

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise Planning and Infrastructure Committee
DATE	22 January 2013
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Aberdeen Digital Connectivity Update Report
REPORT NUMBER:	EPI/12/310

1. PURPOSE OF REPORT

- This report provides an update and progress report on Aberdeen's Super Connected Cities Programme Bid for Urban Broadband Funding from the Department of Culture, Media and Sport (DCMS), and requests permission to progress the procure the various elements of the programme to a value of £28.5 million of which £2 million has been agreed from ACC's 2012/2013 and 2013/2014 Capital Budget. The programme is outlined in the bid document (see the non-commercially sensitive redacted Accelerate Aberdeen proposal document attached in Appendix 1).

RECOMMENDATION(S)

That the Committee:

- notes the contents of this report,
- agrees that officers should undertake the necessary procurements to secure suitable private sector development partners to implement the city wireless, voucher scheme, white area in-fill and open access broadband projects outlined in the Accelerate Aberdeen proposal document within this plan up to the value of £28.5 million as described in Section 2 of this paper,
- agrees that officers ensure a formal funding agreement between Aberdeen City and Aberdeenshire Council is put in place,
- agrees that officers to obtain both Councils agreement to recruit a Head of Broadband Delivery and Broadband Delivery Project Manager to oversee delivery of the Accelerate Aberdeen Programme to December 2014.
- agrees the availability of the required budget which is part of ACC's overall contribution to this project for these shared post once agreement is obtained, and

- refers these decisions to the Finance and Resources Committee for their endorsement.

2. FINANCIAL IMPLICATIONS

As a result of the Council's 2012/13 capital programme, provision has been made to invest up to £2 million in Open Access and City Wireless Digital Programme over the next two financial years. The scheme identifies 4 projects valued at approximately £28.5 million will be funded as follows:-

The Open Access Fibre Network

ACC	£ 2 million
AC	£ 2 million
DCMS.	£ 3 million
Private Sector	<u>£ 8 million</u>
	<u>£15 million</u>

White area in-fill

ACC	£ nil
DCMS	<u>£ 3 million</u>
	<u>£ 3 million</u>

City Wireless

ACC	£ nil
DCMS	£ nil
Private Sector	<u>£10 million</u> (estimated)
	<u>£10 million</u>

Voucher Scheme

ACC	£ nil
DCMS	<u>£ 0.5 million</u>
	<u>£ 0.5 million</u>

It should be noted that at the date of writing this report, that the DCMS has yet to confirm the level of funding that will be made available to the programme but they have indicated that it definitely will not exceed the amount applied for £6.5 million.

Funding for the two additional, fixed term project management roles described in section 6.2 below. will be funded from ACC, AC and DCMS funding streams outlined above. No additional revenue funding is required as consideration needs to be made regarding the use of capital funding.

4. SERVICE & COMMUNITY IMPACT

An Equalities Human Rights Impact Assessment was undertaken as part of the report to this committee on 13 September 2011. These significant infrastructure projects have the potential to provide benefit in the delivery of frontline services which use digital connectivity in their delivery. This covers services in social care, education, community wardens' work, environmental health, building services and planning. The contents of the report relate directly to delivering on key National Outcomes of the Single Outcome Agreement: **National Outcome 1** – We live in a Scotland that is the most attractive place for doing business in Europe; **National Outcome 2** – We realise our full economic potential with more and better employment opportunities for our people; and **National Outcome 3** -

We are better educated, more skilled and more successful, renowned for our research and innovation.

Delivering Next Generation Access (NGA) with associated affordability levels for disadvantaged communities (geographical and societal) will support and enable community engagement to improve life chances and opportunities. This also supports the administration's Smarter Aberdeen Policy Statement. Aberdeen City and Shire Economic Future (ACSEF) identified a number of areas within the Economic Action Plan where NGA can play a critical role in transport, global connectivity, anchoring the energy sector, and attracting and developing skilled people and company headquarters.

The delivery of this project is consistent with ACC's administration policy – "Aberdeen a Smarter City", supporting ACC's aspiration for Aberdeen to be a Smarter City. The widespread availability of NGA will allow public services to be more cost effectively delivered – this will become increasingly important as Council budgets reduce in real terms.

5. OTHER IMPLICATIONS

The European Commission currently has Draft EU Guidelines for applying State Aid rules in relation to the rapid deployment of broadband networks. Digital Connectivity Procurements have significant State Aid implications. The UBF bid required all bidders to provide a State Aid opinion for their options. ACC obtained expert advice from TaylorWessing, the advisors to Birmingham City Council which has already obtained State Aid clearance from the European Commission. DCMS is working with the EU with the potential aim of obtaining an umbrella State Aid agreement and is consulting with successful bidders on this option.

The plan would see ACC partnering with third parties to deliver services across the city and the potential that ACC utilise current property and asset portfolios to assist this delivery. This plan may also provide an opportunity to identify ongoing revenue income, which could be reinvested into infrastructure to provide high speed broadband services, access to areas which would be otherwise uneconomic etc.

As noted above, both Aberdeen City and Aberdeenshire Council's are partnering in the Open Access project within the overall Digital Connectivity Programme. Whilst there is a clear governance relationship as part of this process, it will be useful to develop a formal agreement regarding funding between both partners. Where possible, ACC will endeavour to work collaboratively with other UK Super-Connected Cities to ensure the best and effective use of public funds.

If any further developments occur regarding this these will be reported to committee as part of ongoing process.

6. REPORT

6.1 Background

On 9 November 2010 this Committee instructed officers to develop a programme to enable the delivery of improved broadband connectivity to domestic and commercial users in Aberdeen. On 11 September 2012, the Enterprise Planning and Infrastructure Committee agreed to support efforts to lobby Scottish Government for funding, appoint an advisor to assist officers to implement the recommendations of ACSEF's the 'Maximising Digital Connectivity' priority and ACC's 2012/13 capital programme has a provision to contribute £2 million to invest in Digital broadband infrastructure. On 6 November 2012, this committee endorsed the ACC's Accelerate Aberdeen Super Connected Cities Programme Bid (see Appendix 1) and instructed officers to undertake the procurement of expert advice.

Following confirmation of ACC's successful bid and in order to fit with the agreed project delivery timescales (see the Project Plan in Appendix 3) officers need to initiate an accelerated procurement process. This will be so that the four key elements of the bid can be procured in parallel-

- **Open Access Fibre Network** - a network built around the key developments areas in the City including the new growth areas defined by LDP12 and existing key business hubs such as Aberdeen Airport, Kingswells and the Bridge of Don. This also includes 20,000 homes and 196 hectares of employment & industrial land. It also includes 3,000 houses and 10 hectares of employment land in Countesswells. These plus Westhill are areas in the City and Shire that form part of the contiguous area. Both Councils are partners in this project and will contribute funding to this.
- **City Wifi Scheme** – to provide next generation wireless network deployed across the City to give enhanced broadband access capability for both residents and businesses. The access speeds obtained will be a function of the number of base stations deployed delivering download speeds of greater than 20Mbps. A deployment of this nature will provide citizens with an alternative to the ADSL services typically used in the City that suffer from contention and hence limited performance. It would also provide a commercial incentive to upgrade the City's exchanges. Implementation of WiFi hotspots across the City would provide benefits to businesses and consumers – providing remote access to key applications and flexible working. It is also likely to be attractive to visitors – enabling tourists to access local information and travel data. This is a concessionary scheme and would require the use of Council assets as an investment stake.
- **Voucher Scheme**- available to SMEs including Non-Government Organisations, Charitable organisations etc to provide a grant up to £500 for each organisation to contribute towards capital works to enable digital connectivity at specific locations which may not otherwise be commercially attractive to service.
- **White area in-fill**¹- use UBF funding to gap fund the elimination of such white areas (subject to State Aid approval). This will be undertaken either

¹ An area where there is an absence of affordable services at 2Mbit/s or above could be a useful retail indicator of a lack of effective competition and/or lack of economic viability for basic broadband networks, which will be surrounded by grey and black areas. Grey areas In a grey area NGA networks may exist or be planned, but such network or networks have not been constructed in an open way such that competition in high speed broadband services can be assured and there is no proven commitment by

through a separate ACC procurement or as part of wider national procurements currently being undertaken by the Scottish Government. Should this procurement fail to eventuate ACC and AC will make efforts to meet the DCMS's requirements within the given timeframes.

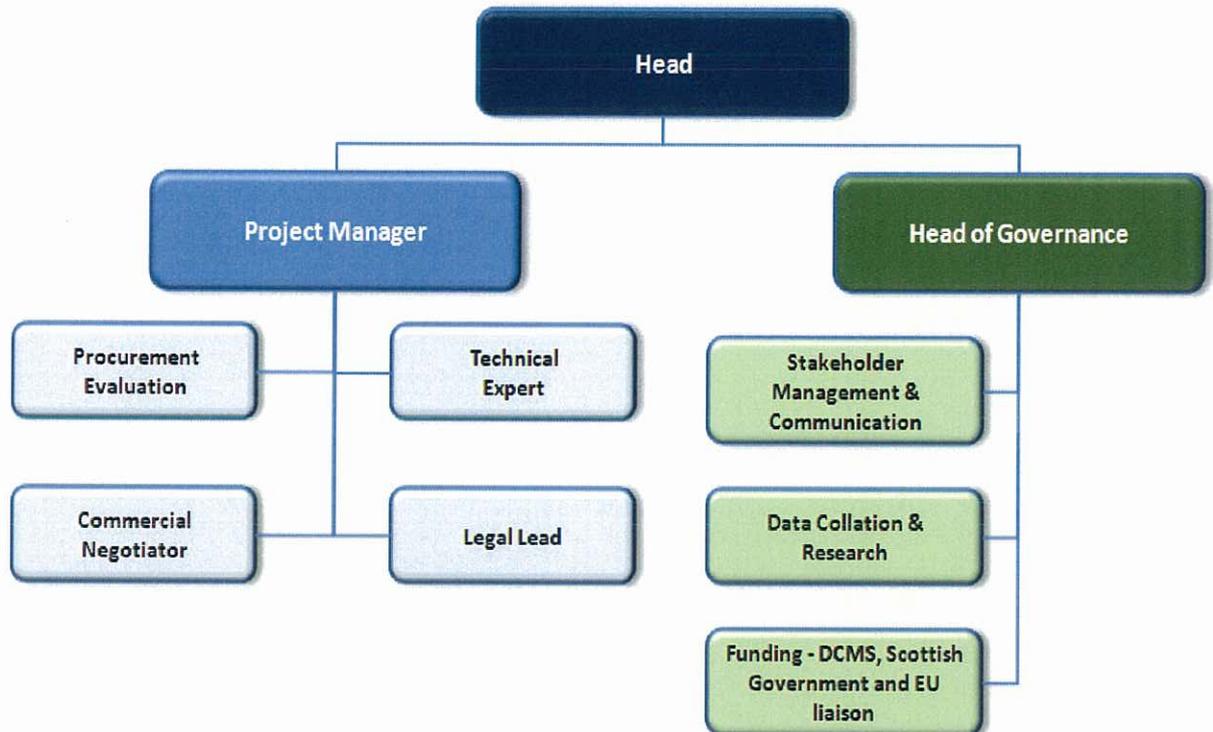
To deliver this project on page 12 of Appendix 1 Figure 7 shows the Team that is required to deliver the programme.

any operator to deploy an inherently open NGA network in the coming 5 years. A black area has access to NGA. The in-fill is providing NGA.

6.2- Project Management Arrangements

The Project Management Team required to deliver the programme is outlined in the following diagram (Figure 7 of Appendix 1)

Team Structure



At the meeting of the Aberdeen City and Shire Digital Connectivity Board it was agreed that whilst both the ACC and AC could undertake components of the proposed Delivery Team Structure, additional resources in the form of a Project Head and Project Manager would be required to manage such a complex project.

This additional input will be required for the two year duration of the project, with the costs being shared between ACC and AC. In Appendix 2 are the details of posts which are intended to be fixed term posts to December 2014 at a total employment cost of £160K pa (to be met by the two authorities). Should DCMS agree to extend the programme to 31 March 2015, the fixed term would extend to this date. In consideration of such joint arrangements, it would benefit from a formal arrangement between ACC and AC.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

The Scottish Government (2012) Infrastructure Action Plan - Step Change 2015
Rest of Scotland Procurement Public Consultation
The Scottish Government (2012) Scotland's Digital Future First Annual Progress
Report and Update – 2012
European Commission, (2012) *Draft EU Guidelines for the application of state
aid rules in relation to the rapid deployment of broadband networks*
The House of Lords Committee Communications Session 2012-2013 (2012)
Broadband for all— an alternative vision
The Scottish Government (2012) *Scotland's Digital Future - Infrastructure Action
Plan*
ACSEF Management Team Paper (2011) *Maximising Digital Connectivity – Next
steps and Action Plan*
The Scottish Government (2011) *Scotland's Digital Future A Strategy for
Scotland*, <http://www.scotland.gov.uk/Resource/Doc/981/0114237.pdf>
DCMS (December 2010) *Britain's Superfast Broadband Future*

Appendix 1 - Redacted Bid

Accelerate Aberdeen

Super-Connected Cities Programme - Aberdeen

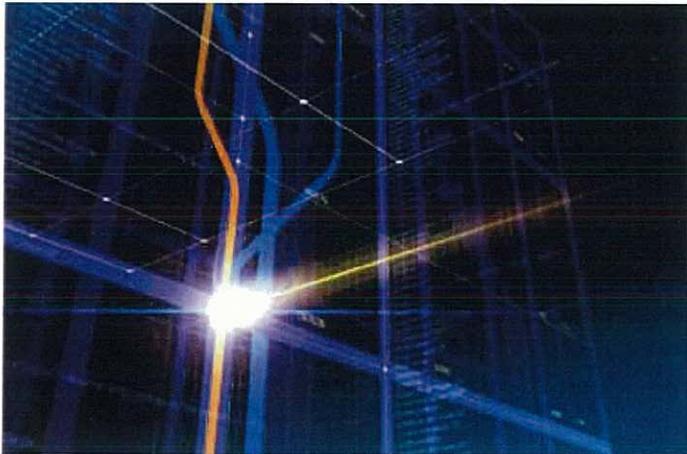
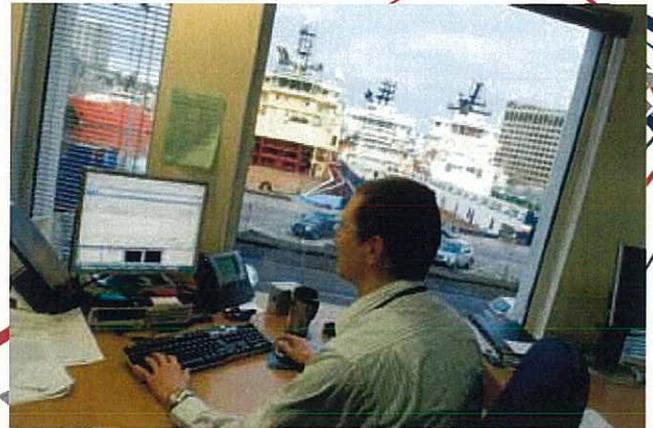




