

Urban Broadband Fund Bid – BT Efficiency Fund

The City of Edinburgh Council

26 April 2012

Purpose of Report

- 1 To recommend that the Council approves the release of £1.9m over three years from the BT Efficiency Fund to support the delivery of Edinburgh's "Connected Capital" Programme.

Main Report

- 2 On 20 March 2012, the Finance and Resources Committee considered the attached report by the Director of Corporate Governance on Edinburgh's "Connected Capital" Programme bid to the Urban Broadband Fund as part of the UK Government's Super-Connected Cities Initiative.
- 3 The Finance and Resources Committee:
 - a) noted the submission of the "Connected Capital" Edinburgh Bid to the Urban Broadband fund as part of the Super-Connected Cities Initiative;
 - b) noted the timescales for the next stages in the process set out in paragraph 2.8 of the Director's report;
 - c) endorsed the recommendation in the report for draw down of up to £1.9m over three years from the BT Efficiency Fund to match investment from the UK Government, subject to the outline plan being agreed by the Department for Culture Media and Sport;
 - d) **recommended that the Council release £1.9m over three years from the BT Efficiency Fund to this programme;** and
 - e) noted that a further report would be provided to a future Finance and Resources Committee once funding had been announced and detailed plans were in place.

Recommendation

- 4 That the Council approves the release of £1.9m over three years from the BT Efficiency Fund to the “Connected Capital” Programme.

Carol Campbell

Acting Head of Legal and Administrative Services

Appendices	Report by the Director of Corporate Governance
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Wards affected	City-wide
Background Papers	Minute of the Finance and Resources Committee 20 March 2012

Urban Broadband Fund Bid

Finance and Resources Committee

20 March 2012

1 Purpose of report

- 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.

2 Main report

- 2.1 In the HM Treasury Autumn Statement the Chancellor George Osborne announced that the UK Government would be investing £100 million of capital funding to create up to ten 'super-connected cities' across the UK, maximising 80-100 megabits per second broadband connectivity and city-wide high-speed mobile access.
- 2.2 Edinburgh, along with the other national capitals Belfast, Cardiff and London, is guaranteed to receive a share of the funds, but was required to submit an outline proposal along with the ten cities in competition for the remaining six funded places.
- 2.3 Following the issue of bidding guidance and a briefing on 9 January from the Department for Culture Media & Sport (DCMS) a core team of officers from Corporate Governance and Economic Development worked on developing the proposals for Edinburgh's bid.
- 2.4 In developing the proposals the bid team engaged with a wide range of telecommunications providers as well as internal Council stakeholders and representatives of key partner organisations, such as further education, the health and creative industries sectors, business groups and the festivals.
- 2.5 Edinburgh's bid for a 'Connected Capital' Programme was submitted to DCMS on 13 February 2012.
- 2.6 The Urban Broadband Fund bid guidelines require Edinburgh to confirm that the proposals are aligned with Scottish Government plans for broadband rollout. The Scottish Government published 'Scotland's Digital Future – Infrastructure Action Plan'¹ on 31 January. The Scottish Government's Digital Strategy team and the Cabinet Secretary for Infrastructure and Capital Investment have endorsed Edinburgh's bid.

¹ <http://www.scotland.gov.uk/Publications/2012/01/1487>

- 2.7 The outline bid, which seeks to drive both economic growth and digital participation, has four strands; three related to capital projects and the fourth to a cross-cutting digital participation theme:
- **Capital 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.
 - **Capital infill** – 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.
 - **Capital stimulation** – 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 is focused around an Incubator facility located within the creative cluster in Leith and adjacent to the recently announced Enterprise Area.
 - **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.
- 2.8 Following submission of the proposal on 13 February, an announcement of indicative funding will be made by the Treasury in the 2012 Budget on 21 March. Cities will then have until the 1 July to develop a detailed strategy and plan based around the outline proposal. All funds must be committed and projects delivered by March 2015.

3 Financial implications

- 3.1 The Urban Broadband Fund is capital funding and the bid submission was for a maximum of £11m over financial years 2012/13, 2013/14 and 2014/15.
- 3.2 Allocation of capital funds requires to be approved by the European Commission under State Aid rules which prevent use of public funds where such use would distort the market or benefit a particular supplier over others.
- 3.3 Revenue costs must be met by the Council and its partners. In relation to the outline bid the revenue implications for Programme delivery are currently projected as up to £1.9m over the three year programme. It is proposed that this funding would be drawn from the BT Efficiency Fund Reserve. Payback to the Efficiency Fund will be made from revenue streams expected to be generated from the Programme.
- 3.4 Funding for the set up and running for the Leith Incubator Facility for a two year pilot period to 2014 is provided through the Open Innovation (Interreg) Programme, Economic Development/Business Gateway and Creative Scotland.
- 3.5 Other funding streams will be investigated including partner funding of demand stimulation and marketing activities, creation of revenue streams from leasing of assets and European Funding opportunities.

4 Equalities impact

- 4.1 In relation to the information in this report an indicative equalities assessment has taken place which rated this area of work with a score less than 3 on its relevance to equalities. Regard was given to all areas of equality and in particular it was agreed that the only impact was positive in relation to the interim and long term proposals being tabled to increase broadband and wireless connectivity in the city.

5 Environmental impact

- 5.1 In relation to this phase of the bidding process there are no environmental impact issues arising from the submission. Further analysis of environmental impacts and potential benefits will be undertaken as part of the detailed planning phase to July 2012.

6 Recommendations

- 6.1 It is recommended that the Committee:
- a) notes the submission of the 'Connected Capital' Edinburgh Bid to the Urban Broadband Fund as part of the Super-Connected Cities Initiative;
 - b) notes the timescales for the next stages in the process set out in paragraph 2.8 above;
 - c) endorses the recommendation for draw down of up to £1.9m over three years from the BT Efficiency Fund to match investment from the UK Government, subject to the outline plan being agreed by DCMS;
 - d) refers this report and recommends to City of Edinburgh Council the release of £1.9m over three years from the BT Efficiency Fund to this programme; and
 - e) notes that a further report will be provided to a future Committee once funding has been announced and detailed plans are in place.

Alastair Maclean
Director of Corporate Governance

Appendices

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Wards affected City-wide

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
National Outcome 3 - We are better educated, more skilled and more successful, renowned for our research and innovation
National Outcome 7 - We have tackled the significant inequalities in Scottish society
National Outcome 10 - We live in well-designed, sustainable places where we are able to access the amenities and services we need
National Outcome 15 - Our public services are high quality, continually improving, efficient and responsive to local people's needs

Background Papers

'Smart City – High-Speed Broadband' Report to the Finance & Resources Committee 30 August 2011
[HM Treasury Autumn Statement 2011](#)
[Department for Culture, Media and Sport \(DCMS\) guidance](#)
[Scottish Government - Scotland's Digital Future - Infrastructure Action Plan](#)