

Subject:	Super Connected Cities Plan Procurement		
Date of Meeting:	21st March 2013		
Report of:	Strategic Director, Place		
Contact Officer:	Name:	Max Woodford	Tel: 29-3451
	Email:	max.woodford@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report outlines the latest position of the Super Connected Cities Plan (SCCP), the project which seeks to ensure full coverage of fixed ultrafast broadband in the city centre as well as wireless connectivity and a voucher scheme to help SME's achieve Fibre to the Premises (FTTP). The report seeks consent to start the procurement phase of the project and also seeks delegated authority for the Strategic Director, Place to enter into contract(s) with successful bidders following the procurement process.

2. RECOMMENDATIONS:

It is recommended that Policy & Resources Committee –

- 2.1 Note the council's successful bid to the Department of Culture Media and Sport for funding to implement ultrafast broadband and improved digital connectivity in the city.
- 2.2 Authorise the Super Connected Cities Plan project to move into the procurement phase.
- 2.3 Authorise the Strategic Director, Place, to conduct an appropriate procurement and to agree and finalise the required procurement documentation..
- 2.4 Grant delegated authority to the Strategic Director, Place, to award contracts to preferred bidders and agree any minor amendments to the draft contracts, as deemed necessary, and conclude the contracts accordingly.
- 2.5 Approve the funding of £3.307m from the council's 2013/14 Capital Investment Programme for delivery of the Super Connected Cities Plan. This is to be funded by grant from the Department of Culture, Media and Sport.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 In summer 2012 Broadband Development UK (BDUK), a part of the Department for Culture Media and Sport (DCMS), opened up a bidding process for a second wave of cities to apply for funding to improve connectivity. This follows on from the first wave of cities that had already been allowed to bid. The second wave was driven in part by very strong political and digital sector lobbying from Brighton & Hove.
- 3.2 The second wave of funding was for a total pot of £50m, and sought bids to ensure ultrafast fixed broadband is available within a defined contiguous area within bid cities, and was also intended to provide wireless connectivity. The deadline for bidding was 17th September 2012, and it was announced that Brighton & Hove was successful in its bid in the Autumn Statement (5th Dec, 2012).
- 3.3 Brighton & Hove's bid was prepared in partnership with Wired Sussex, who sit on the project board, and with technical and commercial assistance from Mott Macdonald, who have ICT experts based in Brighton. The bid mapped the existing and planned next generation broadband access from information shared by BDUK and the suppliers in the marketplace to see what areas in the city centre were likely to remain as 'white areas': i.e. areas where there is no planned next generation access and so meaning there is a proven market failure. This market failure means it is not considered unacceptable 'State Aid' for the local authority to intervene in the market. The white areas were then compared to heat maps of businesses, and in particular digital businesses, and it was shown that there is a correlation with many of the city's businesses clustered in areas with poor connectivity.
- 3.4 Brighton & Hove's bid, known as the Super Connected City Plan, proposes a large intervention area taking in most of the city centre and up the academic corridor towards the Community Stadium (see map at Appendix 1). In the bid we sought a total of £3.307m funding for the following purposes:
- Upgrading 48 Cabinets with Fibre to the Cabinet ('FTTC') that would otherwise be economically unviable to infill identified 'white areas': **£1.36m**
 - Extending the proposed wireless connectivity in the city centre to cover the whole intervention area: **£1.475m**
 - Implementing a voucher scheme for capital costs to help SMEs achieve high capacity (upload and download) Fibre to the Premises ('FTTP'), which will be enabled by the work to close gaps in FTTC: **£0.472m**
- These three areas of funding, white area infill; wireless and vouchers are the three strands that comprise the project as a whole. Each strand is in fact its own project with its own timescales and procurement processes.
- 3.5 Since announcement of the successful bids, BDUK has been working on ensuring all cities have robust projects in State Aid terms, and also looking at ways to reduce administrative costs. This includes exploring a nationally run but locally administered voucher scheme for SMEs. Brighton & Hove has been invited to participate in drawing this voucher scheme up. The exact amounts of funding being offered and what it can be spent on has not yet been finalised because of this further work, and this is likely to be an ongoing dialogue as delivery plans are finalised. There will be ongoing opportunities to attribute the total funding between the three streams in line with government priorities and the changing state-aid position.

