ABERDEEN CITY COUNCIL

COMMITTEE	Full Council
DATE	31 October 2013
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Accelerate Aberdeen- Digital Connectivity Update
REPORT NUMBER:	EPI/13/160

1.   PURPOSE OF REPORT

This report provides an update and progress report of the Accelerate Aberdeen's Super Connected Cities Programme Bid for Urban Broadband Funding from the Department of Culture, Media and Sport (DCMS), it also outlines the amended bid required by the DCMS and the award granted in principle.

The report also addresses the outstanding motion from Councillor Ross Thomson regarding the original announcement of funding from the £50M Super Connected Cities funding.

2.   RECOMMENDATION(S)

That the Council:

a)   notes the contents of this report, especially that officers no longer need to pursue the necessary procurements for white area infill as this will be undertaken as part of the Scottish Government's Digital Scotland Superfast Broadband project,

b)   note that officers will be reviewing the resources needed to deliver the amended project taking into account existing resources and technical expertise available in house or within partner organisations and will report back to members on how this will be managed.

c)   instructs the relevant officers to undertake the necessary procurements for equipment to provide free wireless in agreed public buildings, as outlined in the revised bid

d)   agrees that officers undertake a review of options for the Digital Incubator Hub and that the recently approved capital business case process be used to evaluate bids with a report being submitted to the relevant committee when the appraisal is complete

e) agrees that officers work collaboratively across and outwith the Council to pursue the other projects outlined as part of the overall Accelerate Aberdeen programme

f) instructs the Director of Enterprise Planning and Infrastructure to put in place the necessary resources to deliver the Accelerate Aberdeen programme

3. FINANCIAL IMPLICATIONS

On 1 July 2013, Ed Vaizey MP, the Minister Culture, Communications and Creative Industries confirmed the availability of £5.58 million of funding to progress the amended bid submitted by the City Council on its and Aberdeenshire Council's behalf for the 'Accelerate Aberdeen' project.

As part of Aberdeen City Council's (ACC) Capital Programme £2M is allocated to the project of which approximately £350K has already been spent on technical and specialist input to the project. The remainder of this fund will be used to invest in the necessary infrastructure improvements which will be required to implement the programme.

The Voucher scheme outlined in the report will require financial processing, the costs of which will also be funded from the overall funding.

4. OTHER IMPLICATIONS

The digital connectivity procurements have potentially significant State Aid implications. The DCMS is working with the EU with the aim of obtaining an umbrella State Aid agreement for the implementation of the voucher scheme. This approval is seen as less contentious than the approval for urban broadband.

Both ACC and Aberdeenshire Council are working in partnership to deliver the overall Digital Connectivity Programme. 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 it will be reported to committee as part of the ongoing process.

5. REPORT

5.1 Background

On 9 November 2010 the Enterprise, Planning and Infrastructure (EP&I) 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 EP&I 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, the EP&I Committee endorsed the 'Accelerate Aberdeen' Super Connected Cities Programme Urban Broadband Fund (UBF) Bid (see Appendix 1) and instructed officers to undertake the procurement of expert advice.

On 22 January 2013 the EP&I Committee approved that officers 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.

5.2   Update

The original project cost had a value of £28.5 million and consisted of the following individual sub-projects, of which DCMS we asked to contribute £6.5M.

Activity	Estimate Cost (£m)	DCMS Bid Contribution
Open Access Fibre Network	£15	£3
White Area Infill	£3	£3
City Wireless	£10	£0
Voucher Scheme	£0.5	£0.5
TOTAL	£28.5	£6.5

Having been awarded an initial allocation of funding DCMS advised Aberdeen City Council (ACC) that the Open Access and wireless infill elements of the original bid were unable to be funded through DCMS. This was due to the inability to gain an umbrella State Aid approval from the European Commission for urban broadband. This means that in order to deliver an Open Access Fibre Network it would need to be State Aid compliant. Therefore the Council was asked by DCMS to amend its UBF bid to the UK Government in May 2013.

In addition the white area in-fill is being undertaken by the Scottish Government's 'Rest of Scotland' programme which is State Aid compliant. Instead of delivering ultrafast broadband this project will deliver superfast broadband to about 94-96% of addresses in the City.

Amended 'Accelerate Aberdeen' Bid

Due to the challenges of the State Aid, ACC was asked by DCMS to amend its original bid and to resubmit to the UK Government in May 2013. An amended bid

was submitted as detailed in the Amended Accelerate Aberdeen bid which can be found on http://www.aberdeeninvestlivevisit.co.uk/Invest/Aberdeens-Economy/City-Projects/Digital-Aberdeen/Digital-Aberdeen.aspx and as summarised in Appendix 1.

In 1 July 2013, Ed Vaizey MP, Minister for Culture, Communications and Creative Industries confirmed the funding will be made available for the following elements:-

Activity	Amended Bid (£M)	DCMS - UBF Contribution (£M)	Other Funding Sources	Total Funding (Estimated)
Vouchers	£4.2	£4.28	£0	£4.28
White Area Infill	£0	£0	£9 (est)	£9
Public WiFi and Concessionary Wireless	£0.3	£0.3	£10.3 (est)	£10.3
Digital Incubator Hub	£1	£1.0	TBA	£1
Data Repository	£1	£0	TBA	TBA
TOTAL	£6.5	£5.28	£19	£24.58

The Digital Incubator Hub project is an interesting concept for which there are likely to be a number of competing solutions. The Finance, Policy and Resources Committee recently agreed a series of changes to our project approval processes and in particular how ACC evaluates the benefits and longer term costs associated with capital projects. As part of this programme the intention is to look at each option by adopting this rigorous appraisal methodology and to ensure that the best long term solution is identified which has financial sustainability and thereby minimising any likelihood of longer term ongoing costs for the Council.