Accelerate Aberdeen

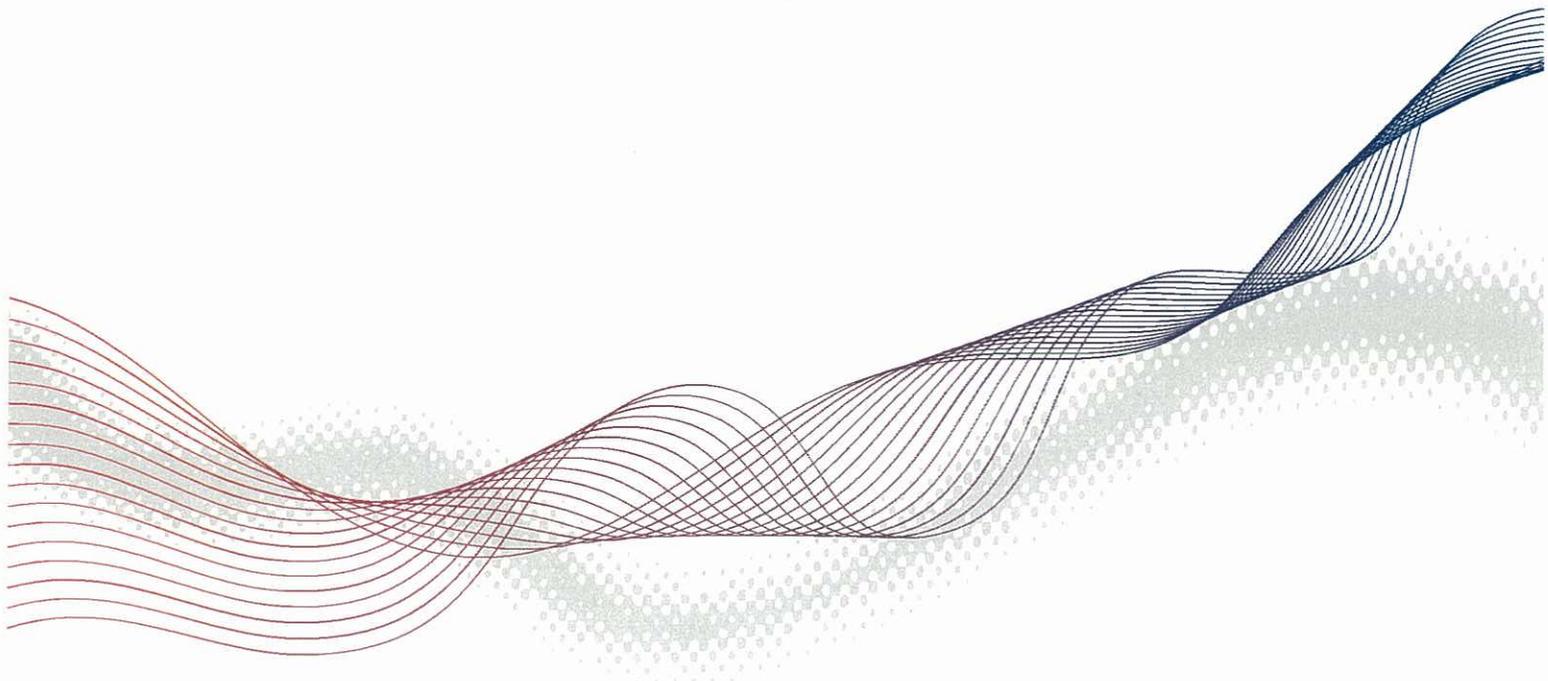


Super-Connected Cities Programme - Aberdeen



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Application Information

Project Name: 'Accelerate Aberdeen'

Lead organisation:

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Proposed start Date of Project: 01 October 2012

Proposed end Date of Project: 31 December 2014 *(all UBF funds spent in 2013/14)*

Foreword

The North East of Scotland's economy continues to grow with the number of jobs here increasing in the midst of the global economic crisis. As a world energy city Aberdeen is second only to Houston, Texas. Aberdeen City and Shire has a sophisticated, globally connected knowledge infrastructure. Its talents are in global demand and those working in Aberdeen come from all over the world. The Oil and Gas industry accounted for almost 25% of total corporation taxes received by the Exchequer in 2011. It is innovation-driven and has responded over the past 30 years to the complex demands of extracting oil and gas from hostile conditions as well as producing quality food and drink, creating innovations in life sciences, contributing to music and culture, attracting visitors and exploiting its 'know how' in education. Aberdeen City and Shire has a dynamic, connected and global economy in a unique UK region.

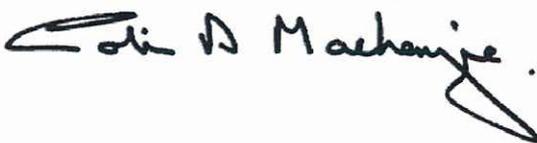


The global connectivity required to maintain and grow this area is challenged by ageing information technology infrastructure. This challenge poses a key risk to a knowledge economy relying on transferring information across the globe at speed. Our competition is global and should we be unable to continue to compete in these knowledge markets companies currently based here and the skilled supply chain that supports them would move not elsewhere in the UK but to other countries with faster ways of transferring and sharing knowledge.

Aberdeen City and Shire has suffered from a lack of investment in digital infrastructure. Investment in Aberdeen's infrastructure has been slower than that in comparable cities as shown by OFCOM's analysis in February 2011 which placed the city at the bottom of the league table for superfast broadband provision.

Through public and private partnership working, our two Councils identified the need to develop a comprehensive regional plan to provide the means to accelerate Aberdeen City and Shire's ability to maintain and grow its economy through state of the art digital connectivity. This plan was agreed by both Councils in 2011 along with significant capital investment for our individual and joint projects.

We both welcome and support the opportunity given to Aberdeen City to put forward a bid to the Urban Broadband Fund. It is our belief that through accelerating investment in connectivity infrastructure we will also accelerate our plans to maintain and grow the North East of Scotland's economy by attracting investment. We know that Aberdeen City Council and its partners are well placed to exploit the opportunities that a successful bid will bring.



Colin Mackenzie
Chief Executive Aberdeenshire Council



Valerie Watts
Chief Executive Aberdeen City Council

Joint Chairs Aberdeen City and Shire Digital Connectivity Board

Scoring

Section	Sub-section	Content	Qualifying score out of 10
A – Business Case	A1	Strategic Outline Case / Project Initiation Document	7
	A2	Connectivity table	nqs ¹
	A3	Business and jobs creation table	nqs
B – Project management	B1	Project governance structure	nqs
	B2	Project management team	nqs
	B3	Risk management strategy	5
	B4	Indicators and monitoring effectiveness	5
C – Funding and resources	C1	Matching funding and resources	7
	C2	Modelling used for funding estimate	nqs
	C3	Capital and revenue spending	nqs
	C4	Commercial model(s) to be used	nqs
	C5	Details of infrastructure ownership	nqs
	C6	Benefits realisation strategy	5
	C7	Funding table	nqs
D – Delivery & procurement	D1	Scope of project and procurement routes	6
	D2	Project plan and dependencies	6
	D3	Expedited planning, wayleaves, streetworks &c.	nqs
	D4	Engagement with private land & property owners	nqs
	D5	Fit with government's SME strategy	nqs
E – Growth and innovation	E1	Job creation initiatives and strategy	nqs
	E2	Growing business capability	nqs
	E3	Proposals for innovation and on-line services	nqs
	E4	Stimulation of additional private sector investment	nqs
	E5	Raising the level of knowledge based skills	nqs
F – State Aid	F1	Fit with State Aid Guidance	7
	F2	Evidence of State Aid compatibility	nqs
G – Demand building	G1	Demand stimulation activities - consumers	5
	G2	Demand stimulation activities - businesses	5

¹ No qualifying score.

A - Strategic Outline Case – Vision and Objectives

- A1 Set out the Strategic Outline Case (SOC) for the UBF project in your city. This should clearly demonstrate the strategic vision for the project and how its objectives link to city and national strategies, at a level of detail appropriate to the scale of the project. For PRINCE 2 users, a Project Initiation Document (PID) providing the same strategic case would be appropriate.**

Part A: The strategic context

A1.1 Organisational overview

A1.1.1 Aberdeen City & Shire Economic Future (ACSEF)

Aberdeen City and Shire Economic Future (ACSEF) is a partnership of private and public sector representatives who are committed to managing strategic economic development issues for the benefit of the area and its people. The Economic Action Plan for Aberdeen City and Shire outlines the actions we will take to achieve the vision for 2025 which aims to ensure a high quality of life, and sustainable economic growth. ACSEF has a five year economic action plan which has delivered progress despite regional and global setbacks. This public private sector partnership which brings together all the players in economic development has ensured a fully joined up approach to strategic and local development plans, transport and economic growth.

In spring 2011 ACSEF undertook a strategic overview of the work required to identify opportunities and develop infrastructure based on NGA (Next Generation Access) communications technologies. The objective was to accelerate economic growth and to identify targets for the quality of broadband services required for business and consumers throughout Aberdeen City and in contiguous areas in the neighbouring Shire. Both the public and private sector are using digital media more as part of their business. Access to faster and flexible digital infrastructure will support the delivery of education services, enable more cost effective delivery of public services including telemedicine and social care thereby facilitating social inclusion through increased access to social media and other networks

The area generates significant value to the UK economy and revenue for the UK Treasury. It has a key role in supporting activities in the offshore oil and gas industry and though production in the UK sector of the North Sea has peaked, there will still be significant employment associated with these activities for at least another 30 years. Three quarters of locally based oil and gas firms hope to take on new workers in the next two years, with 28% aiming to increase their workforce significantly. Aberdeen has a sophisticated, globally connected knowledge base with talents that are in global demand. The City, over the past 30 years, has responded to the demands of extracting oil and gas from hostile conditions. Oil and gas contributes 25% of the UK Treasury's corporation tax. The contiguous area referred to in this proposal is approximately 76 sq miles, covering Aberdeen City and Westhill (an adjacent settlement just outside the city boundary in Aberdeenshire). This area has an approximate population of 230,000. The city's contribution to UK GVA rose by 1.1% in 2010 from £28,442 to £28,731 per resident (UHY Hacker Young). The area's GVA per head of population was 38% above the Scottish average in 2006 - this varied from 88% above the average in the City to 6% below the average in Aberdeenshire. There are large commuter flows into the city with an estimated 50,000 people travelling daily into Aberdeen for employment. Currently, GVA in the region per head of population is second only to inner London at £27,388 per head. Our business rates contribute some £266 million to Scotland every year. Decades of experience in oil and gas operations have built up our reputation as one of the most robust and resilient economies in the continent.

The other key sectors of the economy are Life Sciences, Food and Drink and Tourism. 20,000 people are employed in tourism, Aberdeen City and Shire accounts for 14% of Scotland's total food exports and 2,000 life scientists' work in the area.

ACSEF's agenda includes anchoring the oil and gas industry to the area (by making Aberdeen a home base for global oil and gas service companies), developing employment in the low carbon, renewable and the wider energy related markets and developing the Energetica corridor between Aberdeen and Peterhead into a world class location for living and working.

Technology developments have seen employment grow in knowledge and intellectual property based firms, many of which trade in global markets and for whom robust, secure and high speed broadband links are vital. It is also important to retain key personnel in the energy sector and to prevent the premature fragmentation of the energy industry's presence in the areas. Ultra fast digital connectivity provides the means to ensure that the city and region will maintain a high regional GVA through activity in the North Sea and the export of goods and services to other exploration and production zones.



The area's geographical remoteness from its markets within the UK and Europe means higher transport costs for the substantial cluster of traditional industries involved in food and drink production, timber processing and paper making- high speed broadband links would help offset some of this competitive disadvantage.

Aberdeen has a vibrant higher education sector but its graduate retention rates are low. There are the high aspirations of the wider business and resident communities to be met, which includes a higher than average proportion of graduate jobs, a significant cluster of academic, research and learning institutions. Aberdeen City is home to an increasing number of Intellectual Property and knowledge based businesses, many of which trade in global markets where high speed and reliable broadband connections are vital to their businesses for data transfer.

Part B: The case for change

A1.2 Infrastructure Objectives

Across Aberdeen the provision of broadband infrastructure is inadequate with the City suffering from a lack of investment by the private sector. In urban areas the majority of business and residential users are still limited to ADSL services. The exchange and cabinet infrastructure requires significant investment. The overwhelming majority of users are supported with a maximum bit rate of 7.15Mbps and in practise often receive much less due to contention. As a result both business and residential users are constrained in their ability to use the internet for both economic and social applications. Also many large businesses seeking to locate in the regions major business parks and development corridors require access to world class ultrafast digital infrastructure to enable them to compete on an international basis. This is lacking in most parts of the region.

The investment in Aberdeen by BT has been slower than that in comparable cities and this was shown by OFCOM's analysis of February 2011 which showed Aberdeen at the bottom of the league table for superfast provision amongst UK cities with zero coverage....a situation that was rightly condemned by Jeremy Hunt MP, when he described it as "shocking" that "no-one in Aberdeen can get superfast broadband".

Subsequently BT has upgraded two of the exchanges in the City and has plans to invest in other exchange and cabinet upgrades over the period up to 2013.

Aberdeen has one of the highest rates of domestic broadband uptake in the UK. OFCOM's 2011 data demonstrates that Aberdeen City and Aberdeenshire have the highest rates of broadband uptake in the UK (74% and 72% respectively of population) where there is NO availability of superfast broadband. A consequence of this is the infrastructure is frequently overloaded resulting in much lower connection speeds than advertised and for which consumers believe they are paying.

So Aberdeen has four challenges to address in order to improve digital connectivity:

- Ensuring that businesses and residential customers in the City have access to a competitive market for superfast & ultrafast broadband services which will, in turn drive enhanced connection speeds, improve customer service and support and enhance reliability
- Provide major business parks and development areas in the region with access to world class ultrafast digital infrastructure that will drive inward investment, increase the competitiveness of businesses in the region and create employment.
- Ensure that the City has ubiquitous access to next generation wireless services.
- Ensure that public agencies are able to deliver cost effective services, particularly in the fields of education, health and social care.

In order to address these needs four streams of work/projects have been identified as part of the broadband development plan for the City;

- Ensure that all necessary in-fill of infrastructure is delivered across the City to address white areas and deliver **ultrafast** capability to ALL premises in these areas
- Build an **open access fibre network** covering a contiguous area linking the key business and residential growth areas defined in the Aberdeen Local Development Plan 2012 (LDP12) around the City and in the neighbouring Shire. In the longer term there is potential to expand the coverage of the three areas of strategic development defined by the Aberdeen City and Shire Structure plan namely, the Energetica corridor north to Peterhead, along the A96 to Inverurie and south to Stonehaven.

- Enhance competition and improved service provision in the City by encouraging and driving the **deployment of next generation wireless technology**. The City will use its existing property portfolio as an incentive for wireless operators to deploy base stations across the City and it is our intention that this should address the community as a whole and deliver social as well as economic benefits
- Provide a **fund to drive the adoption** of broadband services into SMEs and sectors of the community where adoption needs to be stimulated (eg elderly, low income groups etc).

A1.3 Economic and Social Objectives

The economic objectives are to:

- stimulate economic growth in local businesses by driving up demand for digital connectivity and the innovation which it can support
- encourage inward investment from larger digital dependent businesses, including those in key strategic industries such as energy, food processing, health and knowledge based industries
- establish Aberdeen as a priority destination for innovative use of digital technologies and services by the public and private sector and retain the existing employment in the energy sector by enabling it to compete effectively on the world stage
- bridge the digital divide across the region and ensure both economic and social cohesion

In terms of our social objectives we aim to:

- drive adoption across the community to aid social inclusion and ensure the ability to harness the digital economy and access public services is delivered to all
- build on Aberdeen's reputation in the field of health related applications. The University of Aberdeen has a pedigree in medical advances that has moved into using digital and mobile technology.
- provide a platform for the cost effective delivery of key public sector services.

A1.4 Existing arrangements

A1.4.1 Overview of Area

Demographic Profile and Addressable Market Size

Businesses

Figure 1 presents the number of business sites in the City by sector and size. There are over 9,000 sites in the region of which >90% have less than 50 staff. This is key when assessing broadband delivery in the region. *Although major business sites will be well served in terms of digital connectivity via private corporate networks, the overwhelming majority of employees in the regions are small and medium sized enterprises (SMEs) for whom the availability of cost effective, high speed digital connectivity is limited.*

Figure 1: Aberdeen City business sites by sector and size

Local Authority	Employee size band	Primary Industries	Manufacturing	Construction	Wholesale, retail & repairs	Hotels and restaurants	Transport, storage and communication	Financial intermediation	Business activities, real estate, renting	Education, health and social work	Other community, social and personal services	Total
Aberdeen City	0-4 employees	180	250	415	805	265	195	75	3,150	240	380	5,955
	5-9 employees	15	105	65	395	170	65	35	330	90	120	1,390
	10-14 employees	10	35	35	165	85	40	20	150	55	40	630
	15-49 employees	20	100	45	225	140	75	30	220	100	60	1,015
	50+ employees	55	60	20	60	35	35	5	150	50	15	480
	Total	280	550	580	1,650	695	405	165	4,000	535	615	9,475

Source: Scottish Government

Residential

The population of Aberdeen City is **210,400** (Source: Office National Statistics 2008). The Aberdeen City and Shire Structure Plan envisages a 15% growth in the working population by 2030. This equates to an additional 32,100 people.