- 3.6 BDUK intends to work on achieving an umbrella state aid clearance on the white area infill part of all of the urban projects. They have already achieved a similar clearance on rural projects, but there remains a degree of risk around the potential for and timescales linked to obtaining a fresh urban umbrella clearance. If they achieve the umbrella clearance then it means Brighton & Hove will have to apply to BDUK for agreement that there are no adverse state aid implications from that part of the project, rather than having to make an application to the European Commission (which would add costs and cause potential delays).
- 3.7 Both the white area infill and the wireless elements of Brighton & Hove's project will involve a complex procurement process, and given the rather challenging time scales, we would like to make as much progress as possible on the procurement phase. The proposal is for the white area infill to be procured via a framework agreement or through our own procurement, and BDUK will oversee that process to ensure key gateways are met. They can provide template procurement documentation (such as the Pre-Qualification Questionnaire and the Invitation to Tender), through the Project Director they have appointed to work with Brighton & Hove, that we may opt to use. However, it should be noted that the timetable to procure and implement the project is limited, with the money expected to be spent by the end of March 2014. It is therefore recommended that the Strategic Director, Place be delegated the authority to agree these documents in line with what was proposed in the bid document and to then, following a competitive process, award the service concession contract(s) and agree any minor amendments. This will help to manage the timetable risk and also help to ensure that the documentation fits with BDUK's expectations.
- 3.8 The March 2014 deadline to spend the SCCP funding does mean that the timetable for this project is tight. Clarity about the exact sum we can fund in March 2013 leaves one year to procure and implement the project. BDUK is in discussion with the Treasury to see if the period for spending the money can be extended, and is also working on achieving a state aid clearance for the fixed broadband element. However, state aid remains a serious risk for the fixed broadband element of the project and not one it is in the power of the Council to manage. Officers will continue to work with BDUK on the best approach and updates on this and the progress and timing of the project will be brought to the Economic Development & Culture Committee.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 As part of the preparation of the SCCP bid document Mott Macdonald spoke to a number of local businesses to gauge the level of demand for improved connectivity. There was a clear requirement for improved services which was documented in the bid.
- 4.2 We have also met with service providers. As part of the procurement process there is a requirement for formal public consultation and what is called an 'Open Market Review' (OMR) which will build on this initial contact. This gives service providers a chance to tell us what their future roll out plans are so we can ensure that our planned intervention does not result in overbuilding and therefore state aid problems arising.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 Although the final amount of funding is to be confirmed BDUK have advised the council to proceed with the procurement process based on the sum included in the bid. This is £3.307m as shown in paragraph 3.4 and this amount will need to be included in the 2013/14 Capital Investment Programme. If this amount varies as the scheme is clarified the sum in the Capital Investment Programme will need to be updated through the Targeted Budget management (TBM) reporting process.

As part of the Revenue Outturn report for 2011/12 a sum of £0.150m was set aside to support the development of the bid for this project. In 2012/13 £0.046m of this has been spent which leaves £0.104m earmarked for this project in reserves. It is anticipated that this will be required in 2013/14 to provide technical and commercial advice and therefore this will need to be drawn down from reserves in 2013/14.

Finance Officer Consulted: Jeff Coates

Date: 26/02/2013

Legal Implications:

- 5.2 Under Part 1 of the Localism Act, the council has the power to do anything for the benefit of the authority, its area or persons resident or present in its area. The creation of an effective and efficient broadband infrastructure falls squarely within this power.

The key legal risks arising from participating in the BDUK scheme are a breach of the State Aid rules (which are designed to prevent EU Member States from giving favourable financial treatment to individual companies); and a breach of the Procurement Rules (which are designed to open up the EU's public procurement market to competition, and to promote the free movement of goods and services) because of the timetable imposed by DCMS.

The State Aid risks are being managed by BDUK and the council's Director responsible for the project will need to reconsider the detail of the Council's bid once the position on State Aid becomes clear.

The procurement risks can be managed to a certain extent by undertaking the preparatory work outlined in paragraph 3 above.

Lawyer Consulted: Oliver Dixon

Date: 25/02/13

Equalities Implications:

- 5.3 A more effective and affordable broadband infrastructure that improves access to all sections of the community can bring significant advantages to the daily lives and future prospects of city residents.

Sustainability Implications:

- 5.4 An effective and efficient broadband infrastructure creates opportunities to reduce the cities carbon footprint such as reducing the need to travel.

Crime & Disorder Implications:

- 5.5 Broadband is an essential part of the regulatory infrastructure of the city. Particular attention will be directed at 'wireless' provision on police and emergency service communications systems.

Risk and Opportunity Management Implications:

- 5.6 A risk register has been prepared for this project and will be updated. There are three strands to the project white area infill of fixed broadband, wireless connectivity and vouchers for SMEs, with each element carrying its own risks and opportunities. The key risk issues all successful cities face are around ensuring delivery of the project and spending of the allocated funds by the end of the 2013/14 financial year; and having state aid compliance, which is outside of the control of the city council, in time from BDUK. The project team are working with BDUK to manage these risks.

Public Health Implications:

- 5.7 Broadband access can play an important part in managing information dissemination concerning public health.

