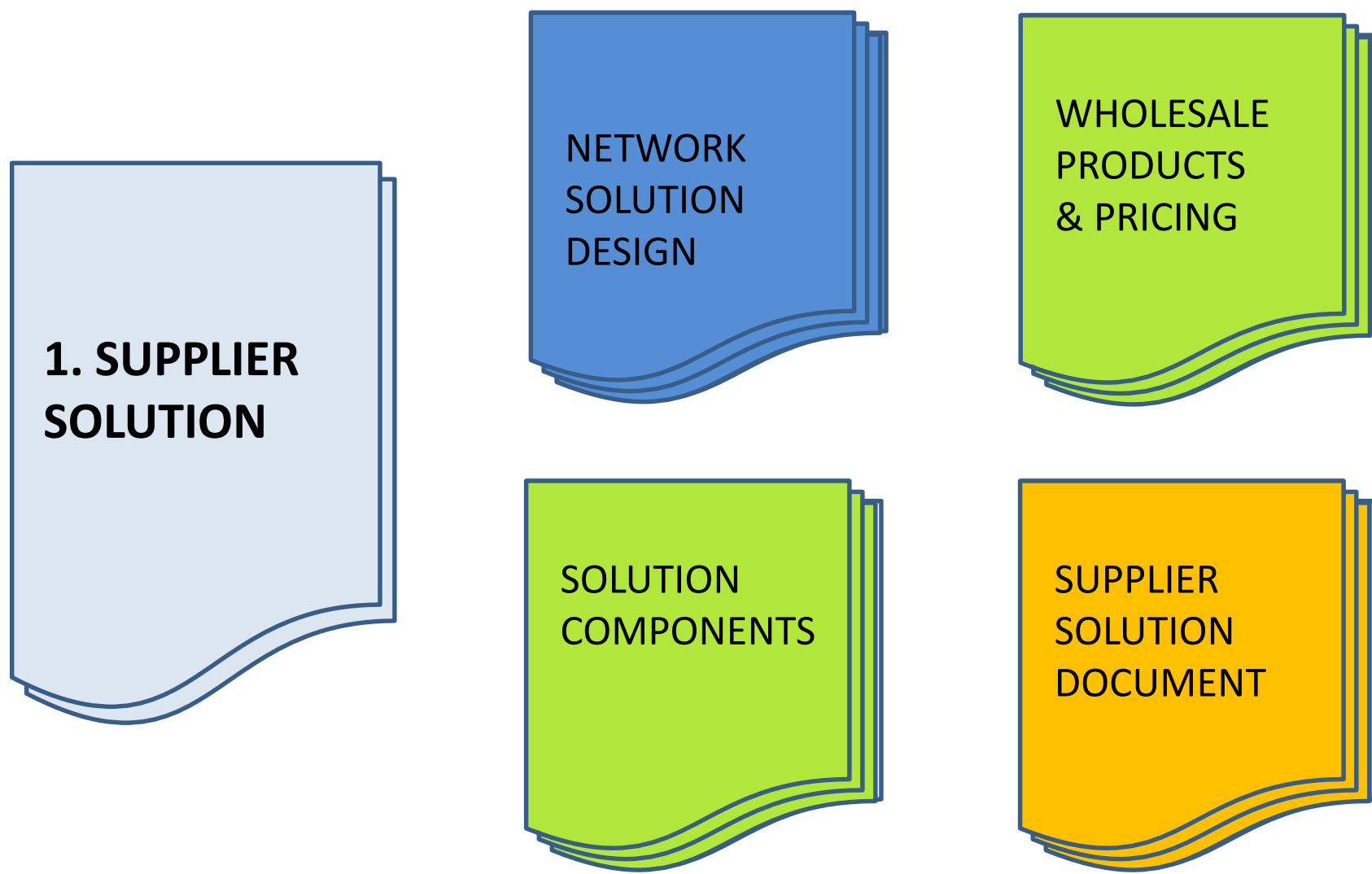
**2. SPEED &  
COVERAGE  
TEMPLATE  
(SCT)**

