

**To: City Executive Board
(Council)**

**Date: 9th October 2013
(25th November 2013)**

**Report of: David Edwards, Executive Director Housing and
Regeneration**

Title of Report: OXFORD SUPER CONNECTED CITIES PROJECT

Summary and Recommendations

Purpose of report: To update the Board on the successful bid to Government for funding of £4.83 million from the Urban Broadband Fund (Phase 2) Super Connected Cities Programme, and to request that the Council officers now be authorised to deliver this project with the support of a specialist organisation using the funding secured plus the previously agreed £300,000 capital commitment and £25,000 start-up costs

Key decision? Yes

Executive lead member: Cllr Bob Price

Policy Framework: No

Recommendation(s):

- 1. To note the update report and the positive funding outcome;**
- 2. That CEB recommend to Council approval of an additional £4.83 million within the Councils General Fund Capital Programme in 2014/15 to be funded by Government Grant**
- 3. That CEB give project approval based on the information provided in this report**
- 4. To delegate authority to David Edwards, Executive Director to lead on management and delivery of the project and give delegated authority to award a contract to a specialist organisation to assist the Council in the delivery of this project.**

Appendices to report:

Appendix One – Risk Register

Appendix Two – Letter from Ed Vaizey, Minister for Culture, Communications and Creative Industries confirming funding available to Oxford

Appendix Three – Equalities Impact Assessment

Introduction

- 1 In 2012 Government, through Broadband Delivery UK (BDUK) invited 27 smaller cities, including Oxford, to bid for a total of £50m as phase two of the Urban Broadband Fund (UBF) for ultrafast (100mb/s +) broadband and wireless infrastructure, particularly business focused.
- 2 This fund built on the £100 million fund already available to support the round one, ten Regional cities, to create 'super-connected cities' across the UK.
- 3 In December 2012 Oxford was announced as one of the 12 successful cities. However, due to state aid clearance challenges, Government moved away from funding fixed broadband infrastructure build (fibre) and as required by Government a series of revised bids were submitted with a final business case being completed and submitted in May 2013.
- 4 In July 2013 the Minister for Culture, Communications and Creative Industries confirmed in a letter (appendix two) that capital funding for the following projects will be made available to Oxford:
 - up to £3.1m for a voucher scheme
 - up to £1.5m for a wireless concession
 - up to £230k for wireless on public transport
5. It should be noted that a bid for funding for the installation of general purpose ducting in development areas (e.g. Barton housing project) was unsuccessful.
6. The funding approvals are subject to assurance arrangements being met. All funding from Government must be spent by end of March 2015.

Voucher Scheme

7. Due to state aid challenges the original plan to provide funding for fixed infrastructure build (fibre) was scrapped and Government has moved towards a voucher scheme
8. Government has consulted on the voucher scheme and we are awaiting outcomes from the consultation. The scheme will be targeted at SMEs and the voucher will be made available to cover connection costs for ultrafast broadband (100 megabytes per second or faster)
9. The likely maximum value of voucher will be £3000. A range of suppliers (national and local) will be in the scheme and it will be up to the SME to choose a supplier.

10. The scheme is being market tested in five cities (Belfast, Cardiff, Edinburgh, Manchester and Salford) over the summer – more details can be found at www.connectionvouchers.co.uk
11. On completion of the market testing the scheme will be evaluated and rolled out to be run in the 22 super connected cities with a likely launch at the end of 2013 or early 2014.
12. It should be noted that SMEs in postcodes in the city boundary that benefit from the County Better Broadband project will not be entitled to a voucher – state aid regulations do not allow more than one intervention per area
13. The Oxford Super Connected Cities Project can only benefit premises within the Oxford City Council administrative boundary
14. Some of the voucher scheme allocation can be spent on the wider “public sector family” to improve delivery and access to services – e.g. Health Centres, Leisure Centres, Community Centres etc.
15. The funding provided will be used to cover the costs of vouchers which include a capitalised project management cost of the scheme (based on 1720 vouchers at an average value of £1800).

