

Corporate Policy and Strategy Committee

10am, Tuesday 16 April 2013

Connected Capital Programme Status Update

Item number	7.2
Report number	
Wards	City Wide

Links

Coalition pledges	P15, 16, 31
Council outcomes	CO7, CO8, CO19
Single Outcome Agreement	SO1

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Executive summary

Connected Capital Programme Status Update

Summary

This report provides an update on Edinburgh's 'Connected Capital' Programme bid to the Urban Broadband Fund as part of the Westminster Government's Super-Connected Cities Initiative. To date good progress has been made in establishing readiness to commence a procurement of a concessionary Wireless Network in the City Centre and launch a Microgrant scheme to Small to Medium Enterprises. The Council awaits clarification from Broadband Delivery UK (BDUK) around the viability of commencing a Fixed Broadband Capital Infill Procurement.

Recommendations

It is recommended that the Corporate Policy and Strategy Committee:

- notes the current status of the Connected Capital Programme and that the approach is in line with other successful Urban Broadband Fund (UBF) cities across the UK;
- notes the preliminary findings from the pre-procurement phase of the Wireless Project and the Evaluation Criteria; and
- notes the active dialogue with BDUK to establish the best mechanism to progress the Fixed Broadband Capital Infill Procurement.

Measures of success

- Grow the percentage of Fixed Broadband available with ultrafast connectivity speeds in Edinburgh to 88% and 90% of residential and business premises respectively by 2015, through a step change in capability within West Edinburgh that will be used to leverage further expansion in the core urban area.
- Provide high speed mobile wireless connectivity in a network that best meets demand in the city.
- Run demand stimulation and digital participation programmes that will educate and encourage take up services by individuals and businesses to achieve the target of 50% take up of ultrafast services by 2020.

Financial impact

The Council continues to expend resource on the Programme. To date the Council has spent £350k of £1.9m earmarked to support the Programme from the IT efficiency Fund. In addition the successful bid of £10.7m UBF funds were allocated to support the provision of Microgrants and the Fixed Broadband Capital Infill Procurement.

Equalities impact

There are no specific equalities impacts arising from this report. It is anticipated that this Programme will improve digital inclusion within the City.

Sustainability impact

There are no specific equalities impacts arising from this report, however, the Programme will promote the use of technology to enable paperless working.

Consultation and engagement

The Programme is proactively engaging with a wide range of internal and external stakeholders including Scottish Enterprise, Federation of Small Business and other Public Sector Partners to shape and develop the overall Programme. It is anticipated that this engagement will continue throughout the life cycle of the Programme.

Background reading / external references

- [Item 7.2 Urban Broadband Fund - BT Efficiency Fund at the City of Edinburgh Council Meeting on 26 April 2012](#)
- [Urban Broadband Fund Bid Meeting Results - City of Edinburgh Council – Update, Policy and Strategy on 2nd October 2012](#)
- [Item 14 Urban Broadband Fund Bid at Finance and Resources Committee on 20 March 2012](#)
- [HM Treasury Autumn Statement 2011](#)
- [Scottish Government - Scotland's Digital Future - Infrastructure Action Plan](#)

Connected Capital Programme Status Update

1. Background

- 1.1 This report provides an update on Edinburgh's 'Connected Capital' Programme bid to the Urban Broadband Fund as part of the Westminster Government's Super-Connected Cities Initiative.

The successful bid of £10.7m which sought to drive both economic growth and digital participation, has four strands:

- 1.1.1 **Wireless** – an open access wireless zone covering the core areas in the city centre, with the potential to extend this to key cultural and community locations across the city.
- 1.1.2 **Fixed Broadband Capital infill** – £9.7m funding to provide fibre-based broadband infrastructure for those areas of the city, which are not currently covered by existing commercial rollout plans. This will allow areas of the city which currently do not have access to high speed broadband and which are not on track to receive it as a result of private sector investment to benefit from improved connectivity.
- 1.1.3 **Microgrant Capital stimulation** – £1m funding focused on Small to Medium sized enterprises (SMEs) in the city to assist in knowledge transfer of how to utilise Ultra-fast broadband and its social media and e-commerce opportunities. This proposal will leverage an Incubator facility located within the creative cluster in Leith.
- 1.1.4 **Demand stimulation and digital participation** – a cross cutting programme of activity, working with prospective partners from across the city to stimulate demand for broadband services, and develop educational and social opportunities to ensure that Edinburgh is a digitally inclusive city.