**3. PROJECT  
FINANCIAL  
MODEL  
(PFM)**

**4. IMPLEMENTATION  
PLAN**

**5. MILESTONE  
PAYMENTS**

# 1. Supplier Solution - 4 Elements





# 1. Supplier Solution Document

- State Aid Compliant
- Meets Baseline Service Requirements

## Supplier Solution Document

- Standard Document For Inclusion In Multiple Procurements

PROJECT  
DELIVERY  
APPROACH

WHOLESALE  
PRODUCTS &  
PRICING

CURRENT SOLUTION  
COMPONENTS

INTEGRATE WITH  
RETAIL SERVICE  
PROVIDERS

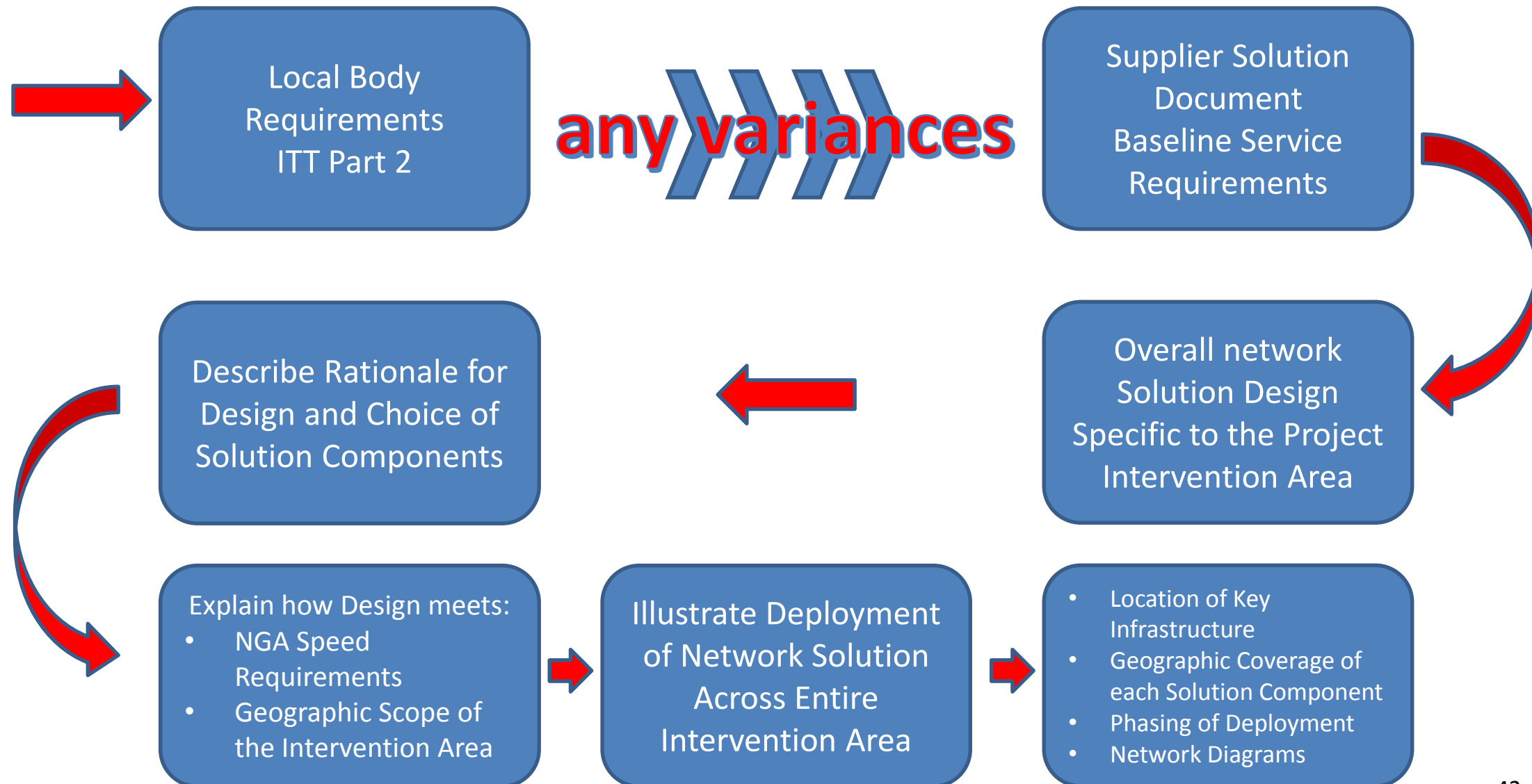
DRIVING TAKE-UP  
& STIMULATE  
DEMAND

FUTURE SOLUTION  
COMPONENTS

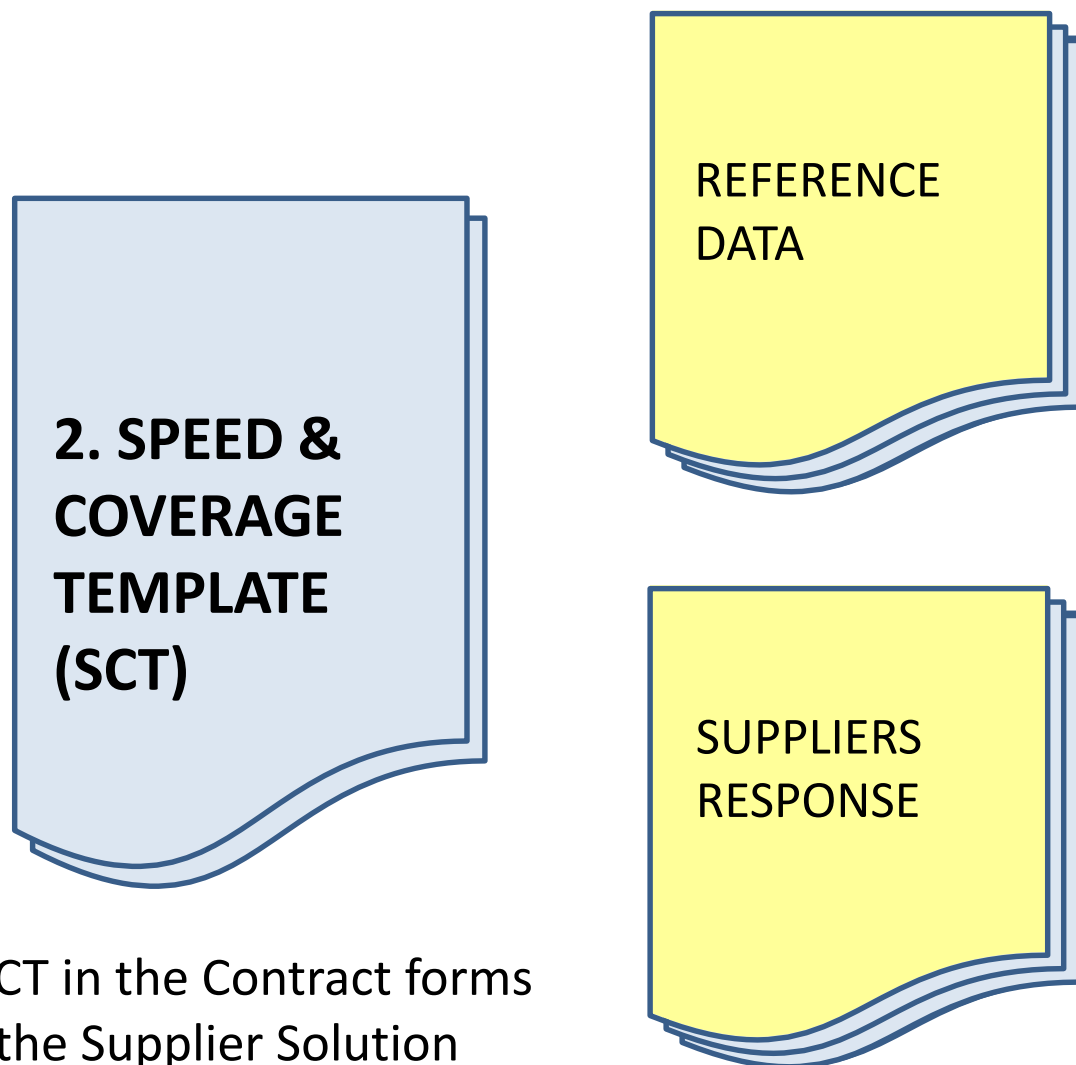
OSS & BSS  
PLATFORMS

NETWORK  
ARCHITECTURE

# 1. Network Solution Design



## 2. Speed & Coverage Template



Note: SCT in the Contract forms part of the Supplier Solution

## 2. Speed & Coverage Template

- **General Principles**
  - Forms the fundamental basis for Contract Achievement - SCT
  - Defines the Intervention Area AND the Suppliers Contract commitments to both Speed and Coverage
  - Spreadsheet Based with a series of “tabs”
  - Contains Premises Level data (not postcode level)
    - Discussion to reconcile LB & Supplier data sets
  - Requires commitments against Access Line Speed (‘ALS’) and Busy Hour Committed Rates (‘BHCR’)
- **Reference Data**
  - Local Body inputs at premises level
  - Local Body can “tag” premises they define as priorities (e.g. SMEs)
  - Sets Speed Buckets (likely standardised) – e.g. 30Mbps to 100Mbps; >100Mbps Access Line Speeds

## 2. Speed & Coverage Template

- **Supplier Response**
  - Supplier “tags” its response against the Reference Data
    - which premises it is going to build to
    - at what Access Line Speed & Busy Hour Committed Rate
    - By when – i.e. which Phase in the Implementation Plan
- **Evaluation & Scoring**
  - Local Body will configure weighting depending on their relative priorities, for example:
    - uplift from lowest speed
    - delivering ultrafast
    - targeting business areas
    - delivering against community priorities

# 4. Implementation Plan

**4. IMPLEMENTATION  
PLAN**

**MILESTONE  
ACHIEVEMENT  
CRITERIA**

**MILESTONE  
ACCEPTANCE  
CERTIFICATE**

**PROJECT PLAN**

**TEST  
STRATEGY**

**RELIEF  
EVENTS**

# 4. Implementation Plan

- **Milestone Based – Public Subsidy can only be drawn down if Project outputs are Achieved**
  - but Supplier can determine how it breaks down its Milestones
- **Example 1**
  - M0 – Design & Survey
  - M1 – Backhaul/Spine Build (if required)
  - M2 – Service Availability – NGA Premises Passed at 30Mbps
  - M3 – Take-Up Milestone – paid when >30% of Suppliers take-up forecast is achieved
- **Example 2**
  - Supplier completes M0, M1 & M2 as a single Milestone for an area – then puts in a Milestone Claim
  - M3 – Take-Up Milestone – paid when >30% of Suppliers take-up forecast is achieved
- **Timing of Achievement**
  - Not prescriptive – would recommend quarterly Achievement targets
  - Supplier will want to manage cash-flow; Local Body will want to manage workload & Assurance