Wireless Concession Project

16. We are looking to deliver a wireless concession model that covers as much of the city area as possible – with priority coverage of the city centre area (including West End area to be developed), Cowley Road, Headington (Hospital and Brookes sites) and Banbury Road / Summertown area.
17. The concession model being looked at is based on the Westminster City Council and O2 partnership – O2 have access to street lights and other public sector assets and have used them to install the equipment required to deliver a wireless network which has been made available free of charge to members of the public
18. In the first instance an audit of public sector assets that can be used will be undertaken (City Council, County Council, Universities and NHS). We will then procure a supplier to develop and deliver the wireless network to cover as much of the city as possible.
19. The funding provided can be used to cover cost of upgrading the public sector assets so that they are ready to be used for the wireless concession project (e.g. providing a 24/7 power supply) and capitalised project management costs

Wireless Public Transport

20. The project will support bus companies operating services in Oxford to provide free wireless services on all city based bus services
21. State aid regulations mean that a limited amount of financial support can be provided and this limit is at a parent company level rather than a divisional level.
22. We are currently in discussion with bus companies in the city in the hope that we can meet the state aid requirements and support the development of wireless services on all bus routes operating within the city boundary.

Additional Funding and Opportunities

23. In December 2012 Council agreed to approve a £300,000 capital commitment and a £25,000 revenue commitment to fund staff and specialist resources as required by the project.
24. In addition, the Oxfordshire Local Enterprise Partnership (LEP) agreed to provide £300,000 capital and £25,000 revenue and the County Council £150,000 capital and £25,000 revenue. Discussions are taking place with both the Oxfordshire LEP and the County Council about how this funding may be used to support the project in its final form.
25. We have had initial discussions with BDUK about possible additional funding to support the development of wireless hotspots with a focus on galleries, museums and public buildings and will work to progress this opportunity in the coming months.

Project Management and Delivery

26. The funding allocated by Government is capital funding and where appropriate and agreed the funding can be used to cover project management costs where these can be capitalised on delivery of the project.
27. Project management options were considered by an internal programme board and it was agreed that the best route for delivery of all aspects of the project was through the engagement of external specialist consultants.
28. A tender brief has been written and published on the Government Procurement Service tender portal which enables recognised organisations in the marketplace to bid to provide specialist project support. The closing date for bids is Monday 9th September 2013. We aim to engage consultants as soon as possible to commence work on the project.
29. An Oxford City Council Client Manager will manage the consultants and oversee the delivery of the project.

Governance

30. An internal project board led by the Executive Director Housing and Regeneration with representation from Legal Services, Finance, Business Improvement and Economic Development teams will oversee project management and delivery arrangements.
31. The City Council's Physical Regeneration and Economic Development (PRED) Programme Board will receive reports on the project.
32. A partnership Project Board chaired by David Edwards, Executive Director Housing and Regeneration and with representation from Government (BDUK) and project partners (City Council, County Council and the two universities) will oversee and review the development and delivery of the Oxford Super Connected Cities Project. This will include:
 - Identifying opportunities and initiatives that will enhance the project
 - Identifying resources from partners and solutions that can support the project
 - Ensuring links are maintained with related projects (e.g. Oxfordshire Broadband Plan)
 - Offering challenge where appropriate

Risk

33. A risk register has been prepared and has been appended.

Climate Change and Environmental Impact

34. Ultrafast Broadband and fast wireless connectivity can have a positive impact on CO₂ emission reduction through changing the way we work. For example, through reducing the need for people to travel to work and travel to meetings as the broadband speeds will enable people to work smarter and use facilities such as free video conferencing and VOIP telephone services negating the need to travel. Large size data transfer will also reduce the need for data to be moved on disks or hardware by road.
35. The procurement will be carried out in accordance with the Council's Contract regulation. These meet our strategic objectives that include supporting our sustainability, environmental and diversity policies
36. Oxford City Council has a good track record of working with the telecommunications industry to provide advice on the installation of equipment. The Council published a Telecommunications Supplementary Planning Document (SPD) which was adopted by the Council on the 3 September 2007. This SPD sets out guidance for developing telecommunications networks across the City. It aims to

promote good practice and design for telecommunications equipment for new development. The advice seeks to balance environmental, visual, amenity and health concerns with the future development needs of the mobile technology networks.