Corporate / Citywide Implications:

- 5.8 The Council has an important facilitating role to play in supporting a project that offers economic and social benefit to the city.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The city council was not obliged to bid for the SCCP funding, but it is considered to offer the potential for considerable economic benefit to the city at little potential cost to the city council.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 By starting the procurement process to implement the SCCP, the outcomes should include:

- § Competitive advantage for Brighton & Hove businesses particularly the creative & digital media sector and the visitor economy;
- § Enhanced digitalisation of public services;
- § Site specific value & marketing uplift (e.g. Block J New England Quarter);
- § Greater regional economic significance & influence
- § Enhanced digital inclusion.

SUPPORTING DOCUMENTATION

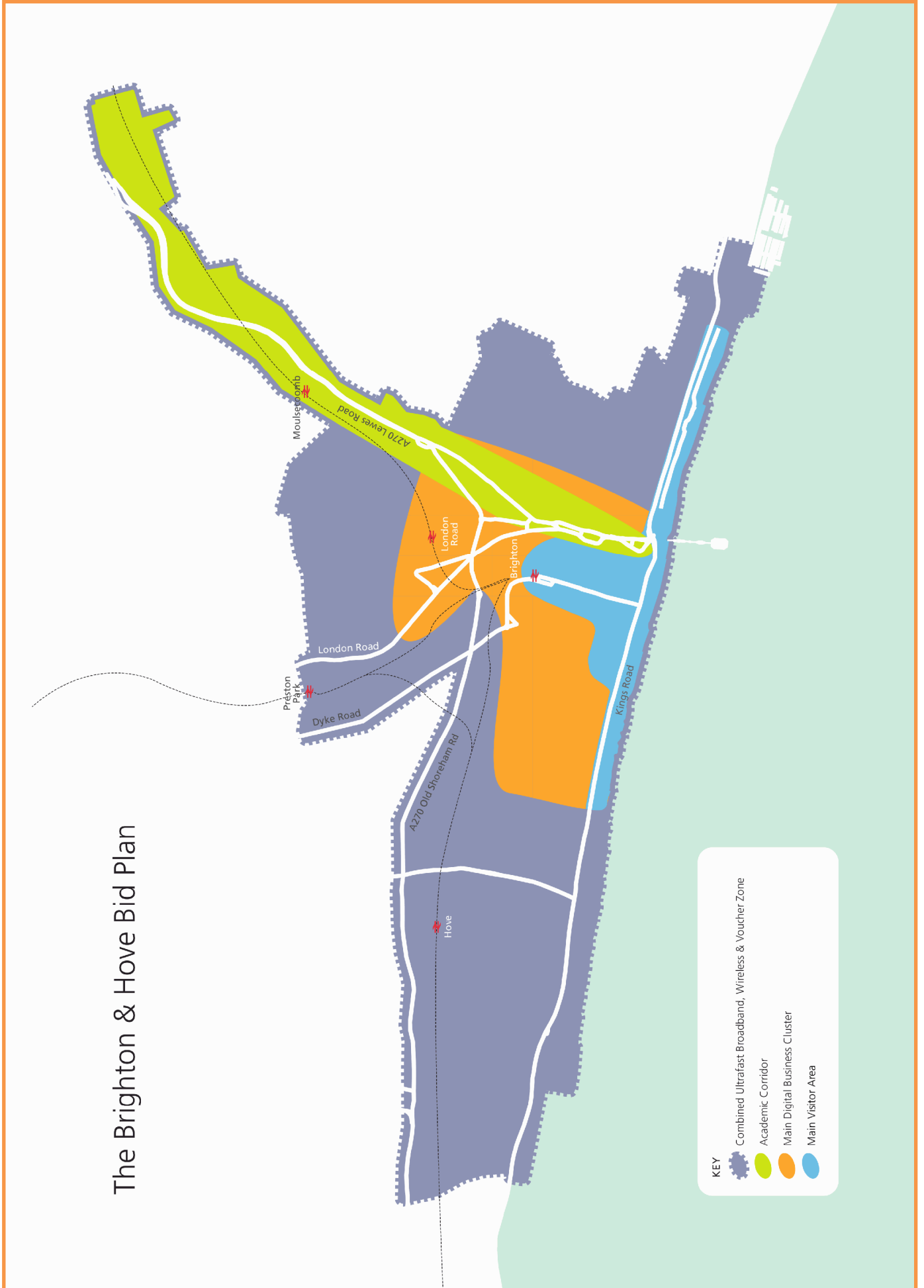
Appendices:

1. Indicative Map of the Proposed Intervention Area

Background Documents

1. Brighton & Hove's Super Connected Cities Plan bid document ([public version available at this link](#))

Appendix 1: Indicative Map of the Proposed Intervention Area



The Brighton & Hove Bid Plan