2. Main report

Wireless

- 2.1 Wireless is increasingly seen as a key component in creating a super connected city. Widespread wireless access whether through 3G, Wi-Fi or 4G will increase the user experience of connectivity within Edinburgh and provide a platform for economic and social growth and participation, with particular benefits to the culture and tourism sector.

- 2.2 The strategy of the Wireless concession was to leverage the Council's street furniture and other property assets at zero cost to the council thereby acting as the repayment vehicle for the overall Programme. This initiative is independent of any funding from BDUK.
- 2.3 Progress has been made in gathering data and defining CEC requirements of a wireless concession for a core city centre offering. The latest data analysis suggests the external market has fluctuated in the last quarter, possibly in relation to the 4G Auction. Our current projections are aligned to the experience from other cities.
- 2.4 A cross council Workshop held on 20th March established the following Evaluation Criteria
- Commercial 30%
- Quality 70%
- 2.5 An Open Day with potential bidders is scheduled for 10th April 2013 with the aim of establishing greater clarity around whether the market can meet Edinburgh's expectation. Thereafter an informed decision can be taken around the appropriate timing to launch a competitive dialogue process.

Fixed Broadband Capital Infill

- 2.6 The Council continues to liaise with BDUK within the Department for Culture, Media and Sport in relation to the state aid issues which it is experiencing. The Council awaits clarification of details around the state aid umbrella. It is probable there will need to be a significant re-planning phase ahead of the Council entering a Commercial Dialogue process depending on the terms of approval of the state aid umbrella.
- 2.7 It is therefore recommended in the interim that the Project is paused to minimise CEC financial exposure until the Department for Culture, Media and Sport is able to resolve this matter. This approach is in line with the current position expressed by BDUK and every other UBF City.
- 2.8 Given the delays already experienced by the Project, preliminary business intelligence indicates that it will be highly challenging for the Council to be able to conclude a Competitive Dialogue Procurement Process and for a successful supplier to mobilise and deploy £9.7m of Fixed Line upgrades ahead of the March 2015 BDUK deadline date.
- 2.9 BDUK are currently investigating the viability of spending residual funds from the Fixed Broadband on consumer vouchers and to this end recently established a Vouchers Working Group. The Council await the details as to whether a central voucher scheme will be launched and a decision will be made at that juncture whether to participate.

Microgrant Capital Stimulation

- 2.10 Progress has been made to establish a Microgrant scheme that would be administered by the Business Gateway. The launch of the Microgrant scheme will be dependent on approval of a quality assurance gateway from BDUK including clarity on the eligibility criteria.
- 2.11 Once approval is granted from BDUK, it is likely that the Council will be well placed to launch a Microgrant scheme promptly and ahead of many other UBF cities.
- 2.12 Work is ongoing within Economic Development to launch an incubator and demonstrator facility of Ultrafast Broadband as approved at the Economy Committee on 5 February 2013.

Demand Stimulation

- 2.13 Progress has been made in engagement with a cross sector of business, public and third sector partners in the city.
- 2.14 The work programme will aim to compliment the Welfare Reform agenda and the move to digital by initiatives already planned or underway.

Revenue Costs

- 2.15 To date the Council has spent £350k of £1.9m earmarked to support the Programme from the IT Efficiency Fund on Staff and Programme Advisory Resource. The Council is currently seeking stronger clarity from BDUK regarding the viability of the Fixed Broadband Procurement ahead of committing additional resource to the Programme.

3. Recommendations

- 3.1 It is recommended that the Corporate Policy and Strategy Committee:
 - 3.1.1 notes the current status of the Connected Capital Programme and that the approach is in line with other successful UBF cities across the UK;
 - 3.1.2 notes the preliminary findings from the pre-procurement phase of the Wireless Project and the Evaluation Criteria; and
 - 3.1.3 notes the active dialogue with BDUK to establish the best mechanism to progress the Fixed Broadband Capital Infill Procurement.

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Links

Coalition pledges	P15 - Work with public organisations, the private sector, and social enterprise to promote Edinburgh to investors
	P16 - Examine ways to source new funding to support small business.
	P31 - Maintain our City's reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure
Council outcomes	CO7 - Edinburgh draws new Investment in development and regeneration
	CO8 - Edinburgh's economy creates and sustains job opportunities
	CO19 - Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm
Single Outcome Agreement	SO1 Edinburgh's Economy Delivers increased investment, jobs and opportunities for all

Appendices