Report of: Jayne Ludlam

Report to: Executive Leader

Consultation with: Cabinet Member for Children, Young People & Families

Date: 9th March 2015

Subject: Future of the Yorkshire & Humber Grid for Learning Consortium

Author of Report: Andy Wynne, Lead for e-Learning & Capital Strategy (tel: 2057193)

Key Decision: NO

Reason Key Decision: N/A

Summary:
The report deals with the Council’s position as a member of the Yorkshire & Humber Grid for Learning (YHGfL) Regional Broadband Consortium and sets out the reasons for its recommendation that Sheffield City Council withdraws from the Yorkshire & Humber Grid for Learning Consortium. This will be in order to achieve a joint objective, in concert with other members of the Consortium, of winding up the Consortium, which is no longer required to serve the purpose for which it was created in 2001. This will not affect the current arrangements for the delivery of broadband services to schools via YHGfL, since these services are provided under direct contractual arrangements between the Council and YHGfL.

The YHGfL consortium was formed in 2001 by 12 Local Authorities to deliver a regional strategy to provide broadband services to schools. The background to
YHGfL’s formation and the changes that have taken place since 2001 leading to this recommendation are set out below and in the attached report. The Consortium Advisory Board (made up of Officers of the member Local Authorities) and Joint Committee (comprising elected members of member Authorities) has recommended that the Joint Committee Agreement be terminated on 1 April 2015 and that the Consortium should cease to exist as a formal body and should meet, when required, on an informal basis.

The winding up of the consortium will generate a saving to the Council of £31,000 per annum in subscription charges from YHGfL.

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**Reasons for Recommendations:**

**The consortium has outlived its purpose and is no longer required:** The original remit of the YHGfL Regional Broadband Consortium, to deliver a regional broadband network for schools in the Yorkshire & Humber (Y & H) Region, was achieved some years ago, leaving the YHGfL Consortium managing the regional strategy and connection to the National Education Network. In Y &H, this was effectively operated through the YHGfL Foundation Ltd (a company limited by guarantee owned and operated by the 12 member Local Authorities).

**Individual Local Authority Service Contracts have replaced joint purchasing via the consortium.** With the abolition of direct funding for the project and the National Education Network (NEN) the responsibility and funding for regional broadband was effectively passed to schools. In recent years the Consortium has increasingly moved away from a joint purchasing model to one under which individual authorities make direct arrangements with the Foundation. This calls into question the original purpose of the Joint Committee Agreement.

**Abolishing the consortium will save the council money.** In addition the Membership costs of running the Consortium have been called into question. This covers the cost of running the Consortium, together with an element of commonly commissioned services from the Foundation. This currently consists of fixed membership contribution of £31,000 per year (for Sheffield 2014/15). However the cost is no longer seen as proportionate to the underlying purpose of the Consortium and it has been concluded that further reductions are required. The consequence of this is that maintaining the Consortium in the current form is no longer a viable option.

**All Local Authority members of the Consortium have been asked to take forward a recommendation to withdraw from the Consortium, leading to the winding up of the Consortium under its current constitution.** The winding up will only take place when all Local Authorities have withdrawn and it is intended to achieve this before the end of financial year 2014/15.
Recommendations:

That the YHGfL Consortium Advisory Board’s recommendation of 18 September 2013, that the Joint Committee Agreement be terminated by means of a co-ordinated withdrawal from the consortium by all current members, is accepted with regard to the future of the Consortium.

That Andy Wynne, Lead for e-Learning & Capital Strategy, CYPF is authorised to serve notice on the Secretary to the Joint Committee of the decision to withdraw from the Consortium not before 1st April 2015 and such notice to be conditional on all the other Consortium members serving a notice in the same terms.

That the Joint Committee Agreement be terminated, provided all Consortium members serve the above notice, and the Consortium should continue to meet under its own auspices but on an informal basis.

That, subject to the decisions outlined in 8.1, 8.2 and 8.3 above, Andy Wynne, lead for e-learning & Capital Strategy, CYPF, be authorised to come to such arrangements with the other consortium members as he considers appropriate following consultation with the Cabinet and Legal Services.

