

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

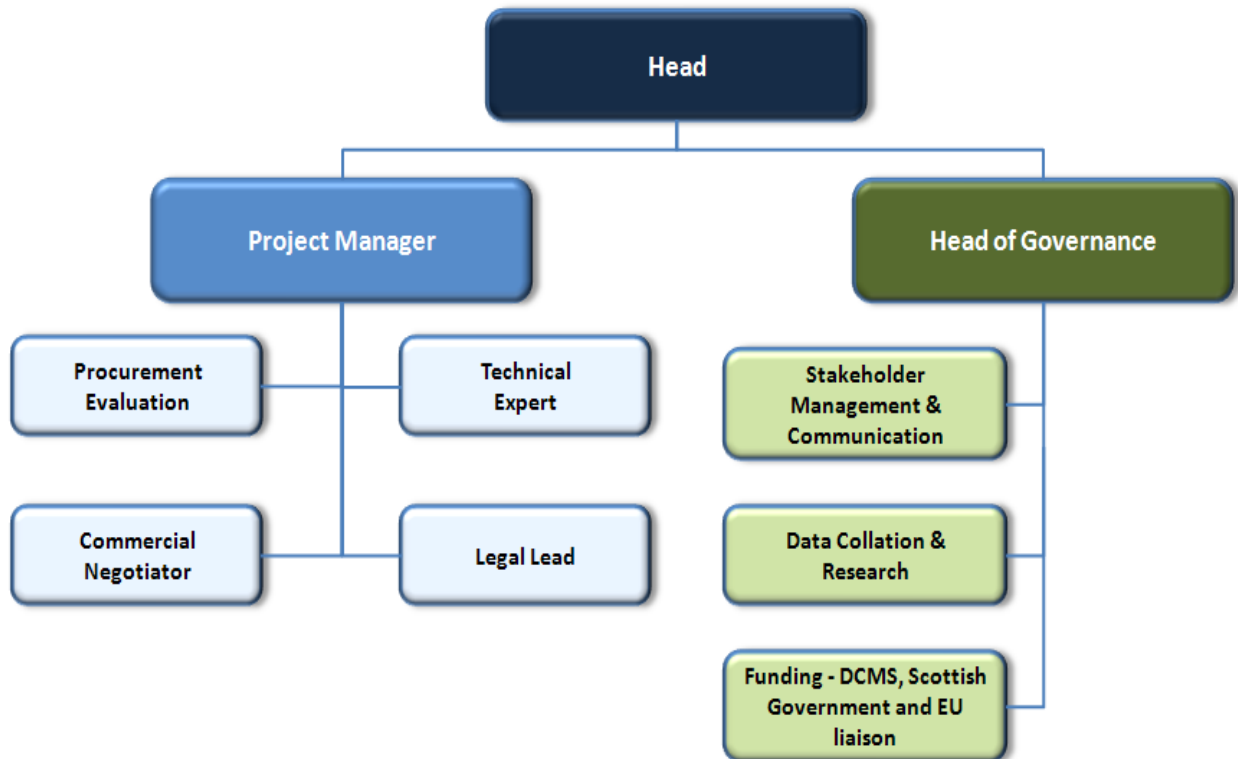
through a separate ACC procurement or as part of wider national procurements currently being undertaken by the Scottish Government. Should this procurement fail to eventuate ACC and AC will make efforts to meet the DCMS's requirements within the given timeframes.

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

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

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.

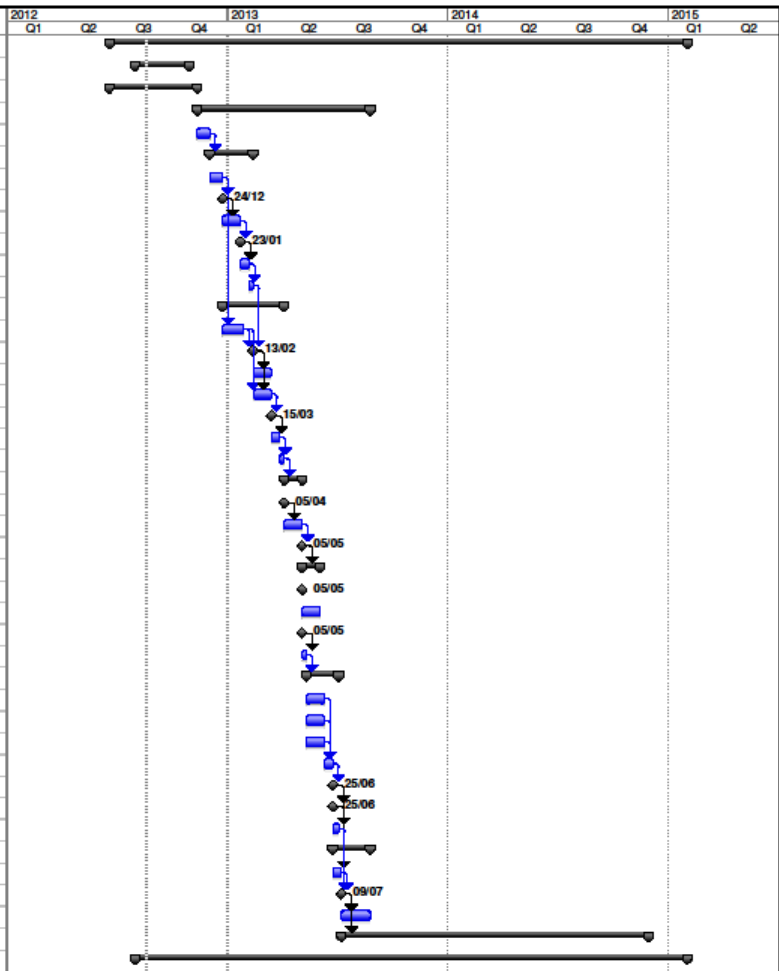
Knowledge - Knowledge of public sector management, approvals and operations processes. Ability to identify "hot items" for each stakeholder. Understand interface between political and council leaders and interfaces to other relevant public sector bodies in the case of extended scope.