# 4. Example Simplified Implementation Plan

Phase	Milestone Description	Milestone Type	Quarter	NGA Premises Passed
Phase 1	Design	M0	Q2 16/17	
Phase 1	Backhaul	M1	Q3 16/17	
Phase 1	Services Available	M2	Q4 16/17	
Phase 2	Design	M0	Q3 16/17	
Phase 2	Backhaul	M1	Q4 16/17	
Phase 2	Services Available	M2	Q1 17/18	
Phase 3	Design	M0	Q4 16/17	
Phase 3	Backhaul	M1	Q1 17/18	
Phase 3	Services Available	M2	Q2 17/18	
<b><u>M2 Milestone Targets</u></b>				
Phase 1	Services Available	M2	Q4 16/17	1000
Phase 2	Services Available	M2	Q1 17/18	3000
Phase 3	Services Available	M2	Q2 17/18	2000
Total				<u>6000</u>

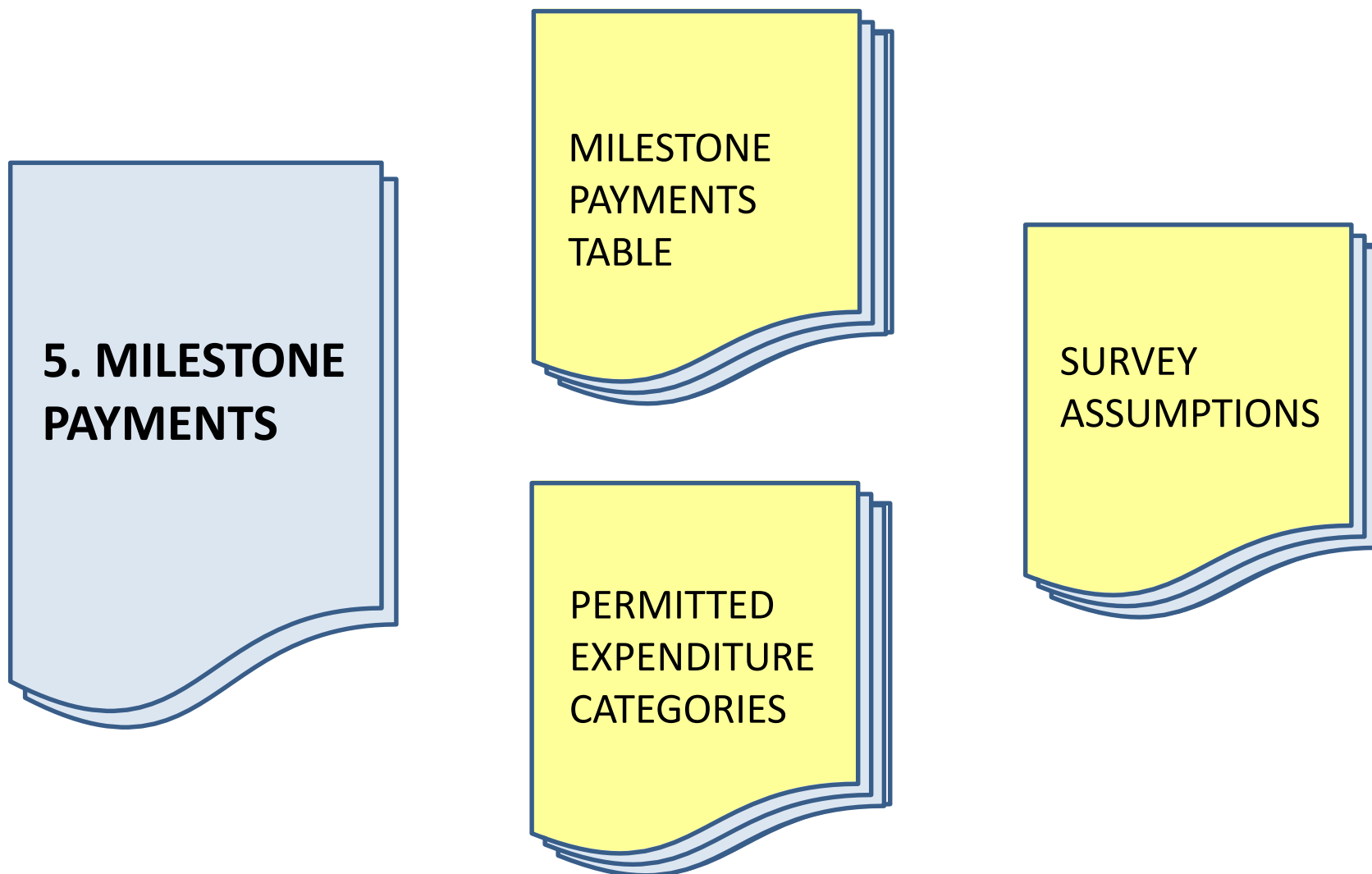
Must fully align with Phase Targets in SCT