A1.4.2 Overview of existing infrastructure

Infrastructure Audit Conclusions

Based on the infrastructure audit and stated plans of operators in the area, the following conclusions can be drawn:

- Although Aberdeen City is well served with fibre infrastructure it is largely unexploited, so businesses and residential customers continue to use ADSL services on exchanges that are suffering from a high degree of contention and which would benefit from upgrading to FTTC and/or FTTP.
- A number of key business centres suffer from a lack of supply of competitive infrastructure and are not receiving the speeds, choice of service and quality that the businesses require to compete effectively on an international basis

Unless these failures are addressed Aberdeen runs the risk of declining competitiveness and will not receive the social and economic boost that next generation broadband services have been demonstrated to deliver to the detriment of the region and the taxation income to the nation.

A1.5 Business needs

Aberdeen City and Shire has undertaken a range of market research assignments in order to explore user requirements for broadband services as well as views on pricing, service and support, service availability, applications and the commercial impact of broadband services on their businesses.

In May 2011 two parallel surveys were undertaken with:

- 76 members of Aberdeen and Grampian Chamber of Commerce
- 132 members of the Federation of Small Businesses in Aberdeen City and Shire.

A summary of the key findings of the research is presented in Appendix B.

Conclusion

The conclusions from the user research may be summarised as follows:

- Businesses have an increasing requirement for superfast broadband and view existing services as inadequate for their future needs
- If the provision of enhanced digital connectivity in Aberdeen City is not addressed, businesses perceive a risk to their competitiveness and the economic development of the region may be adversely affected
- There is a clear trend for increasing use of bandwidth intensive applications such as video content
- Businesses in the area would welcome and use upgraded broadband infrastructure if it were available at an affordable price

A1.6 Tele-health

NHS Grampian, the health authority for North East Scotland, is regarded as one of the world leaders in its use of telemedicine. Consultant James Ferguson, National Lead of the Scottish Centre for Tele-health and Tele-care and his team based at Aberdeen Royal Infirmary, deliver stroke care via video link to peripheral hospitals. Stroke can be a devastating condition, caused either by a clot in a blood vessel in the brain or by a haemorrhage. Treatment to dissolve the clot has been shown to improve outcomes but has to be delivered within four and a half hours of the onset of the stroke. Improved bandwidth would allow more patients to be treated and improve patient care.

Other tele-health applications include patients with bronchitis being monitored in their own homes by nurses monitoring data coming in via computer and specialist medical advice is being given via video link to non-specialist medical staff treating patients hundreds of miles away. Finally the area has seen a reduction in sick children being transferred to hospitals with more specialist care and patients receiving psychiatric help via Skype.

Mr Ferguson stated "I expect the way we deliver healthcare in the years to come will be a completely different routine to what we have at the moment with healthcare advice delivered via mobile phones and TV's in our own homes"

Improved digital connectivity in Aberdeen will allow health care providers to address UK market failures in healthcare and so improve Britain's health and reduce NHS service costs.

A1.7 Overview of proposed solution - Technical Strategy

The proposed technical strategy to deliver enhanced digital connectivity across Aberdeen will be addressed within the following four parallel streams of work

A1.7.1 White Area In-Fill

ACC is committed to ensuring that all business and residential premises in the City have access to ultrafast services by 2015. As we have seen there are extensive areas of the City that are not being addressed by the commercial market. In addition ACC (unlike cities in England) has not been in direct receipt of BDUK funding to address this issue. The Scottish Government received BDUK funds at a national level and is focusing its resources on meeting the requirements of rural areas. There are therefore two potential mechanisms to address the issue of white areas;

- gap funding to ensure that the proposed roll out of ultrafast services delivered by FTTC based solutions is accelerated and augmented to achieve 100% availability across the contiguous area in the City
- build a parallel overlay fibre network infrastructure in the City.

Additionally we propose complementing and augmenting both of these approaches by providing a next generation wireless network overlay.

Scenario 1): Cabinet based approach:

One scenario is to use UBF funding to gap fund the elimination of such white areas (subject to state aid approval). This will be undertaken either through a separate ACC procurement or as part of wider national procurements currently being undertaken by the Scottish Government (ie ACC's requirements will be added to the rural requirements to be addressed under programme 1 – the Rest of Scotland). Points to note are as follows:

- although the Scottish Government has set a target for achieving 75% coverage at 40Mbps across premises, ACC is committed to 100% coverage at ultrafast speeds across the City
- the feasibility of this approach will be subject to State Aid issues and much will depend on the outcome of national discussions to create an umbrella state aid clearance to gap fund white areas across the country. At the time of writing this umbrella agreement was still under discussion and the situation regarding urban requirements remains unclear. However in the event that a national agreement is not reached Aberdeen will seek clearance from the EU (possibly in partnership with other Cities with a shared aspiration) to in fill its white areas in a similar manner

Scenario 2: Open access fibre:

It is Aberdeen's strategy to work with a private sector partner to build and operate an open access fibre network serving the key development areas to the west of the City (see section 1.7.2).

A1.7.2 Open Access Fibre Network

Service Definition

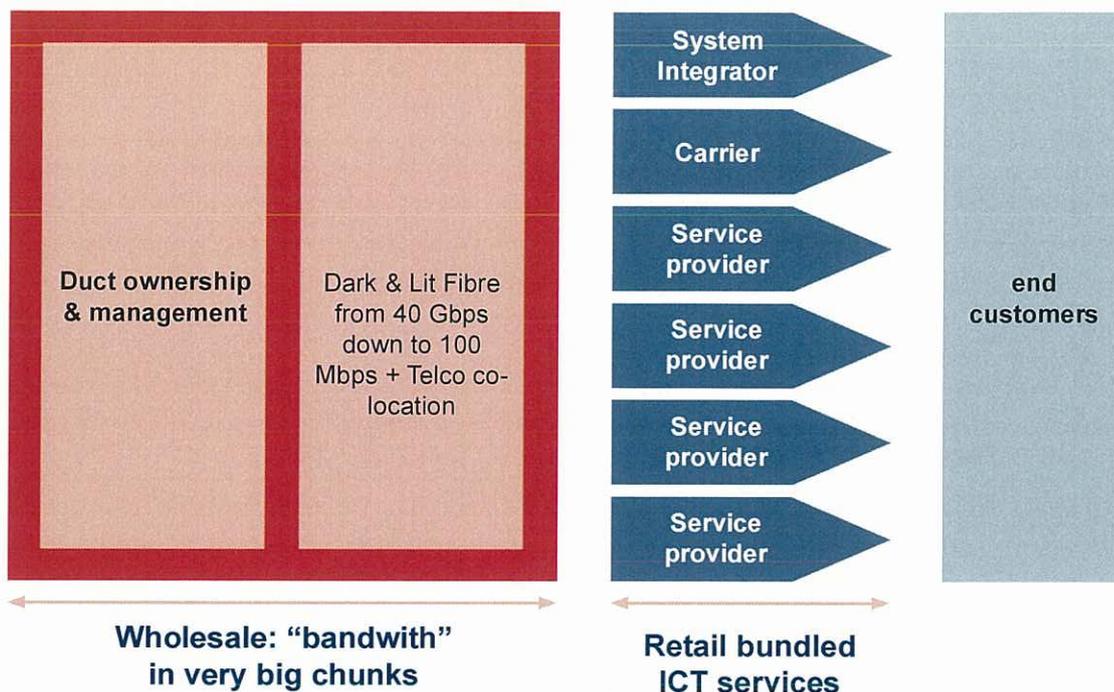
It is proposed to establish and build an open access wholesale fibre network along a route circling the key development areas in the western perimeters of the City that are not being addressed by the private sector. This will:

- address the market gap in ultrafast service supply offering symmetrical services from 100Mbps to 40Gbps to the market
- lower end user prices by encouraging innovation and competition at the supply level
- drive economic growth and regeneration
- improve residents quality of life and help retain firms in the area.

The concept is illustrated in Figure 4 overleaf. Aberdeen City (and potentially Aberdeenshire) will work with a private sector partner(s) to build and operate the open access wholesale fibre network. A range of national and local service providers will sell retail services to the end user market. They will be able to procure the following services:

- Dark fibre
- Wavelength services (40 Gbps, 10 Gbps, 2.5 Gbps)
- Ethernet services (1 Gbps, 100 Mbps). These may be point-to-point services, or may support mesh networks
- Co-location services to enable service providers to locate equipment appropriately eg ADMs, wireless equipment/base station.

Figure 4: Open Access Network Value Chain



The fibre infrastructure will be housed in a set of new ducts constructed alongside roads in the proposed locations. This will allow initially peak access rates of up to 1 Gbps per site. We have assumed that initially 100 Mbps access is the peak required for the majority of users, with only a small number taking the higher speeds. It is also feasible to increase the delivered peak rate per building to 10 Gbps and 40 Gbps in the future. This will ensure that **Aberdeen has genuinely world class infrastructure** that will be key to maintaining the competitiveness of the local energy sector. We believe the fibre and ducting are a sound investment for the future, our choice of electronics will suit a range of medium sized service providers and system integrators allowing them to connect directly to the premises. The dark fibre products will suit larger service providers who may wish to select their own layer 2 (L2) solution.

The ducts and fibre are expected to have a long lifetime, the electronics are upgradeable, under the control of the proposed SPV (Special Purpose Vehicle) or operating partner, to 10 Gbps and 40 Gbps access as demand requires and delivery electronics become available.

The network will support at least two interconnect points. One is proposed at a BT exchange and the other potentially at another carrier in the region. It is proposed that the aggregation points are co-located at these premises if feasible alternately they may be co-located in a local data-centre.

Proposed Route

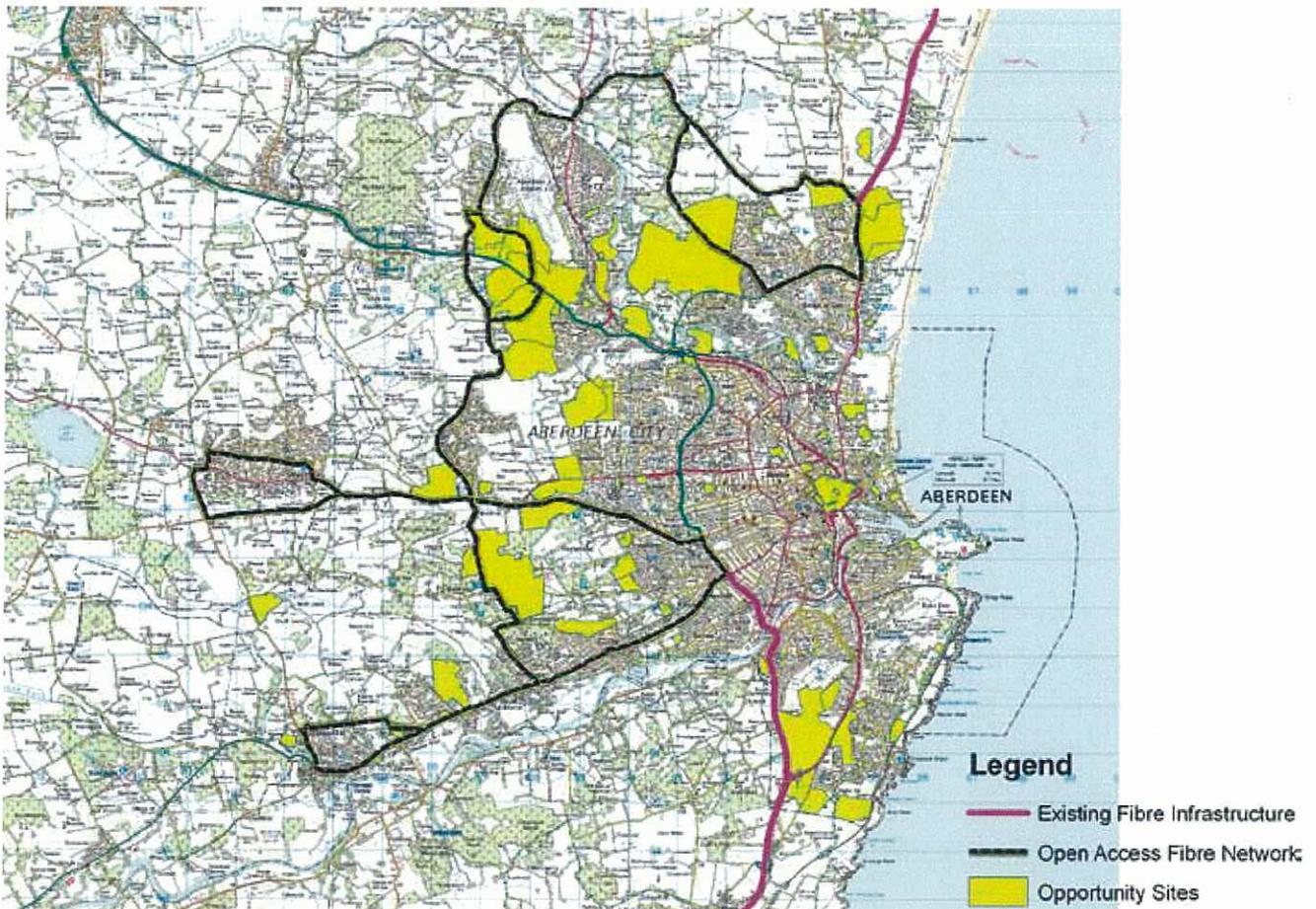
Figure 5 presents the proposed route of the fibre network. The proposed route will enable access to

- The key developments areas in the City including the new growth areas defined by LDP12 and existing key business hubs such as Aberdeen Airport and the Bridge of Don. This also includes LDP12 additional 20,000 homes and 196 hectares of employment & industrial land. It also includes 3,000 houses and 10 hectares of employment land in Countesswells and up to 8,000 homes in Elsick. These are areas in the City and Shire that form part of the contiguous area
- Access to the major business parks in the neighbouring Shire (notably Westhill). It should be noted that these are in a contiguous area and are not in receipt of BDUK funding via the Scottish Government Programme which will focus on the provision of superfast services to rural areas (delivered by FTTC), whereas here we will provide ultrafast connectivity delivered by FTTP. Hence it is a complementary investment.

It is envisaged that the core route shown in Figure 5 would be built as part of this project and connectivity to other Strategic Growth Areas could be leased from existing fibre providers who have infrastructure in the area (ie SSE, BT and Cable & Wireless). This could include a route south down the coast to Dundee and north to Peterhead.

We envisage that the core ring shown in Figure 5 below will be built by the private sector and will be completed by a comprehensive FTTP access network, part funded by UBF, delivering world class connectivity in the key development areas adjacent to the ring along with Westhill.

Figure 5: Proposed Route of Open Access Fibre Network and Development Areas



Source: Aberdeen City Council/Mott MacDonald

Partners

ACC will undertake a procurement exercise in order to select the most appropriate partners to deliver this project. A key procurement criterion will be the ability to deliver a community of business and consumer ISPs by the selected partner. We are aware of the situation on other projects (eg Digital Region) where adequate channels to market have not been established.