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

ID	Task Name	Duration	Start	Finish	Predecessors	2012	2013	2014	2015						
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	The Digital Connectivity Plan	684 days	Tue 19/06/12	Tue 03/02/15											
2	Phase 1: Planning	64 days	Wed 01/08/12	Tue 30/10/12											
14	Phase 2: Funding	103 days	Tue 19/06/12	Mon 12/11/12											
19	Phase 3: Procurement (3 lots wireless/open access fibre/w hite areas)	205 days	Mon 12/11/12	Mon 26/08/13	16										
20	Planning & recruitment	3 ewks	Mon 12/11/12	Mon 03/12/12											
21	Pre-qualification (PQQ)	52 days	Mon 03/12/12	Wed 13/02/13	20										
22	Preparation of OJ notice, PQQ and contract documents	3 ewks	Mon 03/12/12	Mon 24/12/12											
23	Placing of contract notice	0 days	Mon 24/12/12	Mon 24/12/12											
24	Suppliers prepare PQQ responses	30 edays	Mon 24/12/12	Wed 23/01/13	23										
25	PQQ receipt deadline	0 days	Wed 23/01/13	Wed 23/01/13											
26	Evaluate PQQ responses	2 ewks	Wed 23/01/13	Wed 06/02/13	25										
27	Agree shortlist of suppliers	1 ewk	Wed 06/02/13	Wed 13/02/13	26										
28	Invitation to participate in dialogue (ITPD)	74 days	Mon 24/12/12	Fri 05/04/13											
29	Develop ITPD documents, including evaluation criteria	5 ewks	Mon 24/12/12	Mon 28/01/13	22										
30	Dispatch ITPD to shortlisted suppliers	0 days	Wed 13/02/13	Wed 13/02/13	27,29										
31	Liaise with suppliers	1 emon	Wed 13/02/13	Fri 15/03/13	30										
32	Suppliers prepare responses	1 emon	Wed 13/02/13	Fri 15/03/13	29,30										
33	Receive responses	0 days	Fri 15/03/13	Fri 15/03/13	32										
34	Evaluate responses	2 ewks	Fri 15/03/13	Fri 29/03/13	33										
35	Shortlist suppliers	1 ewk	Fri 29/03/13	Fri 05/04/13	34										
36	Invitation to continue dialogue (ITCD)	21 days	Fri 05/04/13	Sun 05/05/13	35										
37	Send ITCD to shortlisted suppliers	0 days	Fri 05/04/13	Fri 05/04/13											
38	Commence dialogue	1 emon	Fri 05/04/13	Sun 05/05/13	37										
39	Finalise dialogue	0 days	Sun 05/05/13	Sun 05/05/13	38										
40	Post-dialogue	21 days	Sun 05/05/13	Tue 04/06/13	39										
41	Issue invitation to submit final tender (ITSFT)	0 days	Sun 05/05/13	Sun 05/05/13											
42	Suppliers prepare responses	1 emon	Sun 05/05/13	Tue 04/06/13	43										
43	Receive responses	0 days	Sun 05/05/13	Sun 05/05/13	44										
44	Clarity/Specify/Fine-tune of final tenders	1 ewk	Sun 05/05/13	Sun 12/05/13	43										
45	Evaluation	39 days	Sun 12/05/13	Fri 05/07/13	44										
46	Technical	1 emon	Sun 12/05/13	Tue 11/06/13											
47	Legal	1 emon	Sun 12/05/13	Tue 11/06/13											
48	Commercial	1 emon	Sun 12/05/13	Tue 11/06/13											
49	Select preferred bidder	2 ewks	Tue 11/06/13	Tue 25/06/13	46,47,48										
50	Preferred bidder determined	0 days	Tue 25/06/13	Tue 25/06/13	49										
51	Dispatch Alcatel Notice	0 days	Tue 25/06/13	Tue 25/06/13	50										
52	Alcatel Standstill period	10 edays	Tue 25/06/13	Fri 05/07/13	51										
53	Contract	44 days	Tue 25/06/13	Mon 28/08/13											
54	Finalise contract	2 ewks	Tue 25/06/13	Tue 09/07/13	50										
55	Contract awarded	0 days	Tue 09/07/13	Tue 09/07/13	52,54										
56	Dispatch Contract Award Notice to CJEU	48 edays	Tue 09/07/13	Mon 26/08/13	55										
57	Phase 4: Implementation	364 days	Tue 09/07/13	Mon 01/12/14	55										
61	Phase 5: Demand Stimulation	654 days	Wed 01/08/12	Tue 03/02/15											



Project: Aberdeen digital connectivity |
Date: Mon 20/08/12

Task Split Progress Summary External Tasks Deadline Milestone Project Summary External Milestone