# 4. Implementation Plan

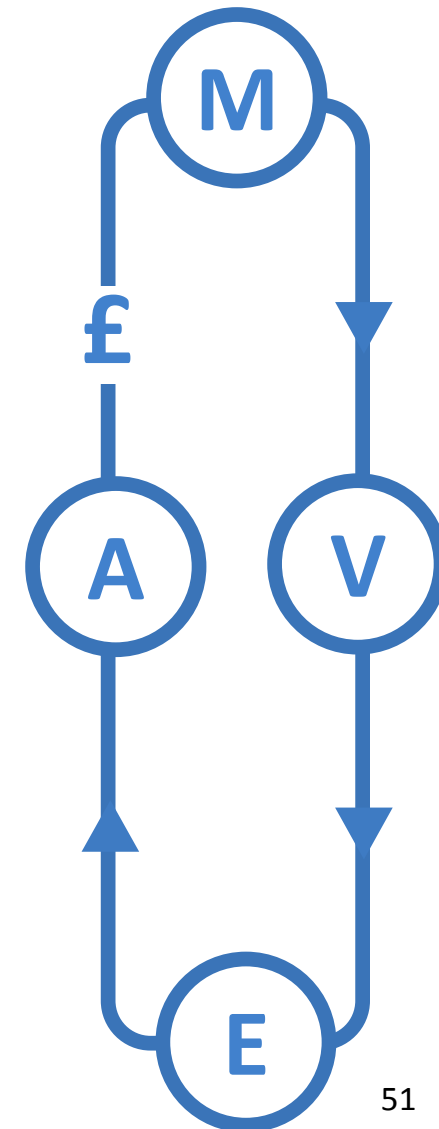
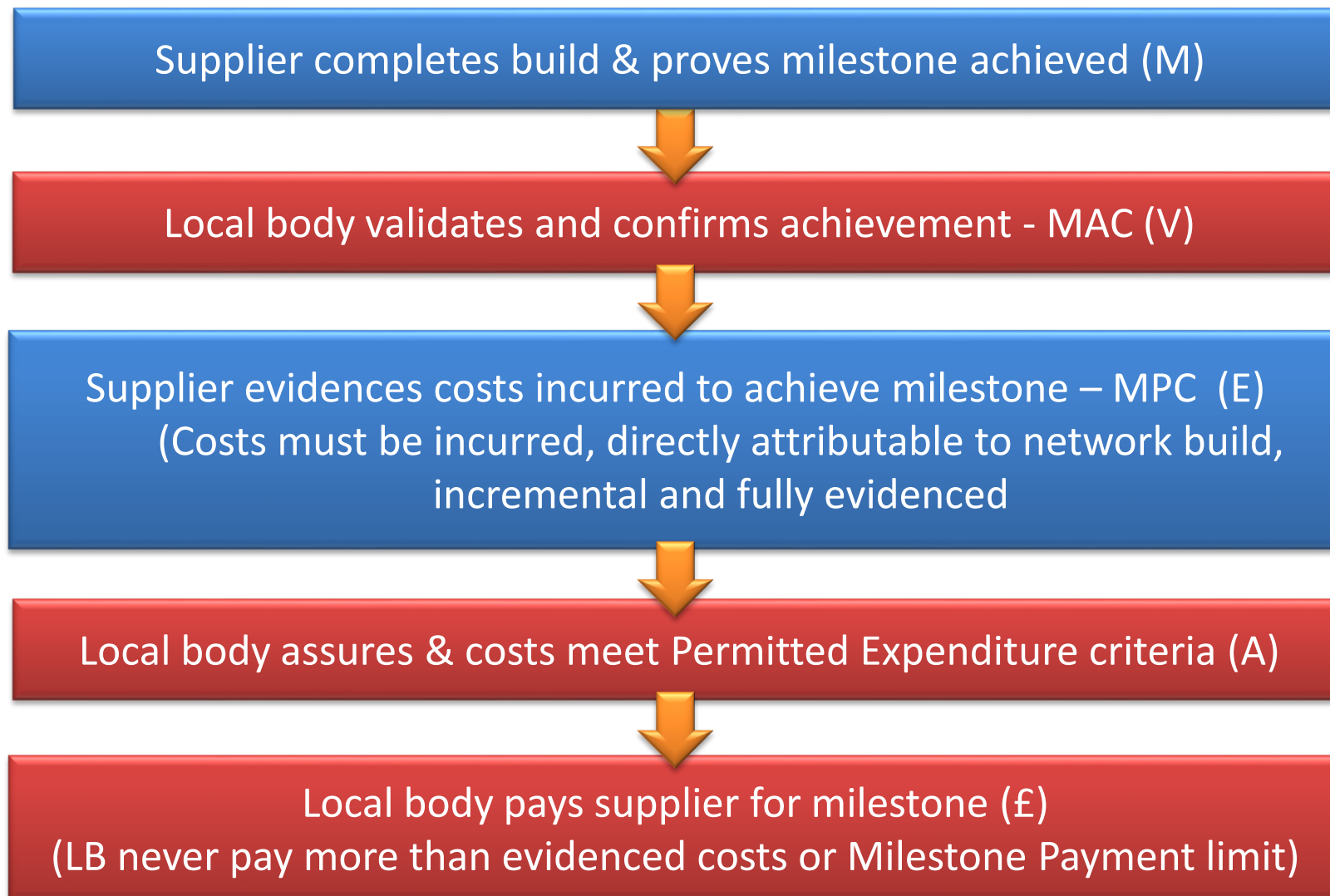
- Achievement Criteria
  - Specified Milestone Achievement Criteria
  - Outcomes & supporting evidence required for each Milestone type
  - Trigger for Milestone Payments
- Project Plan aligned to Implementation Plan
  - Project Plan details all of the activities that will make up the series of Milestones
  - Covers the whole deployment period of the Project
  - Is a live working operational document reviewed (probably weekly) with the Local Body team
- Also Includes:
  - Terms relating to: Milestone Achievement Procedure; Testing (Test Strategy & Test Attendance)

# 5. Milestone Payments



# 5. Milestone Payments Process

Quarterly cycle



# Example Milestone Payment Table

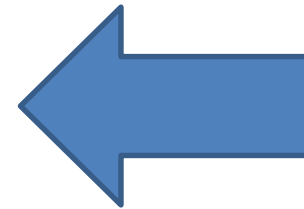
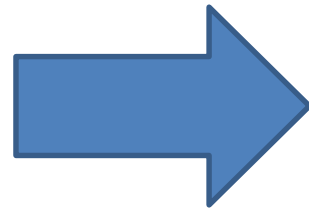
**SUPERFAST  
BRITAIN**

## Example 1 - Milestone Payments

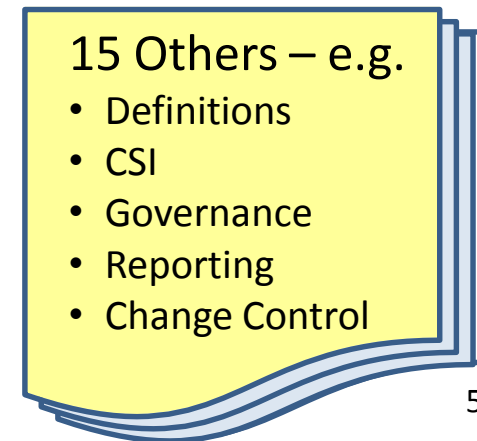
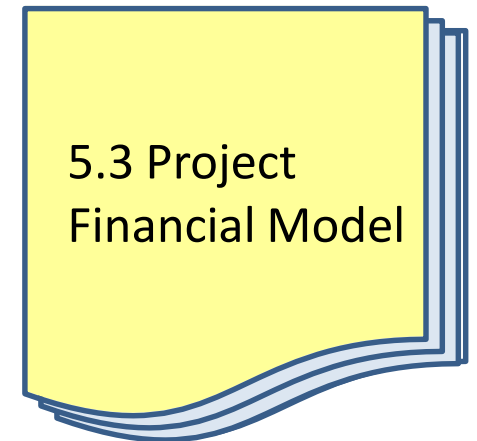
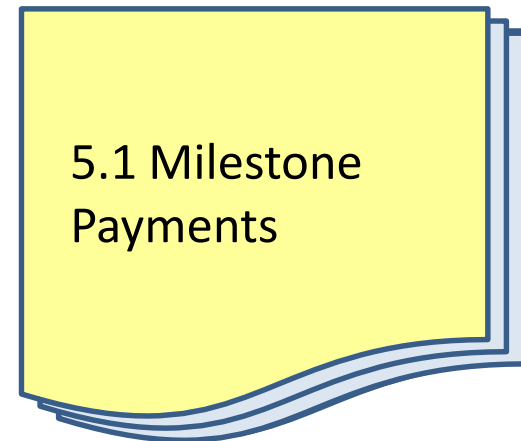
		MILESTONE PAYMENTS								
		Survey & Design - M0		Network Build & Service Availability - M1 & M2				Delivering Take-Up - M3		
<u>MILESTONE</u>	FORECAST QUARTER	M0 £'s	MPC ID	M1 £'s	MPC ID	M2 £'s	MPC ID	M3 £'s	MPC ID	TOTAL
Design & Planning	Q4 16/17	150,000	M0 001							150,000
Build Backhaul	Q1 16/17			100,000	M1 001					100,000
Design & Planning and Service Availability	Q2 16/17	125,000	M0 002			150,000	M2 001			275,000
Build Backhaul	Q3 16/17			120,000	M1 002					120,000
Design & Planning and Service Availability	Q4 16/17	100,000	M0 003			750,000	M2 002			850,000
Build Backhaul	Q1 17/18			75,000	M1 003					75,000
Design & Planning and Service Availability	Q2 17/18					500,000	M2 003			500,000
Delivering Take-Up - 30% of Forecast	Q4 17/18							250,000	M3 001	250,000
Milestone Total		375,000		295,000		1,400,000		250,000		2,320,000