Equalities Impact

37. An initial equalities impact assessment is attached as appendix Three

Financial Implications for the City Council

38. As outlined above, the Council has already allocated £300,000 capital and £25,000 revenue in 2013/14 to support the project. This budget is initially being used to fund an external project manager for the project and a procurement process is already underway to facilitate this.
39. In addition, staffing resource is being committed to support management and delivery of the project.
40. Payments from Government will be made against quarterly claims, so the Council will be required to cover all financial costs relating to the project until re-imbursement is made by Government. In addition it should be noted that project management costs will need to be capitalised where they can and then reclaimed as part of the claims to Government
41. An initial estimate of project financial profiling is as follows:

Vouchers	2014/15				Total
	Q1	Q2	Q3	Q4	
Urban Broadband Fund (UBF) Capital	950k	600k	750k	800k	3,100k
Wireless concession	2014/15				Total
	Q1	Q2	Q3	Q4	
UBF Capital	350k	350k	400k	400k	1,500k
Wireless Public Transport	2014/15				Total
	Q1	Q2	Q3	Q4	
UBF Capital	20k	50k	75k	85k	230k
Total	1,320k	1,000k	1,225k	1,285k	4,830k

Legal Implications

42. With respect to procurement the Council is using an approved Government framework using the Council's approved evaluation model. .
43. State Aid clearance will be required as part of the Assurance Process that BDUK have published and in the event that specialist legal advice on state aid issues being required at any stage, the Council will obtain it.

Name and contact details of author:-

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List of background papers:

None

Appendices:

Appendix One – Risk Register

Follows on the next page.

Appendix Two – Letter from Ed Vaizey, Minister for Culture, Communications and Creative Industries confirming funding available to Oxford

Attached separately.

Appendix Three – Initial Equalities Impact Assessment

Attached separately.

Appendix One – Risk Register

No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
		I	P		Mitigating Control: Level of Effectiveness: (HML)	I	P	Action: Action Owner: Mitigating Control: Control Owner:	Outcome required: Milestone Date:	Q 1 ⊗ ☺ ☺	Q 2 ⊗ ☺ ☺	Q 3 ⊗ ☺ ☺	Q 4 ⊗ ☺ ☺	I	P
06	1 Assurance requirements are not met by the City Council	5	3	Government has published a set of assurance requirements that must be met before funding is formally agreed and contracts signed. If we fail to meet the assurance requirements we will not receive the funding	Mitigating control: Ongoing dialogue and involvement with our Government colleagues. Positive progression of the project and involvement and commitment from partners. Meeting assurance requirements as required and reporting any problems early and discussing with Govt. Good quality governance and project management in place Level of Effectiveness: M	5	1	Action: Chief Executive to monitor risk level and agree action. Action Owner: Exec Director (Hsg and Regen) Mitigating Control: Head of Service Control owner: Director							
	2 Government withdraws funding before contract and agreement is signed	5	1	Government has taken a long time to confirm the funding and is still to formally agree a contract. Time required to spend the funding (March 2015) is short.	Mitigating control: Ongoing dialogue and involvement with our Government colleagues. Positive progression of the project and involvement and commitment from partners. Listening to feedback from Govt and acting on it Level of Effectiveness: M	5	1	Action: Chief Executive to monitor risk level and agree action. Action Owner: Exec Director (Hsg and Regen) Mitigating Control: Head of Service Control owner: Director							

3	Financial cashflow for the project and failure to capitalise project management costs	4	3	Commitments not checked or signed off by Chief Executives and S151 Officer or equivalents	Mitigating control: S151 Officer is signing off project financials. Level of Effectiveness: M	2	2	Action: Chief Executive to monitor risk level and agree action. Action Owner: Exec Director (Hsg and Regen) Mitigating Control: Head of Service Control owner: Director										
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4	Challenge of staffing and resource	3	2	Not having resource or staff required to deliver the projects	Mitigating control: Tendering for project management consultants to deliver all project management requirements Good Client Management and governance will ensure that the Project management is delivered and completed to a high quality, within time requirements and within budget. Level of Effectiveness: M	2	1	Action: Chief Executive to monitor risk level and agree action. Action Owner: Exec Director (Hsg and Regen) Mitigating Control: Head of Service Control owner: Director										
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