Timescale

A detailed project plan is presented in Appendix C

Dependencies

The project is subject to the following external dependencies that will be carefully monitored and managed throughout the lifespan of the scheme:

- Legal and regulatory: This includes State Aid approval which will be required. Initial discussions with the legal team who represented Birmingham has shown that the Aberdeen case is compelling
- Funding: Private sector funding will be required to match any public sector investment
- Partner: It will be necessary to identify appropriate private sector partner(s) and establish the appropriate commercial vehicle
- User requirements: The requirements of end users should be monitored, particularly with regard to purchasing propensity, pricing, service bundles, education and training and service and support needs
- Public sector contracts: As these arise for renewal they should be examined to see if there is scope for aggregation and cost savings
- Complementary projects: There are plans for parallel projects, notably next generation wireless services. These should be coordinated with this project to ensure there is no duplication of resources and common



platforms and network infrastructure can be used

A1.7.3 City Wireless Network

Concept and Service Definition

The objective would be to give Aberdeen world class wireless infrastructure. In particular:

- A next generation wireless network deployed across the City would give enhanced broadband access capability for both residents and businesses. The access speeds obtained will be a function of the number of base stations deployed and user demand but commercial deployments elsewhere in the world typically deliver download speeds of greater than 20Mbps. A deployment of this nature will provide citizens with an alternative to the ADSL services typically used in the City that suffer from contention and hence limited performance. It would also provide a commercial incentive to upgrade the City's exchanges.
- Implementation of WiFi hotspots across the City would provide benefits to businesses and consumers – providing remote access to key applications and flexible working. It is also likely to be attractive to visitors – enabling tourists to access local information and travel data.

Applications and Implications for ACC

In addition to the benefits for businesses, consumers and visitors, it is likely that the ACC and other public sector bodies in the City could use the wireless infrastructure to deliver public services. Examples include:

- Education services
- Crime
- Traffic management and control
- Delivery of community and social services (eg monitoring of sick and vulnerable)
- Public information services.

A programme has been initiated which involves rejuvenating some of the shops, modernising street and roads to facilitate better access for the mobility impaired. In addition WiFi hotspots are being implemented which will enable CCTV surveillance and consequent increased safety/reduced crime in these areas. A £250k fund has been received to support this programme for CCTV and enhanced lighting.

Grampian Police have access to a fibre network and the majority of their CCTV cameras are connected over fibre. There are a number of 3G cameras but these have suffered from latency and have not allowed tracking around corners because of this.

ACC's Intelligent Transport Systems (ITS) Unit is responsible for systems that control and encourage traffic movement on Aberdeen's road network. This includes systems such as traffic signal control, Variable Message Signs (VMS) and the Car Park Guidance System (CPGS). These systems utilise a variety of communications profiles such as fixed analogue private circuits and the mobile phone data network. Traffic signals that are located outwith the city centre or are not located on the main traffic sensitive corridors also utilise the same 3G network. Traffic signals that are located within the city centre or reside on traffic sensitive corridors operate under the control of a centralised computer called Urban Traffic Control (UTC). The traffic signal installations that operate under UTC require fixed analogue private circuits to allow constant communications for continual control. ACC was the first Scottish local authority to publish any open data, and the first to establish a linked data triple-store. This has been achieved by working with local developers and the academic community, collaborating in hack days and similar events. Providing such open data, not only assists both Councils in delivering services but also private sector organisations with travel logistics. The challenge being ACC requires improved digital connectivity to ensure an integrate transport system.

ACC has across its services invested in information technology in the delivery of front line services, wireless and 3G PDAs and tablets have been used since 2006 in Environmental Health Services and enforcement services. This technology is now being used in the delivery of care and repairs services, building services, housing, education and social care. Through its new ways of working initiative, staff have remote access from across the city into the city's servers. This plays a key role in its disaster recovery strategy. The challenge is that the band width in the city is inadequate to provide timely real time service and access. It may be possible to harness all of these initiatives to support attracting a strategic partner or to share backhaul facilities between them. ACC proposes to deliver the City Wireless Network via a Public Concession Model.

A1.7.4 Voucher Scheme

The three streams of infrastructure development described above will provide ubiquitous coverage of ultrafast broadband services across the City along with access to world class infrastructure in key business parks and development areas.

However there may be segments of the market where access to such services remains constrained by the initial cost of connectivity. This may include:

- SME's
- Parts of the third sector organisations such as Housing Associations, Charities etc

In these cases we propose to run a voucher scheme whereby businesses and the third sector can apply for a subsidy on the capital cost of initial connection charges (but not on-going usage charges).

A3 Please indicate the expected business outputs to be achieved:

Business growth to be achieved with UBF investment			
	2013-2014	Future	Totals
<i>Business start-ups resulting from UBF funding</i>	60	60/year	900 over 15 years
<i>Jobs created as a result of UBF funding</i>	960	960/year	14,400 over 15 years
<i>Anticipated extra Gross Value Added (GVA) due to UBF in £'m</i>	£6m	£6m/year	£87m over 15 years.

(1) Aberdeen has the highest rate of growth of business start ups in Scotland (source: ONS). The business 'birth rate' in Aberdeen in 2010 was equivalent to 57 registrations per 10,000 adults. Over 1000 were established in 2010. In addition business start ups in Aberdeen have a long survival term (of the 830 newly registered businesses in 2005, 47.1% were still active five years later). Typically Aberdeen has a net growth in businesses of approx 100 per year. World Bank analysis has revealed that a super connected city can expect to see a higher rate of growth of business start ups of up to 0.5% - 1.2%. Aberdeen has a business start up rate of approx 900 businesses per year out of 8000 total ie 11%. If this grew to 12% we expect an additional 60 companies per year

(2) Assumes Aberdeen average of 16 staff per company

(3) Broadband generates productivity gains and opens up new commercial activity for business. A 2008 EC study estimated the productivity impacts under first generation ADSL broadband. (Micus Management (2008). 'The Impact of Broadband on Growth and Productivity') EC, DG Information Society and Media. This varies by sector and it is assumed that the impact of NGA mirrors that of first generation broadband. This would imply an uplift in GVA across Aberdeen City of approx 0.3% per annum = £28,000 per head * population of 210,000*0.3% = £17.6m/annum. Of this it is assumed 1/3 is attributable to UBF.



B – Project management structure & governance

B1. Set out the project governance structure and terms of reference. Identify members of the project Board by function.

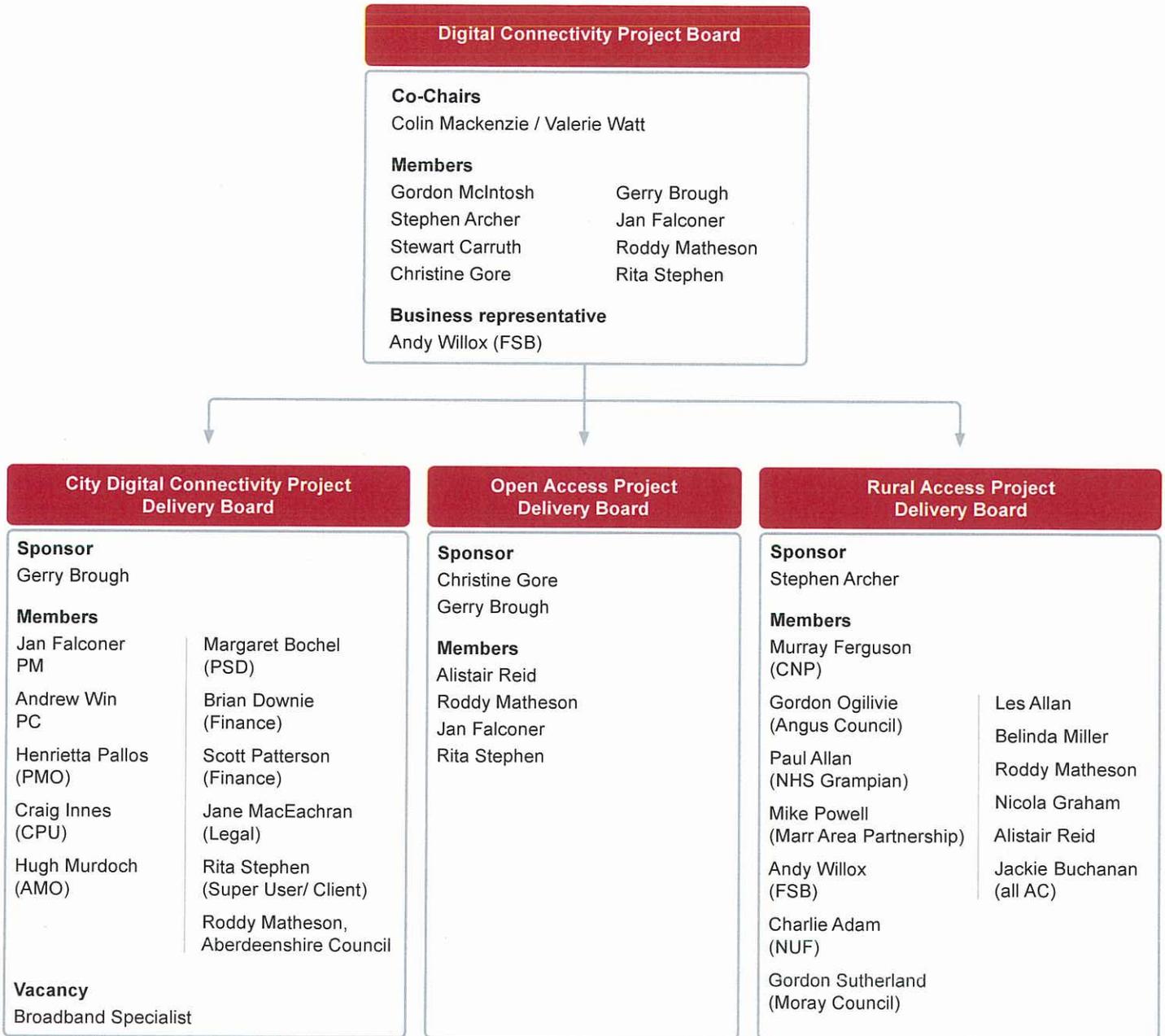
The Digital Connectivity Board is a joint board between ACC and Aberdeenshire Council. It is co-chaired by its Chief executives. Its membership consists of the two councils' Directors of Enterprise, Directors of Corporate Governance, Project Sponsors and Project Managers, Super-users - ACSEF representative and a business representative from the Federation of Small Business. The remit of this board is to receive reports and oversee all Digital Connectivity projects across the North East of Scotland. The board meets bi-monthly and all meetings are documented. The Project's Terms of Reference have been developed to give a focus of the expectation and requirements of this Board.

The purpose of the Project Board is to collaboratively assist in:

- Supporting the development of a market sounding brief for enabling the implementation of a City Wifi services which increases the connectivity in the Core City Centre;
- Considering the digital connectivity of other media such as broadband;
- Advising on any opportunities that will advance the delivery of this project and improve digital connectivity in the city;
- Ensuring that assets chosen to site the digital capacity in the city not only meet the technological requirements but, are available for access as per our asset management, legal, statutory planning and OJEU procurement requirements;
- Address State Aid issues using specialist advisers and in-house expertise;
- Advising on and approving the pre-tender questionnaire and an evaluation tool so as to shortlist preferred providers;
- Advising on and approving detailed tender documents;
- Advising on and approving contractual terms, conditions and duration, and
- Evaluating tenders and determining preferred development partner to be presented by the Project Manager to the appropriate committee.

The Digital Connectivity Project Delivery Board is tasked to deliver the city wifi project but this is being extended to include broadband connectivity in the City's contiguous area, including Westhill. The Delivery Board consists of the Project Sponsor, Project Manager, Project Co-ordinator, Head of Procurement, Head of Asset Management, Head of Planning, Legal Advisor, Financial Advisor, Programme Management Office (PMO) representative, Super-user (ACSEF), Advisor from Aberdeenshire Council and Broadband Specialist. It meets monthly and its meetings are documented. The governance structure is presented overleaf.

Figure 6: Governance Structure



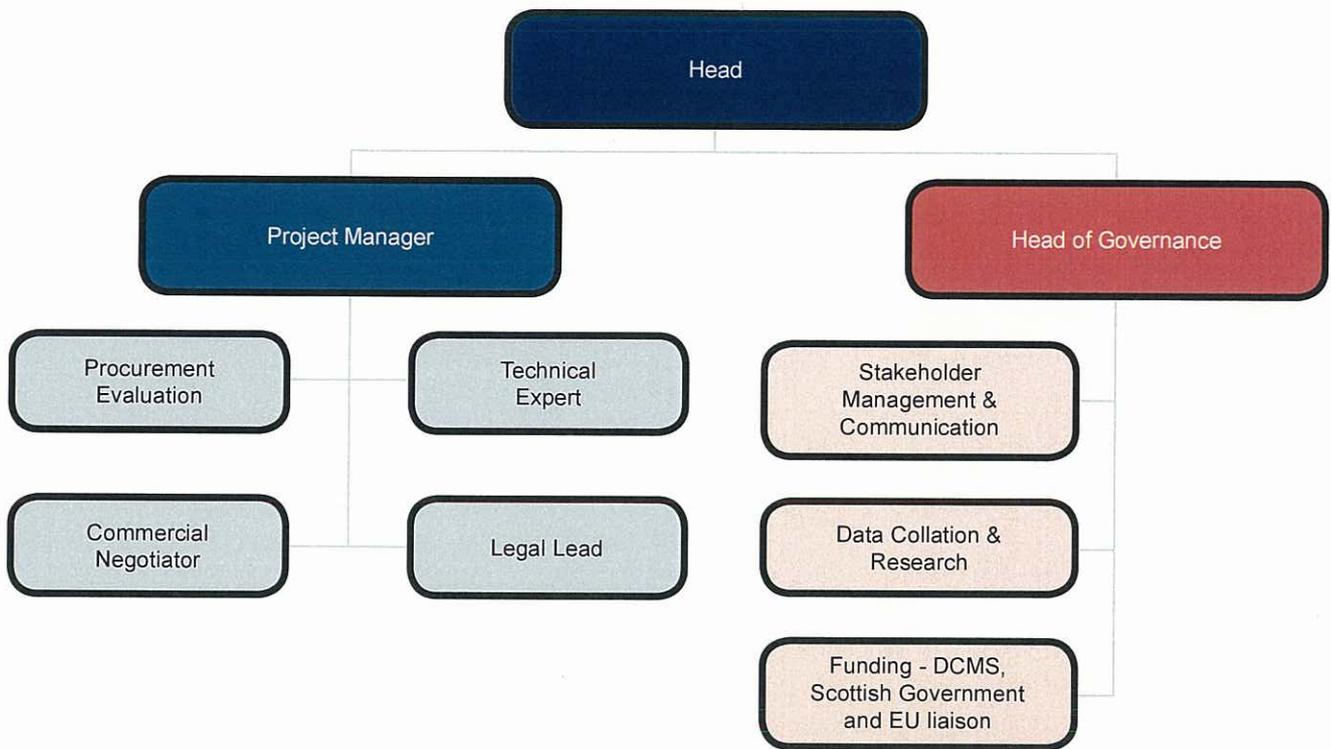
B2. Identify the project management team by function. Indicate where external contractors or consultants will be called on and the process and timescale for appointment if not already available.

ACC has defined a project team with a unique blend of technical, commercial and legal and regulatory expertise. This has been sourced internally, from local enterprises and from external sources (Mott MacDonald has been the on-going technical and commercial advisor in the development of the region’s broadband plans). The key tasks this team need to drive forward are:

- Funding applications
- Legal and State Aid issues: - Here we will also call on the specialist legal team from Taylor Wessing who successfully managed Birmingham’s state aid application
- Procurement – open access fibre network, white area in fill, city wireless network
- Establishment of contracts and commercial vehicles
- Programme management and implementation including financial control
- Demand stimulation and marketing
- Governance.

As an illustration, Figure 7 below presents the project structure.

Figure 7: Team structure



B3. Describe your risk management strategy and key risks.
You should include how you will deal with timetable risks in procurement and delivery, and any cost overruns in either supplier bids or post contract(s) award.