Background Papers:

2. YHGfL Consortium Advisory Board-18-09-13 Report of the Secretary to the Joint Committee (PDF)

Category of Report: OPEN / CLOSED*

If CLOSED add ‘Not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).’

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REPORT TO THE EXECUTIVE LEADER

FUTURE OF THE YORKSHIRE & HUMBER GRID FOR LEARNING CONSORTIUM

1.0 SUMMARY

1.1 The report recommends that the City Council withdraws from the Yorkshire & Humber Grid for Learning (YHGfL) Regional Broadband Consortium (RBC). This will facilitate, alongside the simultaneous withdrawal of other member Authorities, the winding up of the Consortium, which is no longer required for the delivery of regional broadband services to Sheffield schools. These services are now provided under direct contractual arrangements.

1.2 The consortium will be wound up when all member Authorities take a decision to withdraw. It is intended that this will be completed by the end of financial year 2014/15. Proposals similar to this have been/are being considered in parallel in all member authorities and indications (as noted at the Consortium Advisory Board in December 2014) are that most have already decided to withdraw.

The recommendation of the YHGfL Consortium Advisory Board (CAB) is that the YHGfL Joint Committee Agreement be terminated, and the Consortium should continue to meet under its own auspices but on an informal basis, about which it is proposed to consult cabinet member. Such arrangements to be discussed by the Consortium Advisory Board.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

The proposed withdrawal affects governance arrangements and will not impact on the delivery of regional broadband services to schools, which are now delivered under direct contracts between the City Council and the YHGfL Foundation. Termination of the consortium that will result from the simultaneous withdrawal of Sheffield and other member authorities will save the City Council an estimated £31,000 per annum in consortium costs.

3.0 OUTCOME AND SUSTAINABILITY

The change has no impact on the sustainability of the current arrangements for delivery of broadband services. It will enable the Council to make savings of £31,000 per annum. After ensuring full cost recovery of the Council’s the schools broadband service, the reduction in costs will contribute to savings in the Council budget.

4.0 MAIN BODY OF THE REPORT

4.1 The YHGfL Consortium was formally established in 2001 by the first Joint Committee Agreement (now superseded) to deliver the then
Governments regional broadband strategy for providing high speed connections to schools across the region.

4.2 At the time nationally there were ten Regional Broadband Consortia (RBCs) operating under a number of different legal structures. In Yorkshire and Humber 12 of the original 15 local education authorities signed the Joint Committee Agreement, which led to the delivery of regional broadband to their schools.

4.3 In practice this process was completed some years ago leaving the Consortium managing the regional strategy and connection to the National Education Network. In Yorkshire and Humber this was effectively operated through the YHGfL Foundation Ltd (company limited by guarantee owned by, and operated for, the 12 LAs).

4.4 With the abolition of direct funding for the project and the National Education Network the responsibility and funding for regional broadband was effectively passed to schools. In recent years pressure has increased to make savings and the Consortium has increasingly moved away from a joint purchasing model to one under which individual authorities make direct arrangements with the Foundation. This calls into question the original purpose of the Joint Committee Agreement.

4.5 In addition the Membership costs of running the Consortium have been called into question. This covers the cost of running the Consortium, together with an element of commonly commissioned services from the Foundation. This currently consists of fixed membership fee of £31,000 per year. However, against the background of financial challenges for Local Authorities and schools, the cost is no longer seen as proportionate to the underlying purpose of the Consortium, and it has been concluded that further reductions are required. The consequence of this is that maintaining the Consortium in the current form is no longer a viable option.

4.6 The recommendation of the Consortium Advisory Board is that the Joint Committee Agreement be terminated, and the Consortium should continue to meet under its own auspices but on an informal basis. If the Consortium is to be wound up member Authorities will each need to decide to serve notice to withdraw from the Consortium. If sufficient member Authorities withdraw the Joint Committee Agreement will automatically terminate.

4.7 If the winding up of the Consortium is agreed, the Consortium Advisory Board will consider options for its continuation under informal arrangements. The recommendation of this report (para 8.3 below) is that the relevant cabinet member be further consulted on the proposed informal arrangements.

4.8 The termination of the Joint Committee Agreement will formally bring to an end the Consortium. For the Joint Committee Agreement to be terminated each Authority will have to agree to the proposed termination
from a given specific date. In this case it is proposed that the termination should be effective from 1st April 2015.