# Contract Structure & Important Principles

**Local Body**



**Suppliers**



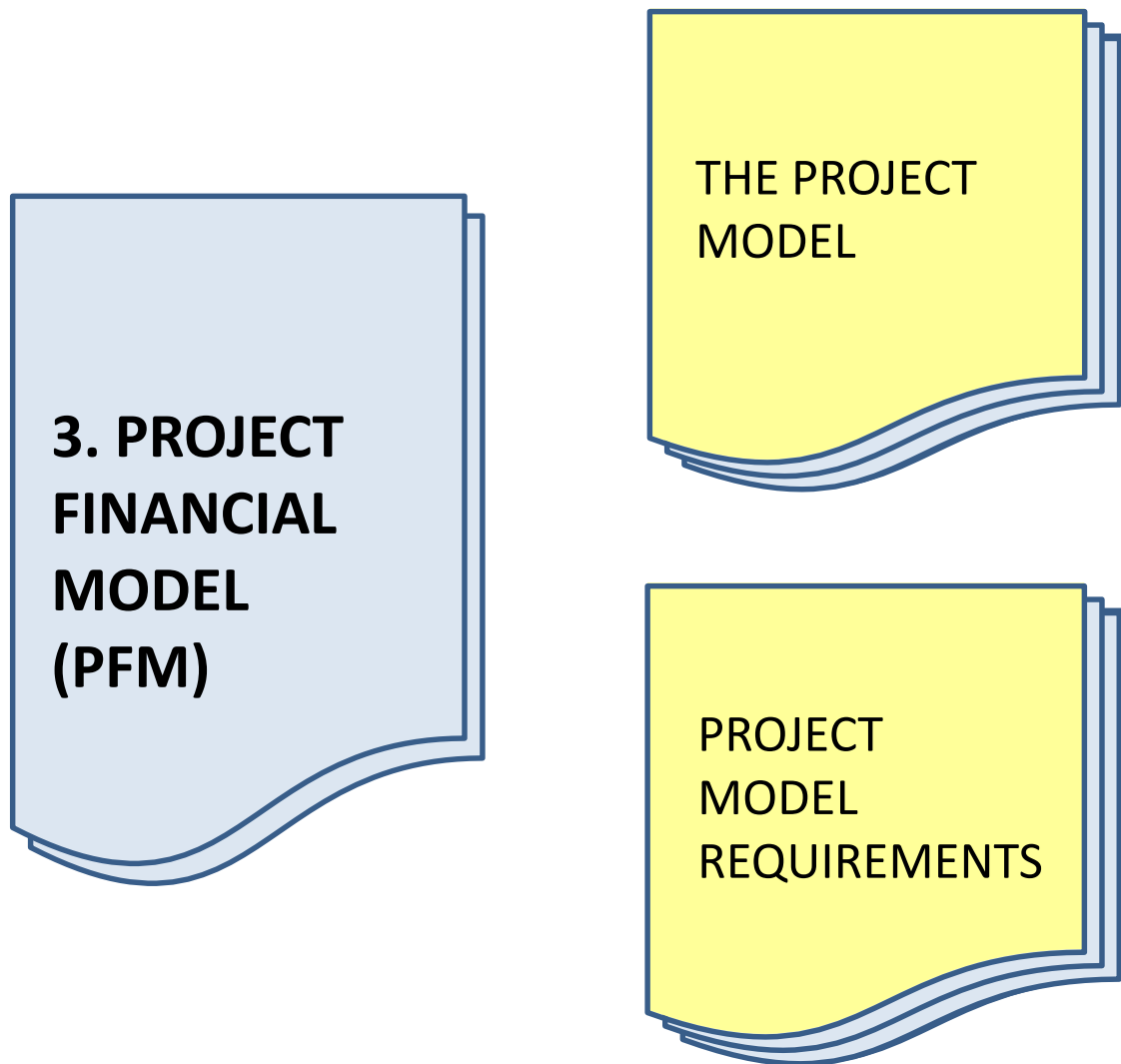
# Important Principles

- **Increased Transparency**
  - Publication of mapping of build / no build areas by phase
  - Publication of information on publically funded network infrastructure
  - Greater requirement for financial information in PFMs
- **Flexibility to Change Plans**
  - Local Body has right to issue cease/stop notice for works via a change Request – e.g. if commercial deployment is going to proceed
  - Local Body may wish to review the Supplier Solution and require reasonable changes where it is determined the design may not deliver optimum outputs

# Important Principles

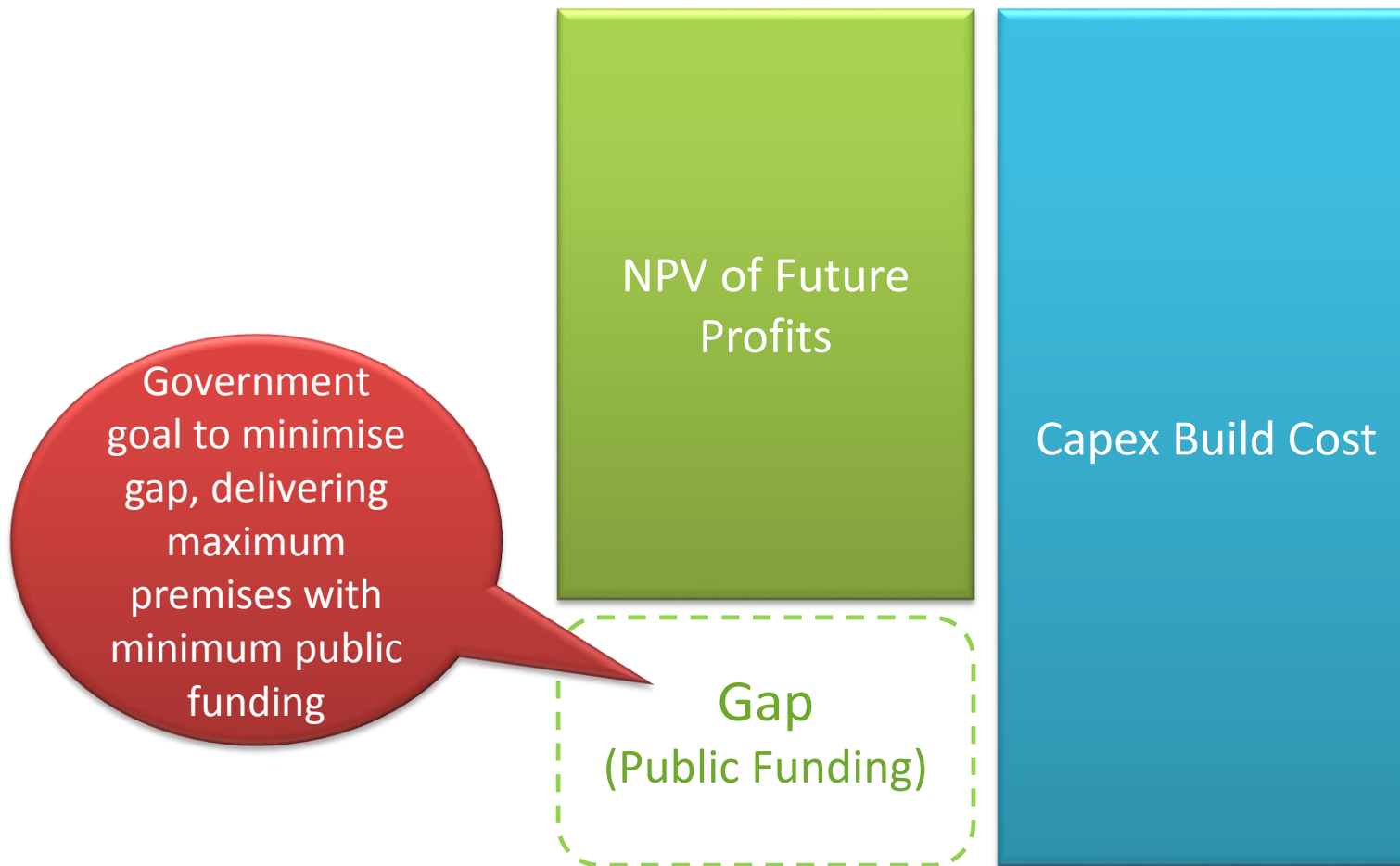
- **Commercially Sensitive Information (CSI)**
  - Controls limiting disclosure of CSI, but by exception only
  - Potentially different restrictions for different audiences for different periods of time
  - FOIA provisions in any event will apply
- **Rights for BDUK as a ‘programme authority’:**
  - Require access to all information
  - Governance – Supplier Management Boards
  - Assurance of Contract changes
  - Ensure ongoing compliance with State aid