ACC has established a rigorous project management structure of which risk management forms a key part. A regularly reviewed risk register is maintained and updated by the project manager and discussed at regular meetings. All risks are corporately logged using ACC's corporate management/ risk management tool Covalent. The projects and associated risks considered on a monthly basis at a corporate level. An example is shown overleaf:

Figure 8: Example Risks Register

	Description	Likelihood	Severity	Action to Resolve
1	Failure to attract private sector partner (s)	Low	High	Continuous dialogue. Ability to stop project at procurement stage if no strong partner. Possible partners have already indicated willingness.
2	Danger of not obtaining state aid approval	Medium	High	Need to make case for intervention to EU. Strong legal advisors are lobbying decision makers.
3	Low User demand for services	Low	High	Lower prices. Marketing and promotion activities.
4	Competitive actions from telecoms operators	Medium	Low	If BT change roll out plans, ensure open access roll plan is flexible to avoid duplication of resources.
5	Unable to attract service providers to market services	Low	High	Private sector partner to liaise with national service providers. Aberdeen City & Shire to liaise with local companies.
6	Slow service adoption – need for anchor tenants	Medium	Medium	Aberdeen City & Shire to run awareness and education campaigns. Use public sector as anchor tenant?
7	Need to avoid technical obsolescence	Low	Medium	Liaise with equipment vendors to ensure state of art technology.
8	Availability of funding	Medium	High	Discussions being held with ScotGov, EU and others.
9	Availability of skilled staff	Medium	Medium	Recruitment campaign late 2012/use external support.
10	Ability to deliver cost savings	Medium	Low	Design will ensure that price point to users are lowered. Liaise with public sector bodies in the area to deliver cost savings.
11	Roll out delays	Low	Medium	Co-ordinate and brief all internal departments including Roads, Planning and Legal.

B4. List the indicators identified to monitor the implementation and effectiveness of programme delivery. Insert in tables in Section A2 and A3 your headline figures for network roll-out, businesses, jobs and Gross Value Added (GVA). A project plan should be provided in Section D2.

ACC has defined a range of indicators to monitor the effectiveness of this project. The programme of market research previously presented will be updated at regular intervals to monitor the effectiveness of the investment programme. We will continue to work with the Aberdeen and Grampian Chamber of Commerce and the Federation of Small Businesses on this matter. In addition we will also monitor the social benefits and usage of enhanced digital connectivity through the continued drive to deliver enhanced public services usage and effectiveness is continually monitored. Key parameters we will measure include:

Economic Measures	<ul style="list-style-type: none"> ● Employment levels ● Business Start Ups ● GVA
Technical Measures	<ul style="list-style-type: none"> ● Broadband penetration and usage ● Speeds delivered ● Price benchmarks ● Number of service providers ● Coverage and service availability.
Social Measures	<ul style="list-style-type: none"> ● Adoption and usage of key public services ● Health indicators (eg usage and benefits from e-health) ● Education – delivery of adult education, schools programmes, GLOW (Scottish national internet for schools) etc

C – Funding and resources

C1. Set out capital, revenue and non-cash resources that will augment the UBF investment to help to achieve the objectives, including finance and the commitment to the project of physical resources:

- from the city, other local bodies and any external organisations involved;
- from the local enterprise partnership (LEP);
- EU sources; and
- the private sector.

Please note any conditions or restrictions on availability of these resources - for instance, contractual limits to the use of public sector assets.

Aberdeen City places a high emphasis on its Digital Connectivity agenda and has been instrumental in seeking to improve and enhance the digital infrastructure in the region. Both the City (and neighbouring Shire) have made firm financial commitments and have also worked extensively with the Scottish Government, EU and the private sector to increase investment.

C1.1 Aberdeen City Council (ACC)

ACC has made a capital funding commitment of £2 million to be drawn from its budget by April 2014. This is approximately 12% of its Capital Budget.

The current Aberdeen City and Shire Structure Plan, approved by Scottish Ministers in August 2009, recognised the importance of the development of a high-speed communications network in the area to support the growth and diversification of the regional economy - building on a highly skilled and innovative workforce. In particular, the plan focuses on deployment for new development in the three strategic growth areas - one of which is the whole of Aberdeen. ACCs LDP12 has policy and guidance regarding Developers Contributions for infrastructure. Policy 1 – Infrastructure Delivery and Developer Contributions (Policy I1) covers the infrastructure, services and facilities such as schools, roads and essential services required to support new or expanded communities. The LDP12 identifies 8 Masterplan Zones where most new development will be concentrated and sets out in more detail the infrastructure requirements there. However Policy I1 applies to all parts of the City and to any development that requires further supporting infrastructure. Though not specifically identified, Section 75 contributions could be used. Two developers in a Masterplan Zone are already providing access to fibre for their developments. This is being done in order to reflect demand and to make the developments more marketable.

ACC has already invested in digital connectivity since 2008 in a variety of areas in the region of £4.5 million. This is augmented by fibre-optic cable in the city centre for its CCTV system which is operated by Grampian Police which has a current book value of £1 million. ACC recently added digital cameras and 3G masts across the city at an approximate cost of £200k. This has led to both Police Officers and ACC's City Wardens wearing video cameras

which allow the footage of incidences to be filmed and downloaded. ACC has focussed its digital investment into service delivery. It is rolling out an initiative where officers are using digital wireless technology in its Social Care and Wellbeing Services, this so that they may be focused in working with clients rather than spending time commuting to the office. ACC has created a wireless network for schools using point to point technology.

ACC has utilised 30 of its tower blocks to create a wireless network for schools using point to point technology. This £1 million Wireless Local Area Networks (WLAN) covers half of ACC's schools. For some of the schools outwith the WLAN a further £750k has been invested in Wireless Wide Area Network. These figures exclude the cost of hardware. An investment of £550k has been made into establishing a Virtual City Senior Campus which aims to offer students a greater choice of curriculum where they can take a course from any school in the city at any place and at any time. ACC has deployed a mobile computing system to support our building services team in maintaining tenants' houses and Aberdeen's public buildings. Based on Consilium's Total Mobile application and handheld computers, this has made services more efficient, effective, increasing productivity and creating cost savings in excess of £1.5 million thanks to more effective workflows resulting in increased productivity, and reduced travel and mileage. The wireless network available through the 30 Tower blocks has been instrumental in driving down costs and improving services ACC's enforcement officers in Planning, Environmental Health, Trading Standards and the City Wardens use similar technology. The investment in technology has been in the region £1million. In the City Centre the cleansing operations will be using Smart bins that will be funded by the Aberdeen Business Improvement District. These bins not only will provide wireless connectivity and intelligence for the BID member's requirements but also alert ACC's cleansing team as to when the bins require emptying and provide intelligence for street cleaning. ACC aims to make a further investment of £4 million. This includes a further £1 million into school WLANs and aims to extend its Virtual City Senior Campus, £200k in additional wireless technology and a further £1.8 million in new ways of working using digital connectivity. The aim is to roll out more client focussed services that will drive efficiencies as with those within building, education and enforcement services.

The Intelligent Traffic System (ITS) Unit operates 115 traffic signal installations under Urban traffic Control (UTC). Out of the 115 sites, 93 of these currently have analogue private wire circuits, provided by BT. It has been indicated within the industry that the analogue circuits will be withdrawn from service by BT in the next 5 years. This has meant that a migration away from the analogue communication profile to the digital communication profile is required to ensure service levels are maintained. It is currently proposed that over the next 5 years the ITS unit will look to replace all of these analogue private wire circuits with digital options such as private fibre optic cables, broadband services and wireless solutions. This will allow a migration away from the older analogue circuits, which is required due to a discontinuation of these circuits from BT. This will provide a better communication infrastructure that is quicker and a more reliable communication service. It will also reduce revenue costs and will allow for the potential to move towards a more integrated transport network. The fibre optic network that is proposed around the city centre for the traffic signals will be designed to allow for additional reserve capacity should other services within the council require to utilise the circuit within the installed network. The network will also be designed to limit the potential for single point failure, allowing automatic re-routing of communication during failure on the cable or equipment. This will minimise service disruption during any maintenance that may be required. An investment of £100k per annum to extend its fibre optic network for road traffic signals will compliment its own existing dark fibre across the city. ACC's Information Communication and Technology is in the region of £3.5 million per annum which covers both capital and revenue investments.

In additional it should be noted that Aberdeen will contribute access to its buildings, street furniture and other relevant assets to facilitate the roll of next generation wireless services.

C1.2 Aberdeenshire Council

A recommendation to confirm the commitment of £18 million (currently in principle) is due to be considered by Aberdeenshire Council on 20 September 2012. Although this is primarily focussed on rural connectivity the Shire has stated a willingness to invest in any open access network that serves contiguous areas to the City, notably in Westhill and in the longer term to the north and south of the City. An initial commitment of £2million has been made.

C1.3 European Union

Aberdeen aims to work with community partners: Grampian Police and NHS Grampian, along with its Private Sector and internal services to secure funding under the Framework Programme 7 Smart Cities 2013 Calls- Smart Cities and Communities which has an indicative budget of €209m this has two themes, €95 m for theme 3- Information and Communications Technologies (ICT); €114 Theme 5 Energy links with its current renewable projects which have a value of £74.3m. The FP7-2013-ICT-2013-10 ICT call €705.5 million- Challenge 1 Connected and Social Media; FP7-ICT 2013 FET- F €108m. We would look to work collaboratively to enhance existing projects in order to gain

funds for ICT and in particular to advance the Smart Cities Programme Challenge 1 persuasive & trusted network & service structures; ICT contribution to major socio-economic challenges-Challenge 5 - ICT for Health; Challenge 6 ICT for lower carbon economy; Challenge 7 ICT for Enterprise; Challenge 8 ICT for learning and access to cultural resources; 4.5 Ensuring more efficient & higher quality public services through pre-commercial procurement.

The Scottish Government has decided to allocate all European Regional Development Funds (ERDF) to Programme 1 of its Procurement Plan to roll out improved digital connectivity to rural areas. The Scottish Government is yet to be granted permission from Europe to do this. Should the Scottish Government fail to gain this permission, Aberdeen would aim to secure funding for demand stimulation. Aberdeen also aims to position itself as a pilot area, regarding the EU Connecting Europe Facility.

C1.4 The Scottish Government

The Scottish Government has embarked on a nationally procured programme of investment in broadband infrastructure. Aberdeen has held discussions with the Scottish Government regarding accessing funds from the above programmes. The Scottish Government may, however be willing to link Aberdeen procurement requirements into its national plans.

C2. Describe any modelling that has been used to arrive at the funding estimate, including any significant assumptions, such as the rate of cost inflation and VAT treatment.

ACC has developed a detailed financial model to support its plan for Digital Connectivity. This includes:

- Extensive dialogue with BT and the collation of the required intervention costs to deliver different rates of coverage of superfast services. The requests made by BT have been cross checked using the Scottish Government cost model
- The development of a full financial model for the open access network including a detailed breakdown of capex, opex and revenues. This is provided in Appendix C
- It is envisaged that the next generation wireless project will not require capital investment by ACC.

It should be noted that all costs exclude VAT and are at 2012 prices.

**C3. How will the capital and revenue funding be spent?
Please give the sources of any estimates and include a spread sheet with a breakdown of the costs.**

A detailed analysis is presented in the following sections.

C3.1 Open Access Fibre Network

It should be noted that our state aid discussion has shown that public funding in projects of this nature can only be allocated to PASSIVE infrastructure (ie ducts and fibre). Capital expenditure on equipment and on-going operations will be generated from private sector investment of on-going revenue streams.

Given this we have assumed that this is sourced as follows:

- Aberdeen City £2.0m
- Aberdeenshire £2.0m
- Urban Broadband Fund £3.0m
- Private sector partner £7.0 - £8.0m

C3.2 City Wireless Network

It is our proposal that the City Wireless network will be run on a concessionary basis and hence no public funding will be allocated to this project. Instead the City will provide access to its buildings and street furniture at no cost.

The objective in the procurement programme will be for the wireless infrastructure partner to provide ubiquitous coverage across the City. In the event that parts of the City are unlikely to be served under a concessionary model, the City will make available vouchers or use its own internal buying power to drive mobile infrastructure into the less commercial attractive areas of the City.

C3.3 White Area in-fill

A fund will be allocated to ensure that as many premises in the City has as finances permits, access to next generation broadband infrastructure.

C3.4 Voucher scheme

ACC seeks to establish a fund for a voucher programme of **£0.5 million**. This will be used to subsidise the capital cost of connections for SMEs and the Third Sector. We have assumed in this proposal that our white area infill programme and open access network will enable up to 90-95% of business premises in the City to enjoy next generation broadband services. This will leave approximately 600-750 premises unconnected.

If we assume a voucher subsidy of £500 per premise for these properties, we have a potential fund of £375,000. In addition we assume there are also a significant number of small businesses working from residential premises. Hence our fund also includes an additional allocation of £125,000 for this segment of the market.



- C4. Describe the commercial model that you propose to use, giving reasons for your choice. If it is a JV/PPP or similar type of alternative model, set out the nature and key principles of the risk bearing arrangements, proposed ownership / governance arrangements and how operational funding will be met.**
Include diagrams of all proposed contractual arrangements and an explanation of which contractual risks will be borne by the different parties.

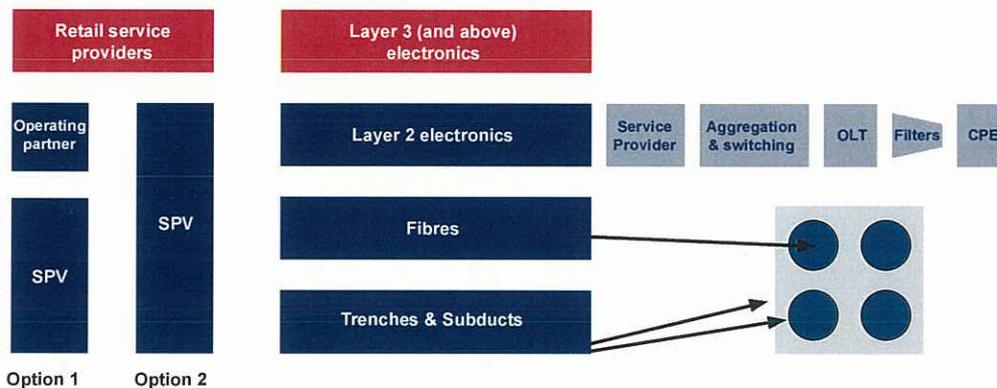
A distinction needs to be made between the open access fibre network, the in-fill of white areas in the City and the implementation of next generation wireless infrastructure in the City.

C4.1 Open Access Fibre Network

Ownership structure

It is envisaged that Aberdeen City and Shire establish a special purpose vehicle (SPV) with private sector partner (s) – although we do not rule out a gap funded approach and seek as many operators to participate in the procurement process as possible. The figure below illustrates possible ownership options. The capital will be spent on building trenches, with sub-ducting and fibre. This will be owned by the SPV. The first layer of electronics (referred to here as Layer 2) may be owned by the SPV or could remain in the ownership of the operating partner. This layer will need to be upgraded within the lifetime of the project. In summary, the elements in dark blue are owned and operated by the SPV. Elements in red are owned and operated by service providers.

Figure 9: Ownership structure - SPV



Source: Mott MacDonald

The SPV will own:

- Trenches and sub-ducts along highways and roads up to the boundaries of customer sites
- Fibre infrastructure
- Network management and billing systems
- Layer 2 electronics

Potential for risk transfer

The potential for risk transfer will become clearer once the operating partner has been identified and the SPV negotiated. There are two possible models, each with a different risk profile:

- Option 1:
Public sector owns the passive infrastructure (ie ducts and fibres) and operating partner undertakes all operations and owns layer 2 equipment.
- Option 2:
Public and private sector partner share ownership and risks across the passive and active infrastructure.

Option 1 is preferable from a clear demarcation of roles and state aid rules which only allow public sector investment in passive elements of the network. In the long term there is potential to sell the SPV or renegotiate the ownership structure.

Proposed charging mechanisms and on-going operations

Income will be derived from service providers, carriers and data centre operators. This revenue will in turn fund the on-going operations of the network and future investment and expansion needs.

Income for the SPV will be derived from the publication of a wholesale price list covering dark fibre services, co-location and managed services. Initial prices will have to be benchmarked against industry prices and hence comply with EU rules for State Aid.

C4.2 White Area in-fill

In order to in-fill any white areas within the City boundary we propose a gap funding model for the upgrade of exchanges, cabinets and fibre deployment. It should be noted that Aberdeen City will not receive BDUK funds for this programme via the Scottish Government's Programme 1. However there are synergies with this Scottish Government procurement (which is addressing rural areas) and there may be scope to work with the Scottish Government to address this need under their procurements.