5.0 FINANCIAL IMPLICATIONS
Consortium members currently pay a subscription fee of £31,000 per annum to fund consortium costs, which are made up of the running costs and a small core of services provided by the consortium. Withdrawing from the consortium will result in a saving for the Council of £31,000 p.a. from financial year 2015/16. These savings will help the City Council to keep down the cost to schools of the broadband service provided by the Council. After ensuring full cost recovery for the schools broadband service the £31k reduction in costs will contribute to savings in the Council budget.

6.0 LEGAL IMPLICATIONS
All Consortium Members will need to serve notice to terminate the Joint Committee Agreement of 28 March 2007, otherwise any such notices should not take effect and the Joint Committee Agreement shall continue in full force and effect.

The Consortium does not employ any staff nor is there any staff within the Lead Authority, North Lincolnshire Council, employed principally in providing services to the Consortium, so there are no TUPE or employment considerations in winding up the Consortium.

The Consortium does not own any property and any legal rights that it had in contracts were either transferred to the Foundation or expired when the contract did some years ago, there being no current contracts.

7.0 ALTERNATIVE OPTIONS CONSIDERED

7.1 The options for consideration for a Consortium structure were (whilst maintaining the YHGfL Foundation Ltd as a service provider), to :-

i. Terminate the Joint Committee Agreement and end the formal Consortium, but retain the same element of collaborative working, or
ii. Maintain the status quo.

7.2 In the case of the first option the choices lay between

i. reconstitute the Consortium as an informal arrangement or
ii. reconstitute the Consortium within the Foundation under a shareholders agreement as a meeting of members of the Company, or
iii. Have no meetings.

The consortium advisory board, having considered the options, agreed to recommend to all member authorities that options 7.1 i) and 7.2 i) above be adopted.
8.0 REASONS FOR RECOMMENDATIONS

8.1 The background is set out above and in the attached report. The consortium, having achieved the initial vision of delivering the schools broadband strategy, is no longer required now that responsibility and funding is passing to schools. To the extent that Local Authorities provide regional broadband services to schools, these services are provided via direct contracts with the YHGfL foundation, a delivery company of which Sheffield City Council is a member. In addition, the advent of new regional arrangements such as Public Sector Networks (PSN) means that secure regional connections between public organisations can be delivered without the need for a Regional Broadband Consortium.

8.2 As a result, the consortium is not required in its current form. The proposal does provide for continuation of the consortium as an informal arrangement which will allow continuing contact and dialogue between member authorities. The City Council will continue to be represented on the YHGfL Foundation board.

8.3 The winding up of the consortium will save member Authorities the cost of the membership fee (currently approximately £31,000 p.a for Sheffield.)

9.0 REASONS FOR EXEMPTION (if a Closed report)

N/A

10.0 RECOMMENDATIONS

10.1 That the YHGfL Consortium Advisory Board’s recommendation of 18 September 2013, that the Joint Committee Agreement be terminated, is accepted with regard to the future of the Consortium.

10.2 That Andy Wynne, Lead for e-Learning & Capital Strategy, CYPF is authorised to serve notice on the Secretary to the Joint Committee of the decision to withdraw from the Consortium not before 1st April 2015 and such notice to be conditional on all the other Consortium members serving a notice in the same terms.

10.3 That the Joint Committee Agreement be terminated, provided all Consortium members serve the above notice, and the Consortium should continue to meet under its own auspices but on an informal basis.

10.4 That, subject to the decisions outlined in 10.1, 10.2 and 10.3 above, Andy Wynne, lead for e-learning & Capital Strategy, CYPF, be authorised to come to arrangements with the other consortium members that he considers appropriate, to retain the benefits of collaboration and co-operation established under the YHGfL Consortium, following consultation with the relevant Cabinet Member and Legal Services.
10.5 Further, that Andy Wynne, Lead for e-Learning and capital Strategy, be instructed to request a meeting of Foundation members to consider ways of ensuring continuing democratic oversight of the Foundation in the light of the winding up of the consortium.

Author       Andy Wynne
Job Title    Lead for eLearning & Capital Strategy
Date         9TH March 2015