# 3. Project Financial Model



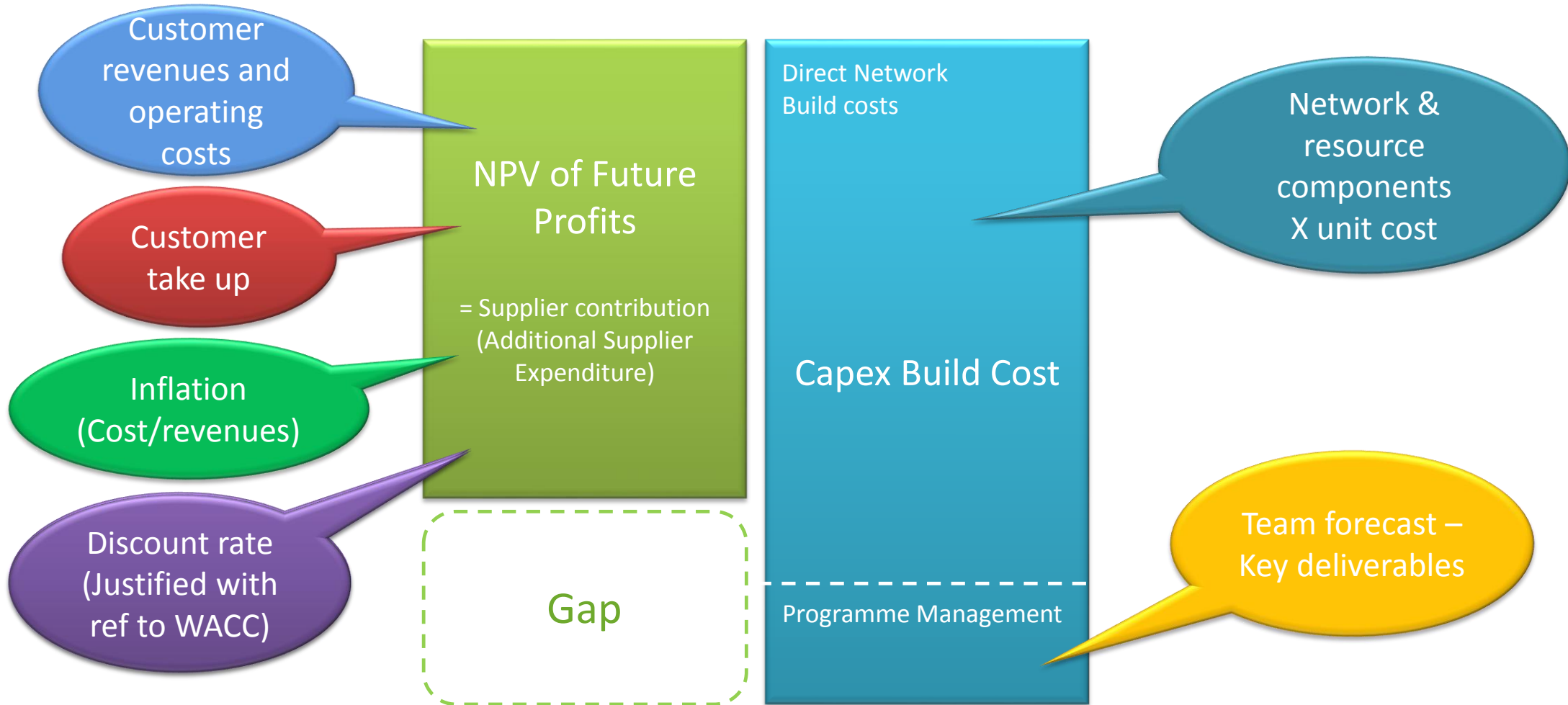


# Gap Funding Principles Explained



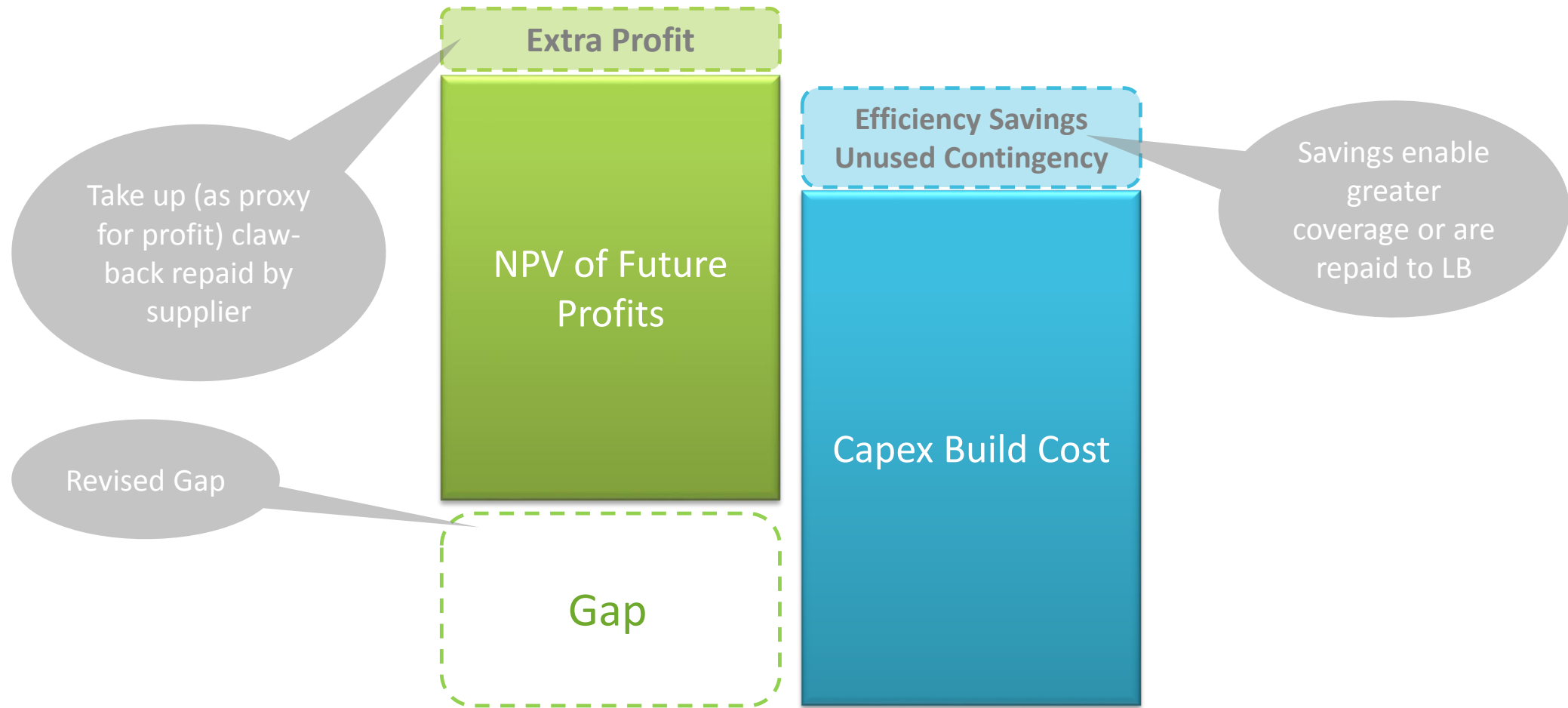
Public Funding given to supplier to build the network, up to the level needed to close the gap

# Government aims to confirm gap is not overstated at bid stage



All inputs must be justified with evidence. Models should be fully transparent

# There are two key contractual mechanisms to 'fix' any overstated gap



Take up claw-back calculated by comparing (Actual take up per Qtr vs forecast take up per Qtr) x (Product unit Margin) x (% public contribution)

**Risks of low take up and capex overspend transferred to supplier at bid stage**

# Project Financial Models will be standardised

Standardising supplier PFM input assumptions and methodology for consistency and comparability, for example:

1. Costs must be incremental & directly attributable to building & running the network
2. Must show NPV of ('profit' + gap) – Capex  $\leq$  Zero
3. Project assessed over consistent timescale
4. Quarterly (not monthly or annual) granularity of inputs
5. Cash flow basis, not GAAP
6. Discount rate based on suppliers weighted average cost of capital (WACC)
7. Interest owed on funding sources should be excluded

# The PFM is used for more than determining gap

Other key outputs.	Calculation from PFM	Used for?
Additional Supplier Expenditure (ASE)	Capex costs over term less public funding	Identifying efficiency savings and ensures supplier actual ASE is equal to bid model ASE
Connected customers	Quarterly customer base over term	Take up claw-back
Product Unit Margin (PUM)	(Total customer profit over term) divided by total quarterly customers	Take up claw-back