It is important to recognise the need to press on with the early stages of procurement of potential partners/preferred bidders for the City Wireless project and the creation of Wifi access in Public building and a concessionary Wireless. There is likely to be considerable interest from the private sector in such projects and the development of specification, bid evaluation etc are likely to be demanding of officer time over the next four months. However as these are significant fore-runners to the other parts of the overall project it is important to ensure that they are moved forward quickly in order to demonstrate to DCMS that Council is making every effort to spend the grant received as it is time-limited for spending.

Scottish Government
The Scottish Government's 'Rest of Scotland' procurement concluded a contract worth £264.3 million with BT for an extension of superfast broadband across 27 Local Authorities, including Aberdeen. It is now known as the Digital Scotland Superfast Broadband deployment. It is planned that this deployment will provide

expected coverage of between 94.8-96% coverage by the end of 2017. This excludes the city centre. The implementation timetable will be challenging and is yet to be finalised. When it is, the details will be available through the BT website and various channels.

Project Management

Since the scope of the original bid has substantially changed in content, there is a need to review the original resource demand and to identify whether current or an element of supplementary resources are able to progress the project.

On 29 August 2013 at the EP&I Committee a report was given of the processes put in place for project management, monitoring and delivery of externally funded projects as a result of the September 2012 Internal Audit.

All new projects being developed must ensure that project objectives are clearly defined at the outset, The programmes and projects must have a documented in a formal project brief and use as a basis for measuring progress during the lifecycle of a project. The delivery of these initiatives must have in place the necessary governance delivery resources including administration, monitoring and reporting. All staff undertaking projects must be trained to at least PRINCE 2 Project Management (Foundation).

This programme is being governed jointly by the Chief Executives of both councils. The resources for programme delivery must be put in place to undertake the necessary procurements, processes and engagements that are required throughout the programme. This is to enable delivery for each strand of the overall programme. This is being progressed jointly and will feature in subsequent reports to the relevant committees if there is a need to recruit particular individuals with skills to support the project.

Currently there is no dedicated resource for either the administration or the programme management. The administration and resources required for this project will be put in place from the project budget.

6.   SERVICE & COMMUNITY IMPACT

An Equalities Human Rights Impact Assessment was undertaken as part of the report to this committee on 13 September 2011. 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. It is also a key element in both the Single Outcome Agreement and the proposed Strategic Infrastructure Plan. 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.

REPORT AUTHOR DETAILS

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BACKGROUND PAPERS

Appendix 1
Amended Accelerate Aberdeen Bid 22 May 2013

Activity	Amended Bid (£M)	DCMS - UBF Contribution (£M)	Other Funding Sources	Total
Vouchers	£4.2	£4.28	£4.28	£4.28
Public WiFi	£0.3	£0.3	£0.0	£0.3
Concessionary Wireless	£0.0	£0.0	£10 (est)	£10
Digital Incubator Hub	£1	£1.0	TBA	£1.0
Data Repository	£1	£0	TBA	TBA
TOTAL	**£6.5**	**£5.28**	**£14.28**	**£15.58**

In order to achieve the ubiquitous world class broadband that is desired for the Aberdeen City and Shire region an amended bid was submitted, as requested by the Department of Culture Media and Sport (DCMS). This bid has focussed on providing the following:-

£4.28 million Connection Vouchers
Connection vouchers will be provided to small and medium-sized enterprises (SMEs) to Ethernet or to upgrade to fibre-on-demand products. The current DCMS rules allow a voucher up to £3,000 for each eligible applicant.

Wifi in Public Buildings
ACC   £ nil
DCMS   £ 300k
                             £300 k
A selection of Council owned assets have been identified to ensure that the digital divide is bridged. ACC has focussed on libraries, community centres and key public assets.

City Wireless
ACC   £ nil
DCMS   £ nil
Private Sector   £10 million (estimated)
                             £10 million
As stated before, ACC Officers are pursing concessionary wireless. A prior information notice (PIN) was submitted on 27 September 2013 outlining ACC's intention to procure concessionary wireless using its assets. An information day to meet industry was held on the 24 October 2013. Based on this officers will undertake the necessary procurements. It is currently unknown if any of the Council's assets will require improvement until the competitive process is complete.

Digital Innovation Incubator

ACC	£ nil
DCMS	<u>£1 million</u>
	<u>£1 million</u>

The Digital Innovation Incubator builds on the Makelab Digital Incubator being undertaken by the Education Culture and Sport Directorate to which the Council and Creative Scotland have already made an investment. At the meeting of the Education Culture and Sport Committee on 12 September 2013, the Makelab pilot scheme was agreed to be undertaken. The Makelab Digital Incubator has been developed from the Maklab.

This project is in addition to the Makelab initiative. The project management, capital assets and establishment costs are factored into the project costs. This project is a DCMS funded project and must be State Aid compliant. A business case is being developed with a variety of public sector partners with the aim of building on the creative elements required in traditional industries in digital technology, creating skills and jobs. The Incubator provides an opportunity for providing access to the creative digital media for SMEs, the voluntary sector and individuals.

The Data Repository
This project was not funded by DCMS. The data repository provides for an opportunity to harvest public data to be used in both service improvement and commercial ways. Such repositories are opportunities for research and development and would be an opportunity to build on many of the successful projects already undertaken within the Council and in the wider North East Public sector. This project builds on the already approved TSB data project within Education Culture and Sport. In 1 July 2013, Ed Vaizey MP, Minister for Culture, Communications and Creative Industries is open to ACC pursing this if a persuasive business case can be developed and presented. However, the funding available is capped up to £5.58 million.