C4.3 City Next Generation Wireless Network

In its simplest form this may be a contractual relationship between ACC and the wireless network operator. This will be based on a concessionary model although it should be noted that Aberdeen would wish to see ubiquitous coverage across the City including areas of social need and regeneration. The wireless operator may be given rent free access to public service buildings in return for a revenue stream. It is not envisaged that public subsidy will occur. Nor will there be a necessity to establish a commercial vehicle.

ACC may seek to establish a closer relationship with the wireless operator whereby:

- Key public sector applications and services are delivered over the network as an anchor tenant (eg CCTV, traffic lights, social services, public information systems etc). It is a risk that an operator would be difficult to find without some form of anchor tenancy agreement
- Free Wi-Fi access is provided across the City centre.

C5. Who will own the infrastructure?

For example, do you propose to lease equipment from a private sector contractor (for example, cabinets) or own the capital investment (for example, cable; wireless infrastructure) or will the private sector contractor own the capital investment?

C5.1 Open Access Fibre Network

In this case the infrastructure may be owned by an SPV as part of a public private sector partnership (although a gap funding approach could be used). The commercial structure will be agreed and finalised during any future procurement programme and some of the options have been defined in Section C4.1. It is likely that the public sector will part own, or have a stake in the passive infrastructure (ie ducts and fibre). Active equipment will be owned by the private sector partner.

C5.2 White area in-fill

In this case we propose to use either a gap funding model with the infrastructure owned and operated by the selected partner or extend the coverage of the open access network described above

C5.3 Next generation wireless network

All base stations and network infrastructure will be owned and operated by the selected private sector partner who in turn will utilise the sites and street furniture owned by Aberdeen City Council.



C5.3 Voucher scheme

Funds will be provided to companies (notably SMEs and Third Sector) to procure connectivity from commercial service providers. This may be fixed or wireless infrastructure.

C6. Set out your strategy for realising benefits from the programme and how value for money will be assured.

ACC will drive value for money throughout the procurement process. We envisage a number of parallel procurement processes using both the BDUK framework (possibly in conjunction with the Scottish Government to achieve further cost savings) for any white area in-fill. The next generation wireless network and the open access fibre network procurements envisage using Competitive Dialogue process to best value for money during the procurement process

A reverse payment mechanism will be included in any contract with the appointed supplier to address over-compensation if demand grows beyond anticipated levels. This mechanism will be subject to continued scrutiny and a benchmarking regime as well as being subject to best practice in respect of governance.

Moving forward ACC will continually monitor the effectiveness of the programme by monitoring key indicators such as:

- Monitoring service penetration and usage statistics
- Collation of regular feedback from local employment bodies such as the Federation of Small Businesses and the Grampian and Aberdeen chamber of Commerce
- Benchmarking prices
- Tracking employment levels and number of business start ups- particularly in knowledge intensive industry
- Promoting and monitoring the delivery and usage of public services by ACC and other public sector organisations.

D – Delivery and procurement plans

D1. A clear exposition of the scope of the project, including the specific sourcing/procurement routes you are proposing to use. Viability, cost effectiveness and realism must be demonstrated. *Where existing arrangements are to be used (such as existing contracts or frameworks) provide details of expiry dates and confirm details of the advice that you have taken on your ability to make use of the arrangements, considering the scope of the existing contractual arrangement.*

ACC will commence its procurement programme upon award of funding in the 2012 Autumn statement. The procurement is likely to take place over a 6 month period and will consist of three parallel lots; white area in-fill; open access fibre network; next generation wireless.

The **white area in-fill** project requirements could be procured using the BDUK framework. It is envisaged that this process may be bundled with the Scottish Government's national procurement. If the Scottish Government does not take on this role, ACC will undertake this procurement independently using the national framework using a gap funded approach or alternatively if there is wider interest beyond the suppliers on the BDUK framework a wider procurement will be held using competitive dialogue.

ACC will commence its procurement programme for an **open access fibre network** delivery partner in Autumn 2012. This will be undertaken using competitive dialogue to ensure best value for money and to ensure that the unique local requirements in terms of coverage, functionality and scope are addressed. It is envisaged that only one lead delivery partner is required, but they in turn are likely to lead a consortium consisting of an equipment vendor, construction company and telecommunications operator and partner ISPs who will sell services to the end market. The contract will be a joint venture/special purpose vehicle or gap funding.

The **next generation wireless project** will commence procurement in Autumn 2012 and a steering committee has already commenced working. In this project Aberdeen will contribute access to its extensive portfolio and buildings and is not reliant on UBF funds. The favoured model is concessionary (eg Westminster). However this was an early model and a unique location in the country. Discussions with mobile infrastructure providers have shown that bids are more likely to be received from providers of backhaul street furniture and authority premises, who will in turn resell

capacity to multiple mobile operators and service providers. Under either scenario we envisage that we will provide extensive coverage across the City. Throughout the procurement process ACC will seek to expand the network in order to improve penetration and build capacity in areas that may not be commercially viable. These might be areas of social housing or areas of regeneration. It is expected that we will develop programmes of activity and demand stimulation designed to encourage the uptake of services amongst the digitally excluded.

D2. Include your project plan, clearly showing timing and key milestones. Show the main dependencies on which the project is reliant, such as other projects, procurements or initiatives, and other factors as necessary. Demonstrate how the timescales will ensure that delivery of the UBF-funded elements is completed before April 2014.

The project plan should cover:

- *the pre-procurement phase (i.e. what you will be doing from SCCP submission to project selection, and on until the commencement of any sourcing;*
- *the procurement phase for each separate element of the project; and*
- *the implementation phase.*

You should set target dates and durations for activities, taking into account holiday periods. Approvals which are tied to specific set dates (such as Cabinet dates) should be identified.

A detailed project plan presenting all activities milestones and dependencies is presented in Appendix D.

Clearly the timeframe will be impacted by the constraints of the spending of funds from the Super Connected Cities Fund and we note that the City must ensure "delivery" is completed before April 2014. In order to comply with these restrictions we will undertake the following steps:

- immediately commence drafting of procurement documents
- immediately commence the procurement process upon award of funds in the autumn statement but still ensuring the adherence to transparency, non discrimination and equal treatment of bidders.
- we will seek to use a competitive dialogue and negotiated agreement but will move to an Accelerated Negotiated process if required to comply with timescales
- we will aim to drive the procurement process through in a six month period (including the obligatory stand still / Alcatel period) being part of the OJEU process.

This will result in award to contracts in summer 2013. Typically implementation will take place over an 18 month period following this. However we have discussed this issue with prospective suppliers who have agreed for an accelerated implementation. The funds UBF funds will be used by April 2014 with any subsequent capital expenditure been derived from matched funding the private sector and the Authorities after this date.

D3. How will the City Authority expedite the installation of new infrastructure by ensuring that wayleaves, streetworks and other permissions required for access to public land and properties are made available in a timely fashion?

Within the ACSEF plan, the focus of the planning priority is "to improve the efficiency of planning decision making". The planning modernisation group (PMG) provides a platform for developers, planning officers and community representatives to have more focussed dialogue between planning stakeholders both in terms of "issues" and also to improve the understanding of the planning process itself. It also acts as a catalyst for:

- shared positive messages about planning
- helping to "educate" end-users about the planning framework, thus helping to manage expectations and reduce conflict.
- supporting the message that planning should be considered to be a positive contributor to the future of the area.
- consider the future infrastructure requirements for services.

D4. How will engagement with large private owners of properties and land be used to facilitate access for the deployment of infrastructure?

The Aberdeen City and Shire Structure Plan was approved August 2009 and it recognised that to promote a diverse local economy we will have to put into practice new ideas, including those from our universities, research organisations and our skilled and innovative workforce, and a high speed communications network will be needed to support this process. The current Structure Plan aims to ensure that all new development in strategic growth areas, as identified in the map in figure 5, uses modern, up-to-date high speed telecommunications networks, such as fibre optics. The Strategic Development Planning Authority has been in discussions with infrastructure providers to help secure investment in this area.

Aberdeen's LDP12 identifies the locations for future development creating certainty for communities and the development industry. LDP12 identifies green field sites to accommodate more than 20,000 homes and 196 hectares of land for business and industry and it continues to support brown field development and regeneration (see attached map). For each of the development areas ACC have been and will continue to work with developers and landowners to prepare individual master plans. The master planning process ensures that an integrated approach to site planning, urban design, sustainable transport, ecology, landscaping and community involvement is considered. Through the preparation of these master plans ACC encourages the use of high speed telecommunications networks. LDP12 also provides support for the expansion of the electronic communications network including telecommunications, broadband and digital infrastructure providing the proposals take into account national guidance on radio telecommunications.

D5. Demonstrate fit with the government's approach to using SMEs in delivery².

Aberdeen City Council is fitting into the government's approach to using SME's by:

- breaking the procurement contracts into lots (wireless, white areas in fill, open access fibre network). This will ensure that a larger section of the telecommunications community is able to tender for contracts rather than solely those on national frameworks
- building an open access infrastructure that will encourage small and innovative local ISPs to be able to serve the Aberdeen market, rather than just large national organisations
- encouraging winning tenders to use local sub-contractors in the design build and implementation phase
- running market awareness days to brief SMEs on potential opportunities. Throughout this project we have been working closely with the Federation of Small Businesses
- ACC and Aberdeenshire Council have a joint Positive Procurement Programme which aims to encourage and assists local SMEs to bid for public sector procurement contracts.

E –Digital-led economic growth and innovation

E1. Provide details of job creation initiatives and strategies for attracting new businesses into the city including, where relevant, clear links to the delivery of successful Enterprise Zones and Tech Hubs.

In recent years we have focused on working in partnership to deliver projects that do not sit in isolation but come together as parts of the jigsaw which make for a compelling overall picture. Integrated transport and digital connectivity, attracting and developing skills, city centre regeneration, regional profile and anchoring an international energy industry remain at the core of our plans. We have identified our priorities and real tangible progress in physical and digital infrastructure centres of excellence, and flagship projects will be achieved.

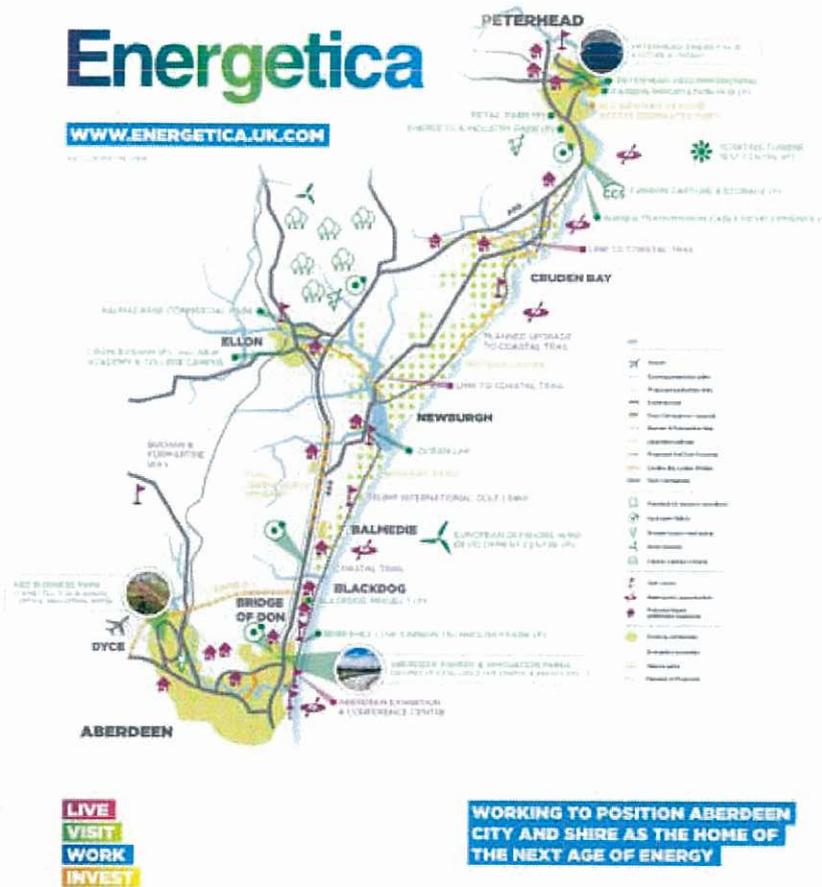
'Energetica' is a flagship project and forms the bedrock of the drive to be a global energy hub. This 20 year project encompasses a development corridor built on low-carbon principles and has already achieved more than 30% of the £750 million potential investment. The vision for the programme can be summarised:

"Energetica offers a unique business environment, based on the principles of low carbon dependency, and drawing on the dynamism and innovation of the energy industry. It is a place where living, working and recreation merge seamlessly to create the definitive model of a 21st century lifestyle in an attractive, high quality and sustainable environment."

² See <http://www.cabinetoffice.gov.uk/content/small-and-medium-enterprise-sme-action-plans>

Energetica

WWW.ENERGETICA.UK.COM



LIVE
VISIT
WORK
INVEST

WORKING TO POSITION ABERDEEN CITY AND SHIRE AS THE HOME OF THE NEXT AGE OF ENERGY

A number of values have been identified that transcend all programme activities:

- Attracting businesses founded and inspired by developments in the energy industry
- Promoting the use of renewable technologies and adoption of cutting edge solutions
- Designing using the principles of sustainability and with low energy requirements
- Building high quality, low emission, energy efficient buildings
- Undertaking sympathetic development that enhances the natural environment
- Improving, radically, transport arteries that make use of low emission technologies
- Capitalising on the City and Shire's unique natural resources and coastline to encourage and attract tourism opportunities
- Providing world class digital infrastructure
- Providing infrastructure reflective of low carbon living

Energetica has enabled and assisted in attracting £24 million of investment from the EU, ACC, Technology Strategy Board, Scottish Government, Scottish Enterprise and Private Sector Funding for renewable hydrogen infrastructure. These initiatives not only create infrastructure, research and development opportunities, mobility and the opportunity for commercialised products, create a supply chain which underpins Energetica and its ambitions. This will create the UK's first Centre of Excellence and renewable Hydrogen technology.

Energetica has also supported the European Offshore Wind Deployment Centre. This project attracted €40 million of EU funding and will be a test bed for offshore wind technology which will act as a catalyst to deliver the government's target of 7,000 wind turbines of the British coastline by 2020. In February 2012 during a visit to Aberdeen, Prime Minister David Cameron said "Aberdeen has been a destination of global investment for many years and I want to see that continue for decades to come".

Of particular relevance to this bid is the fact that key business hubs such as the airport, conference centre and developments around the Bridge of Don lie within those areas we are seeking to roll out ultrafast broadband services to. Once achieved, we are confident the private sector will expand this connectivity across the Energetica corridor, delivering economic growth and social well being to the area.

E2. How will the capability of businesses, particularly SMEs, to use high-speed connectivity to increase efficiency and revenues be enhanced?

As we have seen in Figure 1 over 90% of Aberdeen businesses have less than 50 staff and this is key to our plans for digital connectivity in the region. Our initiatives are focussed on enabling such business to harness the economic benefits of ultrafast services. In particular:

- Many SME's are currently only able to access ultrafast symmetrical services through the purchase of Ethernet services. However the costs of such services are prohibitive. By driving ubiquitous coverage of superfast services we will lower connecting costs and provide SMEs with a wider choice of services
- By offering the availability of a truly open access network infrastructure we will encourage the provision of services from a wide range of national and local service providers. This in turn will drive service innovation and competitive pricing which will benefit SMEs
- Our voucher scheme is specifically targeted at SME's and the third sector for whom connection charges are prohibitive
- We have a comprehensive range of demand stimulation programmes targeted at the SME that will drive awareness and adoption.
- Many SME's trade in high Intellectual Property or IT content business sectors and require ultrafast broadband services to remain competitive

E3. Set out your proposals for leveraging innovation, development and delivery of broadband-based public services for businesses and consumers, making as many services as possible available online and delivering economic benefits.