Term Project Investment Ratios (PIR)	Supplier capex contribution as a % of total network build over term	Take up claw-back

# Reporting & Assurance – Continues for 7 years after deployment

- At end of deployment – Identify capex efficiency savings
  - Supplier provides calculation (Forecast capex per bid – actual capex incurred).
  - Build efficiency savings will either enable build to go further or will be repaid to local body by the supplier
- From end of deployment to end of contract - take up claw-back
  - Supplier provides calculation (Actual take up vs forecast take up in bid model). Any positive difference (greater take up than forecast) is calculated to establish LB share.
  - LB share per quarter recorded and reviewed regularly – claw-back is repaid as earned or as recognised for accounting purposes

# Permitted Expenditure and Evidence for Milestone Payment Claims

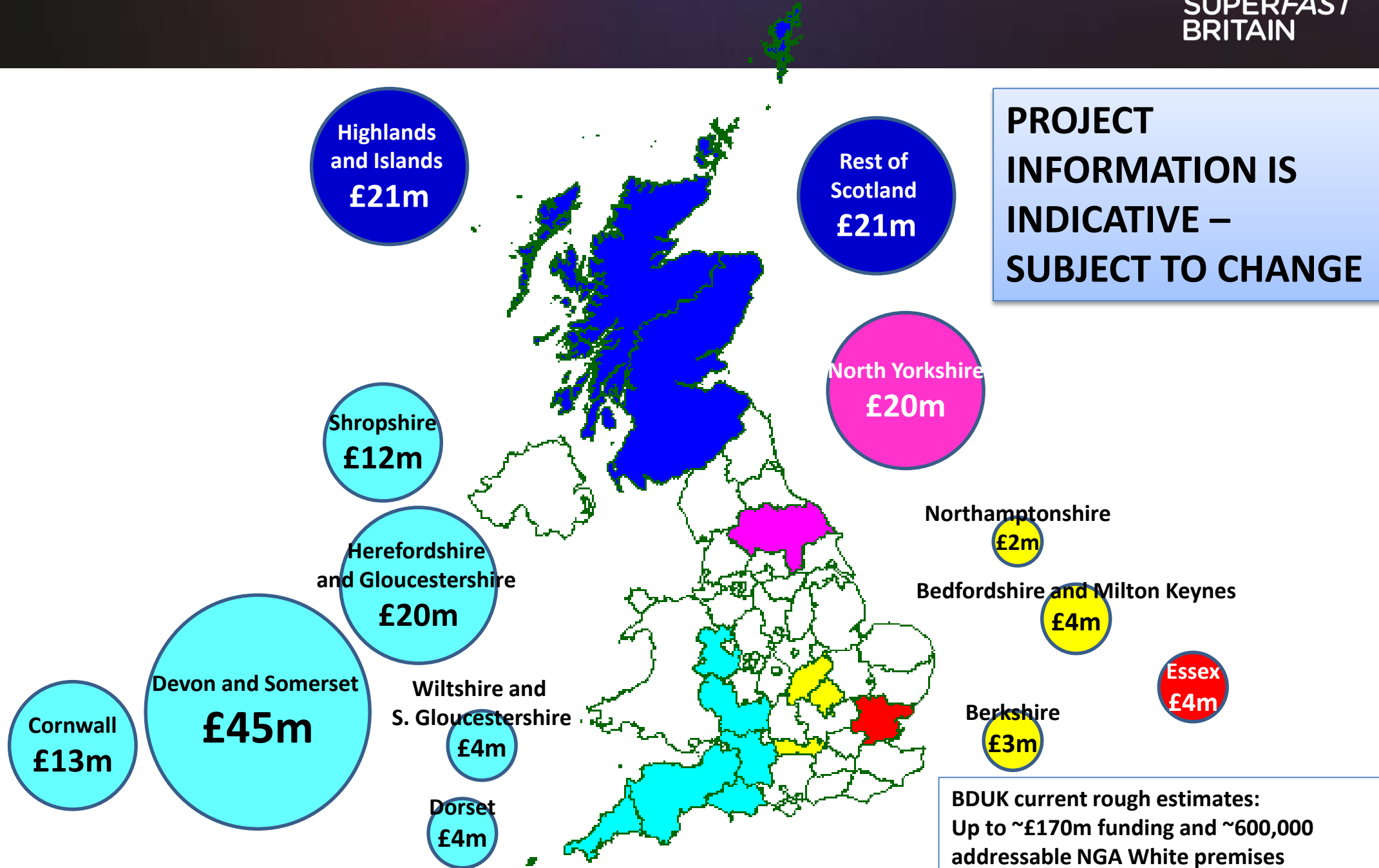
- Permitted Qualifying expenditure is that Supplier expenditure which:
  - is incremental & directly attributable to bringing the infrastructure to the location and working condition necessary for its intended use
- Supplier expenditure that will not attract the capital public subsidy
  - General Corporate or unabsorbed overheads
  - Administration and general management costs
- Evidence for Milestone Payment Claims
  - Shall be provided with the following supporting documentation evidence (copies of invoices, receipts, timesheets, payroll records and other accounting information) that the claim is for Qualifying Capital Expenditure only and is in relation to the scope of this Contract only;

## 4. Overview of upcoming Local Authority projects within BDUK pipeline





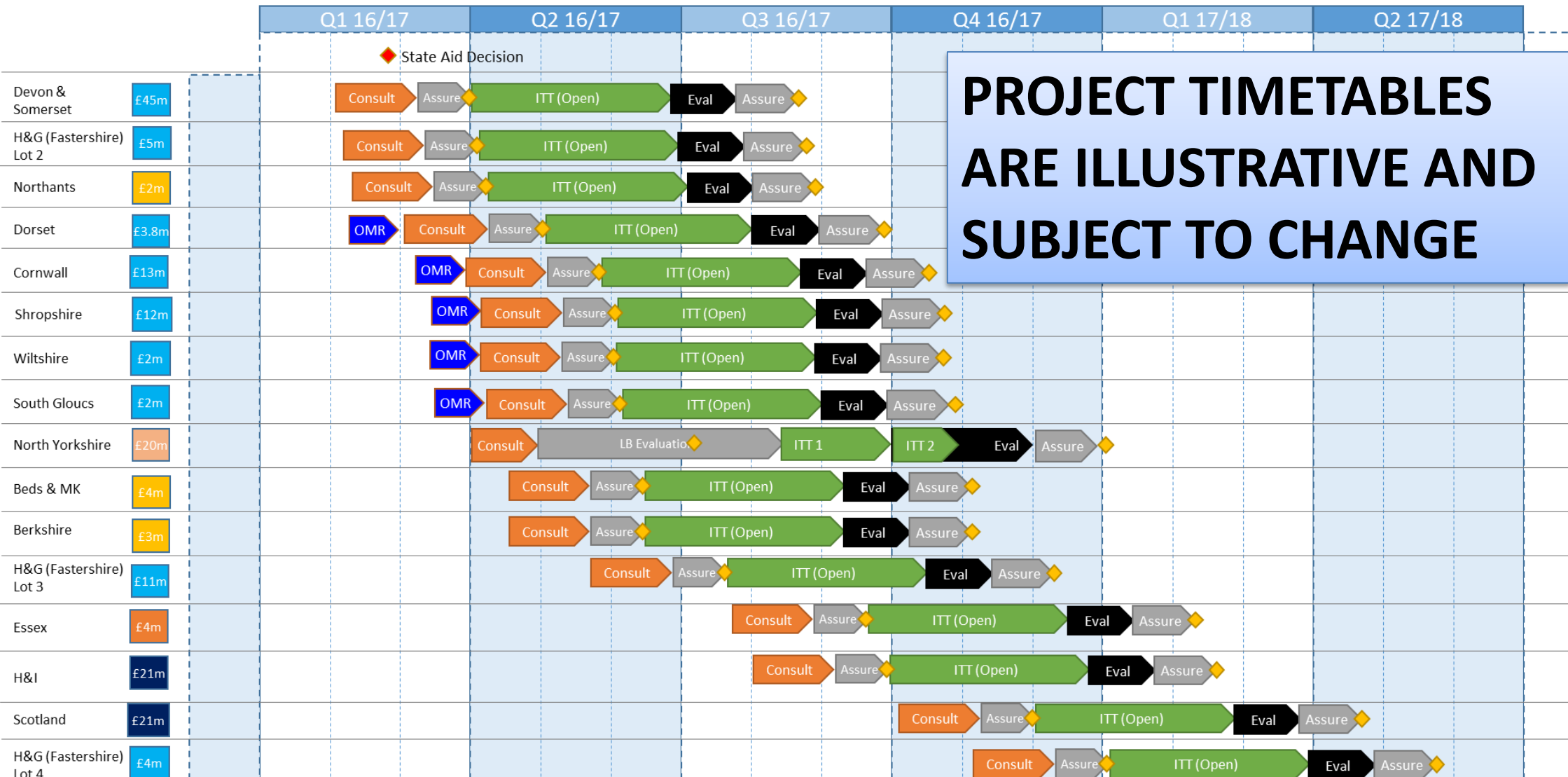
# Over £150m of pending procurements



**PROJECT  
INFORMATION IS  
INDICATIVE –  
SUBJECT TO CHANGE**

**BDUK current rough estimates:  
Up to ~£170m funding and ~600,000  
addressable NGA White premises**

# Indicative Procurement Pipeline\*



**PROJECT TIMETABLES  
ARE ILLUSTRATIVE AND  
SUBJECT TO CHANGE**

\*Please note the above chart and incorporated details are an indicative representation of project timetables as at 8 June 2016. Individual project timescales may vary as a result of other local circumstances that may arise. Best available project timetables will be available from each individual Local Body

# 5. Further support from BDUK



# Further support for suppliers

- These slides will be uploaded to the “BDUK New Procurement Pipeline” page: <https://www.gov.uk/government/publications/bduk-new-procurement-pipeline>
- The “**BDUK New Procurement Pipeline**” webpage will become a central reference point for all upcoming BDUK procurements and associated supporting guidance such as:
  - Code of Conduct for bidders to share existing infrastructure
  - State Aid guidance
  - Terms and Conditions template documents
  - Invitation to Tender template documents
  - Timetables of upcoming and live procurements
- **BDUK will be making timeslots available for one to one sessions with suppliers** to assist with queries relating to specific supplier circumstances
- BDUK welcomes further ongoing engagement with suppliers that would like to consult with BDUK on their upcoming commercial rollout plans and intentions to participate in BDUK procurements

# One to one supplier sessions

BDUK will manage requests for topics of discussion in one to one sessions individually, but expects that suppliers may require support with the following:

- Creating reference supplier solutions
- Preparing for a NGA technical assessment
- Wholesale products and pricing
- Project financial models
- Implementation plan and milestone payments
- Contract terms and conditions
- Supplier capacity to bid for multiple contracts

Suppliers interested in booking a one to one session with BDUK should email [stateaidforbroadband@culture.gov.uk](mailto:stateaidforbroadband@culture.gov.uk) stating suitable times to meet and the topics they would like to discuss.

Any questions?



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