ACC has invested in new ways of working. Since 2006 Environmental Health and Trading Standards Officers have used tablets and 3G connectivity in order to undertake their enforcement activities. Significant investment has been put into 'hot desk', home and mobile working. Similarly mobile technology is used by City Wardens as part of enforcement activities. Mobile technology is also used by building services, housing repair, logistics in waste collection, for client contact and support in Social Care and wellbeing and is a core requirement in delivering Scotland's Curriculum for Excellence. There is an ambition to deliver a Virtual Campus for students who wish to study a subject that may be offered at another city school.

Significant investments in infrastructure to date have been made by ACE including ownership of the fibre optic network in the city centre to operate its close circuit television camera's operated by Grampian Police. The network has a value in the region of £1million. In 2010 it invested a further 200k in digital camera in the 4 areas in the City and 2 wireless cameras in Cults & Peterculter. ACC is also planning to undertake a significant £1.8m investment in a programme to assist approx 2000 staff to adopt flexible, mobile ways of working. This programme will radically change the way ACC operates, delivers services by exploiting electronic service delivery & communication channels and mobile technology, using modern working practices.

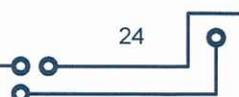
As can be seen there are a variety of digital solutions that are being used and planned which will be compromised in the delivery by the poor wireless connectivity in the city.

E4. How will additional private sector investment be stimulated, to generate greater accessibility by businesses and residences to faster broadband services.

Extensive market consultation has shown that there is an appetite for the private sector to invest in next generation fixed and mobile infrastructure in the City. The proposed initiatives will generate:

- Up to £10 million in next generation wireless infrastructure
- a minimum of £8 million investment in open access fibre infrastructure and some operators have expressed a desire to invest up to £35 million in the City.

In addition to this investment at the infrastructure level, it is expected that these initiatives will, in turn, stimulate local and national ISPs to offer a broader range of cost effective and innovative services which will drive adoption levels.



E5. How will skills levels be raised in the local population to equip more people with better knowledge based skills?

IT and e-commerce skills in the City are being addressed by Enterprise North East Trust & Business Gateway. It encourages & supports entrepreneurial activity, creating a steady stream of successful new businesses and supporting the development of established Small to Medium sized Enterprises (SMEs). As part of its programme there is an extensive programme of training to equip SME's and the population with IT and e-commerce skills. Examples include:

- **IT for Business**
Effective IT and E Business adoption can significantly help companies operate more effectively and take advantage of new opportunities that may otherwise not exist.
- **Develop Your Website**
Training on how to plan, develop and manage websites. This includes the factors that make a good website and how these influence your site's popularity and accessibility from a legal and customer friendly perspective.
- **Online Marketing**
Getting your online marketing right is crucial in order to support your business development and encourage more customers. We will highlight existing and emerging online marketing techniques and discuss options open to you at varying levels of budget.
- **eBay and Online Marketplaces**
This practical and creative course teaches businesses how to easily grow & develop a successful route to potentially millions of customers on-line. Covering the fundamentals of security, shop-keeping, payments, feedback and thresholds required to either convert a hobby into a business or to utilise on-line trading through established sites such as eBay.

F – Strategy for achieving State Aid compliance

F1. Show how the proposed infrastructure investments and commercial models to be used will comply with State Aid rules, or how State Aid is not involved.

There are four areas of infrastructure investment, each of which present different state aid issues these are dealt with in detail at Appendix D but to summarise:

- **White Area in-fill:** This will require State Aid approval. At the time of writing DCMS is liaising with the EU on establishing a national umbrella state aid clearance for the in-fill of white areas across the country. Any gap funded investment in exchange and cabinet upgrades within Aberdeen City may be covered by this national umbrella agreement. If Aberdeen City is not able to utilise the national umbrella state aid in respect of White in-fill in an urban area then it will rely on the other examples of white FTTC to obtain state aid clearance with its own application or in conjunction with other cities
- **Open Access Fibre Network:** The route of this network covers white areas although, of course, it also addresses some areas that may be grey if BT upgrades additional cabinets/exchanges. These upgrades are currently not planned. Even so such an upgrade programme will not provide the businesses with access to ultrafast symmetrical services. Hence this project is a complementary fibre overlay. As such Aberdeen City proposes to apply for State Aid clearance for this project. This may be undertaken by the City itself, or if DCMS wishes to pool the requirements of a number of similar initiatives across the UK, we will work with DCMS on the preparation of a collective notification.
- **Next Generation Wireless Network:** It is the intention of Aberdeen City to deliver this via a Public Concession Model and will ensure that the appointed supplier does not receive any undue benefit therefore there are no state aid implications associated with this element of the project.
- **Voucher to SME and Third Sector -** the amount of capital subsidy per premise is below the de minimis level and therefore there are no state aid issues

F2. Include any examples of your experience of similar models that have received State Aid approval, perhaps in other sectors. Summarise any information you have received from the Commission or otherwise (for instance, a legal opinion) that supports the view in F1.

Please see Appendix E in respect of State Aid assessment procured from Taylor Wessing LLP.



G – Education, profile-raising & demand stimulation

G1. Show how demand stimulation and registration activities will contribute to achieving high levels of take up of ultrafast broadband by consumers.

ACC is committed to raising the adoption of digital services by consumers in the City. In particular we have established a range of programmes encouraging the elderly and low income communities.

An example of this is *Footprints* a web-based service that will stimulate older people's interest in and interaction with modern technology, enabling them to join the 'digital community'. Footprints is specifically interested in assisting those older people who cannot readily access services because of their inability/lack of opportunity to keep abreast of technological changes. 60% of those over 65 years have never used the internet.

Older people are often excluded from access to technology, which can have a detrimental effect on their ability to fully participate in society and wider community life. This social exclusion may lead to lack of confidence, isolation and, in many cases, ill health.

Footprints wants to bring generations together, specifically on intergenerational projects where the young can act as teachers/mentors to the elderly in the use and benefits of modern technology. Footprints will achieve these aims by supporting our older community to be technology literate, providing a trusted 'bridge' to enable them to be 'connected' in a safe and secure environment.

It is anticipated that the Footprints initiative will have a significant positive impact in the local area initially but then potentially rolled out across other areas/communities. Some of the positive impacts are;

- The extension of technology training and support in accessing trusted services to include 'signposting' of care services (GP's, chiropodists etc) will enable elderly people to live longer in their own homes in a supported environment.
- The increase in the number of elderly people who will become 'connected' to family & friends, either in their own homes or via their local community hubs, will reduce social isolation and increases self esteem.
- An increased take-up amongst our elderly population of applying for benefits on-line, resulting in efficiency savings/cost reductions in public sector expenditure (eg cost reductions in elderly care health budgets, savings in DSS benefits processing admin costs etc).
- Improved employment opportunities for the 'young elderly' who have the skills and confidence to apply online for jobs (both paid and voluntary).

Aberdeen has identified core funding needs of circa £300,000 per annum over a 3 year period.

G2 Set out your proposals for education, information and demand-building activities for generating greater demand by businesses (including SMEs) for ultrafast broadband services.

ACC has established a series of initiatives to drive the adoption of ultrafast services (although it should be noted the City has one of the highest adoption rates in the UK and there is clear evidence of pent up demand rather than a lack of knowledge). Our initiatives will include:

- Extensive work with the Federation of Small Businesses and the Aberdeen and Grampian Chamber of Commerce. We regularly survey members on their requirements and issues and distribute information to members to drive adoption. An example is the market research programme contained in this submission
- We have held, and will continue to hold a series of seminars on the use of broadband services where we have invited industry speakers and demonstrated case studies
- We will work with the national and local telecommunications operators and support their demand stimulation initiatives by providing access to authority resources and services as required
- We support local training bodies and trusts who are promoting adoption. An example is the Enterprise North East Trust.

Sign off by Local Authority CEO, Section 151 officer or Portfolio-Holding Executive Member

Name of proposal: ACCELERATE ABERDEEN	
I verify that this proposal to the Ultrafast Broadband Fund fits with corporate policy	
Signed: <i>Valerie Watts</i>	
Name: VALERIE WATTS	
Job Title: CHIEF EXECUTIVE	Date: 14/09/2012



Appendix F – Letters of Support



Federation of Small Businesses
The UK's Leading Business Organisation

Office of Chief Executive
Aberdeen City Council

27 AUG 2012

Valerie Watts
Chief Executive
Aberdeen City Council
Town House
Broad Street
Aberdeen
AB10 1FY

23rd August 2012

Dear Valerie

I am writing on behalf of the Federation of Small Businesses in South Aberdeenshire to support the Council's bid to the Super-Connected Cities Initiative Urban Broadband Fund (phase 2).

The roll-out and uptake of next generation broadband and 4G is important to the city. Aberdeen is already a global leader in the oil and gas industry with a strong and proven culture of enterprise and business development. However, poor broadband speeds put the significant potential for further economic growth at risk.

In May 2011, The Federation of Small Businesses undertook extensive market research in collaboration with ACSEF and Aberdeen and Grampian Chamber of Commerce. Feedback showed that local businesses require much faster speeds than the current service allows to undertake the range of applications they require. There is a clear future requirement for applications such as collaborative working, video content and social networking which cannot be addressed under existing service provision.

Greater speeds are viewed as critical for our 2,500 members in the area to compete effectively in the future and a lack of reliable high speed broadband and 4G is putting their potential for business development at risk.

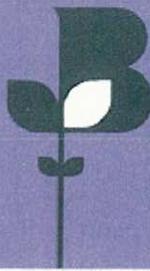
We therefore support Aberdeen City Council's bid for funding and believe that the city is already well placed to exploit the opportunities that a successful bid would bring.

If you require any further information, please do not hesitate to contact me on andrew.wilcox@fsb.org.uk or get in touch with the FSB Development Manager for North East Scotland, Catherine Ward by emailing catherine.ward@fsb.org.uk or calling 01241 879935.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andy Wilcox', is written over a light blue horizontal line.

Andy Wilcox OBE
Branch Chair
The Federation of Small Businesses, South Aberdeenshire Branch



**Aberdeen & Grampian
Chamber of Commerce**
The Ultimate Business Network

THE HUB
EXPLORATION DRIVE
ABERDEEN ENERGY PARK
BRIDGE OF DON
ABERDEEN
AB23 8GX

T: 01224 343900
E: info@agcc.co.uk

www.agcc.co.uk

Valerie Watt
Chief Executive
Aberdeen City Council
The Town House
Broad Street
Aberdeen
AB10 1FY

11th September 2012

Dear Valerie

I am writing on behalf of Aberdeen & Grampian Chamber of Commerce to support Aberdeen's UBF Bid which will roll out next generation broadband and 4G wireless connectivity.

This is not only important for the city region's economy but vital for the members that my organisation represents. High speed digital connectivity will provide improved access for both businesses and the public and is a key issue for members of the Chamber.

A 'Constraints to Business Survey' conducted by the Chamber in March 2012 identified broadband as a major constraint with an index score of minus 30 from a sample of 400 businesses.

Aberdeen has some of the slowest broadband speeds in the country and yet despite this it has a growing economy. Faster speeds will assist our members to compete more effectively in the future. We believe that the city is well placed to accelerate the benefits that a successful bid will bring. This is why The Chamber supports Aberdeen City Council's bid for funding from the Urban Broadband Fund Phase 2.

We would be happy to provide more evidence from the business community in the city region.

Yours sincerely

Robert Collier
Chief Executive

315 RNC/SDItr



British
Chambers of
Commerce
Accredited



INVESTOR IN PEOPLE



Registered in Scotland as a company limited by Guarantee. Registration number SCO 000 791.
Registered Office: The Hub, Exploration Drive, Aberdeen Energy Park, Bridge of Don, Aberdeen, AB23 8GX
VAT Number 265 3165 59.

Office of Chief Executive
Aberdeen City Council

11 SEP 2012



HOUSE OF COMMONS

LONDON SW1A 0AA

Valerie Watt
Chief Executive
Aberdeen City Council
Town House
Broad Street
Aberdeen AB10 1FY

10 September 2012

Our ref: RS/ RC 033

Dear Mrs Watt,

I am delighted to learn that Aberdeen City Council is bidding to DCMS for UBF2 monies to enhance digital connectivity in Aberdeen City and the contiguous area of Westhill, which falls within my constituency.

The largest concentration of subsea engineering expertise in the world is resident in Westhill and the global subsea market is growing at around 20% annually. The UK has a global market share of 30% of what is currently a sector worth £20bn annually and we are anxious that we retain and grow this share as the sector expands to meet the challenges of both producing oil and gas in ever deeper waters and of developing marine renewables technology. Many of the businesses in the area are chasing export markets and in a sector which relies on large amounts of up to date data, a good digital connection is vital to their ability to win new business and expand.

Because our oil and gas sector is now the largest sectoral contributor of corporation tax to the UK Treasury (around 25% of the total), it is absolutely vital that we do everything in our power to retain the sector's presence in the North east and encourage additional businesses to locate in the UK. I am conscious of infrastructure and perceived locational disadvantages because of our remoteness from London. It is imperative that we offset these factors with world class digital connectivity which will encourage key people to work and live in the area and create a competitive environment in which companies can undertake their business and I believe that a successful bid will encourage new businesses into the area and equally encourage existing businesses to remain and expand.

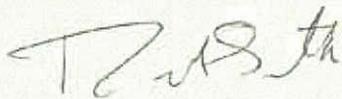
I'm also conscious of the need to improve our digital connectivity to address matters other than economic development - for instance the more cost effective delivery of public services, social inclusion and the advancement of e learning opportunities - particularly for those of our citizens resident in dispersed communities.

Please reply to Banchory Business Centre,
Burn O'Bennie Rd, Banchory, AB31 5ZU.
Telephone: 01330 820330
email: robert.smith.mp@parliament.uk

6555

I see a successful UBF2 bid helping to address all these issues and so am delighted to lend my support to your submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Smith'.

Robert Smith

Please reply to Banchory Business Centre,
Burn O'Bennie Rd, Banchory, AB31 5ZU.
Telephone: 01330 820330
email: robert.smith.mp@parliament.uk



AB/AM

HOUSE OF COMMONS

12 September 2012

LONDON SW1A 0AA

Mrs Valerie Watts
Chief Executive
Aberdeen City Council
Town House
Broad Street
ABERDEEN AB10 1FY

Dear Valerie

I am delighted to see that Aberdeen is bidding for UBF2 monies to enhance digital connectivity in Aberdeen. Because of Aberdeen's perceived remoteness and our poorish infrastructure, it is important we have excellent digital connections.

I am aware of Aberdeen City Council's efforts to employ digital technology in the delivery of care and repair services, building services, housing, education and social care and the huge benefit that better broadband provision would bring to many of the residents in the area.

Aberdeen City and Aberdeenshire has the highest rates of broadband take up in the UK (74% and 72 % respectively, an area which has the second highest GVA per head of population of any region in the UK, second only to inner London yet there is no availability of superfast broadband.

We hope that the Department of Culture Media and Sport will recognise the contribution that Aberdeen and Aberdeenshire makes to the UK economy and will support Aberdeen City in its bid for Super Connected Cities funding.

Yours sincerely

Dame Anne Begg
MP for Aberdeen South

Dame Anne Begg MP (Aberdeen South), Admiral Court, Poynerook Road, Aberdeen AB11 5QX
Tel: (01224) 252704 Email: anne.begg.mp@parliament.uk Follow on Twitter and Facebook

DAME ANNE – STANDING UP FOR ABERDEEN SOUTH

The Rt. Hon. Sir Malcolm Bruce MP



HOUSE OF COMMONS
LONDON SW1A 0AA

Mrs Valerie Watts
Chief Executive
Aberdeen City Council
Town House
Broad Street
Aberdeen
AB10 1FY

12 September 2012
Ref: MB/AH/09/12/ACC_Watt/broadband

Dear Mrs Watt,

Super Connected Cities -Urban Broadband Fund

I was delighted to learn of Aberdeen's intention to bid for the second round of the Urban Broadband Fund to enhance digital connectivity in Aberdeen and the surrounding area of Westhill.

I was pleased when Government announced this fund and contacted the minister's office immediately to express my support for any bid that would be forthcoming from Aberdeen, you may recall I notified you at the time.

I am well aware of our infrastructure requirements and the need to avoid being disadvantaged by our relative remoteness from London.

I strongly believe that it is imperative we balance these factors with world class digital connectivity which will encourage key people to live and work in Aberdeen and create a stable sustainable environment for business to flourish.

I am aware of Aberdeen City Council's efforts to employ digital technology in the delivery of care and repair services, building services, housing, education and social care and the huge benefit that better broadband provision would bring to many of the residents in the area.

I note that Aberdeen City and Aberdeenshire have the highest rates of broadband take-up in the UK (74% and 72 % respectively), and are in an area which has the second highest rate of Gross Value Added per head of population of any region in the UK, second only to central London. Given this it is astonishing there is no availability of superfast broadband yet.

I am sure that the Department of Culture Media and Sport will recognise the contribution that Aberdeen and Aberdeenshire makes to the UK economy and will support Aberdeen City in its bid for Super Connected Cities funding.

Yours sincerely,

Sir Malcolm Bruce MP

Liberal Democrat MP for Gordon

Diary Secretary
Telephone 013398 89120
Facsimile 013398 82656

Constituency Office
67 High Street, Inverurie, Aberdeenshire AB51 3QJ
Telephone 01467 623413 Facsimile 01467 624994
Email: info@malcolmbruce.org.uk Website www.malcolmbruce.org.uk

House of Commons
Telephone 020 7219 6233
Facsimile 020 7219 2334



HOUSE OF COMMONS

LONDON SW1A 0AA

Ms Valerie Watts
Chief Executive
Aberdeen City Council
Town House
Broad Street
Aberdeen, AB10 1FY

Ref: FD/JD

13 September 2012

Dear Ms Watts

Bid for Superfast Connected Cities Funding

I am very pleased that Aberdeen City Council is making the bid to DCMS for UBF2 funding to improve the digital connectivity in the City and Westhill.

As the European capital of the energy industry the city provides an enormous contribution to the country's wealth through corporation tax, employment taxes and industry taxes. We have an incredibly buoyant economy. At the top level the larger international corporations, based here in the city, have the resources to invest in their own state of the art broadband. Further down the supply chain the vast majority of SMEs just cannot afford the investment to upgrade their systems. We also have a substantial number of self employed businessmen who work from home, and again broadband improvements are beyond their resources. The quality of broadband available is totally inadequate for their requirements in the modern age.

It is imperative, to preserve these jobs in the city, that we see a radical improvement in our connectivity. The support from UBF2 and the monies which I know will be raised from industry will give a world class industry, based in the UK and delivering for the UK, the tools to do their job even more effectively and efficiently.

Frank Doran MP, Aberdeen North Constituency Office, 69 Dee Street, Aberdeen, AB11 6EE
Tel: 01224 252715 Fax: 01224 252716
Email: doranf@parliament.uk website: www.frankdoran.org.uk

Beyond the oil and gas industry, as you know Aberdeen City and Shire has the highest rates of broadband take up in the UK – 74% and 72% respectively. They are not being well served by current providers and I hope that DCMS will recognise the importance of improved connectivity, not only to the City of Aberdeen and Aberdeenshire, but to the whole UK economy.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Doran', with a long horizontal stroke extending to the right.

Frank Doran MP
Aberdeen North



Eilidh Whiteford MP



Ms Valerie Watts, Chief Executive
Aberdeen City Council
Town House
Broad Street
ABERDEEN
AB10 1FY

13th September 2012
Our Ref: EMW/rjm

Dear Ms. Watts,

Aberdeen City Bid for Urban Broadband Fund Round 2

I note with interest the bid led by Aberdeen City Council for UBF2 funding from the DCMS for "Super-Connected Cities".

I am pleased to see that both City and Shire are cooperating on the bid. Although this DCMS funding round is specifically for cities with over 45,000 households, I am encouraged that your bid includes consideration of the needs of the wider Aberdeenshire community.

Many parts of my constituency currently have a non-existent or woefully inadequate connection. This has a significant impact on both businesses and the daily lives of my constituents. A successful bid by Aberdeen City would help to lay the foundations for better connectivity in the more rural parts of Aberdeenshire. Plans to provide an ultra-fast fibre network along the Energetica corridor will be particularly welcome in terms of promoting economic development, building on the North-east's existing strengths and considerable further potential in the energy sector.

I will watch the progress of the bid with interest and will encourage the DCMS to consider the benefits your proposals will provide to the wider Aberdeenshire community.

Yours sincerely,

DR EILIDH WHITEFORD
MP for Banff & Buchan

Eilidh Whiteford MP
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September 10th 2012

To whom it may concern

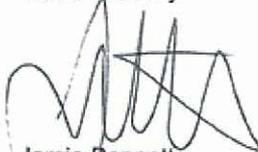
Letter of Support for Aberdeen's City's Urban Broadband Fund (UBF) Bid (Phase 2)

As Chairman of Enerco Venture Company Limited I am writing to support Aberdeen's UBF Bid which will roll out next generation broadband and improve wireless connectivity. This is not only important for the city region's economy but vital for innovations that contribute to future growth and investment across all sectors.

Enerco Venture is an entrepreneurial investment firm dedicated to the oil and gas industry. We invest in emerging, small to medium enterprise companies (SMEs) where there is potential for growth through the successful commercialisation of technology, products and services. One of our investments, Mintra Training Portal Limited who by their very nature depends on having the very latest in technology to survive, thrive and compete in what is a highly competitive market.

Aberdeen City and Region has some of the poorest broadband speeds in the country and yet its contribution to the economy continues to grow. Through bringing state of the art infrastructure to the North East of Scotland this will not only attract investment for current plans and development but provide the basis for growth in other sectors. This will not only impact the local economy but contribute to national economy as a whole. This is why I support Aberdeen's bid.

Yours faithfully



Jamie Bennett
Chairman

11th September 2012

Valerie Watt
Chief Executive
Aberdeen City Council
The Town House
Broad Street
Aberdeen
AB10 1FY

Dear Valerie

I am writing on behalf of Aberdeen BID to support Aberdeen's UBF Bid which will roll out next generation broadband and 4G wireless connectivity. This is not only important for the city region's economy but vital for the members that my organisation represents. High speed digital connectivity will provide improved access for both businesses and the public and is consistent with this organisation's aims and objectives

Aberdeen has some of the slowest broadband speeds in the country and yet despite this it has a growing economy. Faster speeds will assist our members to compete more effectively in the future. We believe that the city is well placed to accelerate the benefits that a successful bid will bring. This is why Aberdeen BID supports Aberdeen City Council's bid for funding from the Urban Broadband Fund Phase 2.

Yours sincerely



Susan Bree
Chief Executive

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e | susan.bree@aberdeenbid.org

RS/RS

Valerie Watts
Chief Executive
Aberdeen City Council
Town House
Broad Street
Aberdeen
AB10 1FY

10 September 2012



Archibald Simpson House
27-29 King Street
Aberdeen
AB24 5AA
T: +44 (0) 1224 627679
F: +44 (0) 1224 636854
www.acsef.co.uk

Dear Valerie

Super Connected Cities Programme

Aberdeen City and Shire Economic Future (ACSEF), the public private sector partnership charged with the delivery of the region's economic development plan, fully supports Aberdeen City Council in its bid for funding from the Super Connected Cities programme.

The evidence that broadband infrastructure in the North East of Scotland urgently requires upgrading is overwhelming. There is extensive lobbying from local businesses stating that the speed and quality of service available to them is constraining growth, efficiency and employment.

Citizens are being impacted by difficulties in accessing community services, their ability to work in a flexible manner and the resulting impact on social cohesion. ..OFCOM's 2011 data demonstrates that Aberdeen City and Aberdeenshire have the highest rates of broadband take up in the UK (74% and 72% respectively) where there is NO availability of superfast broadband. As a consequence of this the infrastructure is routinely overloaded resulting in much lower connection speeds than advertised and which consumers believe they are paying for.

As you are aware, Aberdeen and the contiguous area of Aberdeenshire together employ 44,000 people in the oil and gas industry. A large number of employers in the industry are transferring data to oil provinces all over the world. Additionally food and drink and tourism related businesses increasingly rely on fast broadband connectivity to service their existing customers and attract new customers. Business growth therefore employment is being hampered by the inability of companies to communicate effectively with their customers and for citizens to access services.

I wish you every success in your bid and hope that the Department of Media Culture and Sport will recognise the contribution that Aberdeen already makes to the UK economy and how that contribution would be significantly enhanced with the availability of superfast broadband.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Smith', is written over a white rectangular area.

Tom Smith
ACSEF Chairman

September 10th 2012

To whom it may concern

Letter of Support for Aberdeen City's Urban Broadband Fund (UBF) Bid (Phase 2)

As Group Managing Director of Instalec Technology Group in Westhill, I am writing to support Aberdeen's UBF Bid which will roll out next generation broadband and improve wireless connectivity. This is not only important for the city region's economy but vital for innovations that contribute to future growth and investment across all sectors.

Based in Aberdeen since 1983, Instalec Technology Group(ITG) are committed to providing the most up to date technologies to an established blue chip oil and gas client base with business solutions from some of the market leading vendors such as Cisco and Microsoft.

We are in the business of enabling these customers to create a compelling and sustainable competitive advantage by leveraging unlimited high speed connectivity - it is the absolute bedrock upon which we build these solutions.

All our clients have an ever increasing demand for bandwidth and with requirements doubling every 21 months over the past five years, and connectivity costs increasing dramatically, some of these organisations are being priced out of the market.

Aberdeen City and Region has some of the poorest broadband speeds in the country and yet its contribution to the economy continues to grow.

Through bringing state of the art infrastructure to the North East of Scotland this will not only attract investment for current plans and development but provide the basis for growth in other sectors. This will not only impact the local economy but contribute to national economy as a whole.

This is why I support Aberdeen's bid.

Yours faithfully,



Graeme Taylor,

Group Managing Director,

Instalec Technology Group (ITG)

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Registered in Scotland - Registration No. SC157931. Registered Office - Arnhall Business Park, Westhill, Aberdeenshire, AB32 6UF

Appendix 2 - Team Job Descriptions

Head of Project

Ensure overall project management and direction.

Overall project management and direction

- Ensuring financial control and governance

Skills

Must be able to ensure financial control and governance with sophisticated communication skills. Must possess knowledge of the public and private sector. Must have high level negotiation and communication skills..

Knowledge

Understand the OJEU process, the mechanisms of the UK, and Scottish Governments. The Internal stakeholder engagement (Reporting to ACC and AC.)

Person

This person will oversee:-

)- External stakeholder engagement (Liaison with DCMS, UK ministers, Scottish Government,

- Supplier liaison and oversight of procurement process

- Management oversight of implementation

- Oversee legal and regulatory issues

- Press and PR – Accelerate Aberdeen spokesperson

Therefore this person will be at a senior level, out-going with good contacts..

Availability

Required as needed for the duration of the programme.

Project Manager – in-house additional to current resources

Ensure co-ordination of team to achieve tasks to schedule and cost. Oversee proper application of quality management system and appropriate peer review to ensure project quality. Work with team and ACC to ensure that all needs and implications are well understood.

Skills

Good time and resource management skills. Ability to create and manage ongoing project budget. Ability to determine dependencies and manage any slips on critical path. Good communicator able to place emphasis on the right areas at the right time.

Ability to manage meetings effectively and bring the team together. Must be capable of succinct reports giving a good view of the progress, challenges and any roadblocks to enable appropriate rectifying actions and escalations. Proven ability in day to day management of project teams.

Knowledge

Understanding of project management methodology, e.g. PRINCE2 , also good domain knowledge gained on previous procurement projects preferably for public or corporate networks.

Person

Proven experience of managing projects and day to day management of project teams.

Diligent person, outgoing willing to walk the floor and talk with team members on ad-hoc basis to resolve issues as they arise as well at formal project management meetings. Able to resolve issues whilst maintaining motivation and co-operation of team.

Availability

Needed Full Time for the duration of the programme.

Procurement Lead- in-house

Determine procurement strategy and manages process within bounds of given approach. Leads on supplier evaluation processes and manages version control of all procurement documents and dialogue meeting minutes. Take part in preparation of procurement pack, dialogue process and scripts and ITCP document. Also take lead in dialogue with suppliers and keeping the Dialogue Support Procurement Team up to date on dialogues.

Skills - Proven experience in managing a process, including suppliers at each stage of the process. Structured thinking with good written and verbal communication skills.

Knowledge- Previous experience of procurement process for large networks and/or network services. Previous experience of Competitive Dialogue process also an advantage.

Person- Tenacious, good negotiator, disciplined especially on recording of all contacts, queries and responses to suppliers.

Availability -Required on a Full Time basis for the duration of project.

Commercial Negotiator- in-house

Liaise with suppliers to negotiate Ts&Cs and negotiate hard on service level vs assets levels to ensure best value is obtained by ACC. Draft Ts&Cs with procurement team ready for legal review.

Skills Good relationship management skills and ability to achieve through good communications win-win situation for ACC and Preferred Bidder.

Knowledge -Working knowledge of contract law. Knowledge of broadband market rates/service prices at retail and wholesale levels. Understanding of wireless operator cost bases an advantage. Knowledge of local geography an advantage

Person -Proven track record in negotiating successful contracts.

Availability = Required from November 2012 to March 2013 to end on a Full Time basis. Needed on an occasional basis for rest of programme. Total 4 person months.

Technical Expert - external

Responsible for writing technical /service level requirements of procurement document set. Ability to challenge suppliers to meet required service levels, contributes to dialogue questions and issues. Needs to define technical evaluation criteria PQQ and final stage as well as technical & service level success factors for ACC.

Skills- Ability to map requirements and objectives onto wireless technology and service levels; speed, contention, coverage and other targets. System engineering skills. Good written and verbal communication skills.

Knowledge- Knowledge of current broadband services and levels and how these service are engineered. Understanding of likely future needs and potential coverage issues. Knowledge of 2G/3G/4G network architectures and service capabilities. Knowledge of state of the art 4G technology and handheld devices, including at specific spectrum bands. Knowledge of Wifi as a delivery mechanism.

Person- Proven experience as analytical, pragmatic and creative problem solver.

Availability- Required Full Time for duration of programme for the duration of the programme.

Legal Support part in-house (for specialist ICT legal advice purchase expertise)- external

To ensure that ACC does not break Scottish or EU laws in respect of competition and state aid. Review PIN notice, PQQ and instructions to bidders, Ts&Cs from a legal review perspective.

Skills Ability to quickly grasp legal implications of procurement plan and benefit in kind plans and outline potential issues and avoidance strategies.

Knowledge -Scottish contract and public law, EU competition law, up to date on state aid ruling and precedents. Requires familiarity with Regulation 18-The public contract regulation 2006.

Person Proven track record working in a team environment. Rigorous approach to work. Previous experience of supporting contracts where benefits in kind rather than payment used and of state aid contracts.

Availability Must be available on an occasional basis as needed throughout the project. 20-30 man days in total.

Stakeholder Manager in-house

The project is likely to involve a large number of stakeholders so this person must be able to keep in contact with all stakeholders, keeping them abreast of decisions made on the project and any forced compromises which may impact on cost or eventual benefits. The stakeholder manager will draft and maintain a communications plan to keep all key stakeholders up to date.

Skills - Good networker, relationships across public sector within City (and possibly across the shire, NHS, FRS, Grampian police in the case of extended scope). Excellent verbal communication skills, influencing/persuasion skills. Politically adept.

Knowledge - Knowledge of public sector management, approvals and operations processes. Ability to identify "hot items" for each stakeholder. Understand interface between political and council leaders and interfaces to other relevant public sector bodies in the case of extended scope.

Person =- Extrovert, friendly likeable but also objectives oriented. Proven experience in working in similar role with a wide range of stakeholders with conflicting objectives. Proven ability to negotiate and compromise among stakeholders

Availability- Needed Full Time for November 2012 to February 2013 and for the duration of programme on a Part Time basis. Total 5 person months.

Appendix 3 - Project Plan

