



department for
**culture, media
and sport**

Super-Connected Cities Initiative

Guidance for Local Authorities submitting proposals to
the Urban Broadband Fund

December 2011

Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

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1 Purpose of this document

This guidance document explains the nature and purpose of the Super-Connected Cities Initiative and provides advice to local authorities on how to submit proposals to the Urban Broadband Fund to become part of this initiative.

2 Introduction from the Secretary of State for Culture, Olympics, Media & Sport

On Monday 6 December 2010, I launched the Government's National Broadband Strategy: "Britain's Superfast Broadband Future". The strategy sets out the Government's vision for broadband in the UK, which is to ensure the UK has the best superfast broadband network in Europe by 2015.

I believe that an excellent communications network is an essential element of recovery and will help us to grow the economy. As consumers we will have greater choice and costs will be reduced. The delivery of public services will be more efficient and cost effective, as well as more inclusive, and this is crucial for local authorities.

I am now inviting proposals for Super-Connected Cities funding from each of the national capitals. I am also seeking proposals from the English Core Cities and all other UK cities with at least 150,000 dwellings, with a view to choosing up to six further projects, to be announced in Budget 2012.

3 The Super-Connected Cities announcement

- 3.1** The Chancellor of the Exchequer announced in the Autumn Statement the creation of a new £100 million Urban Broadband Fund (UBF) that will create up to ten super-connected cities across the UK with 80-100Mbps (megabits *per* second) broadband connectivity. Belfast, Cardiff, Edinburgh, London and up to six further cities will receive support from the fund over the next three years to deliver these speeds.
- 3.2** Cities that demonstrate the best plans for digital-led growth, commitment of resources, streamlined planning procedures and State Aid compliance will be chosen. The first winning cities will be announced at Budget 2012 (21 March 2012). Supporting this initiative, BT and Virgin Media have committed to strengthening their networks in the winning cities.
- 3.3** Cities participating in this scheme should aim to maximise the availability of broadband at 80-100Mbps and city-wide high-speed wireless connectivity and will have detailed plans to drive take-up from residents and businesses – all with a particular focus on SMEs and strategic employment zones to support economic growth.

4 Background

- 4.1** Broadband, is a general-purpose technology. It forms the technical, economic and social basis for many other activities and innovations and its impact is ubiquitous and widespread. Ultra-fast broadband promises a dramatic improvement in the ability of people and institutions to manage very large, two-way data flows as a matter of course. For this reason, it holds the prospect of bringing large-scale data creation and management within the scope of households and small and medium-sized businesses, increasing the scale and scope of the impacts of broadband that we have already seen.
- 4.2** Provision of the best broadband network in Europe is an important part of the Government's approach to the UK's digital communications infrastructure, as set out in the Government's National Infrastructure Plan¹. Our previously announced £530 million programme is helping to rollout superfast broadband to areas of the UK that the market unaided will not reach; ensuring that rural and remote areas of the UK are not left behind.
- 4.3** Massive growth in the number of mobile devices, the use of which involves downloading and uploading large volumes of data, is driving the need for more capacity and it is expected that mobile traffic will increase twenty-six fold by 2015². Estimates of bandwidth demand on each fixed connection suggest that it could reach 1Gbps by 2020. This is reflected in the European 2020³ targets of 50% of households subscribing to broadband services of at least 100Mbps and 100% coverage of at least 30Mbps. It is estimated that, based on their currently published plans, the private sector will deliver access to superfast broadband to at least two thirds of UK premises by 2014. The Government's aim is that this will be increased to 90% by 2015 using BDUK funding.
- 4.4** Ultra-fast broadband has several potential advantages over standard and superfast broadband. They include:
- Faster download speeds that mean that larger volumes of data can be transmitted and managed.
 - Generally, there is greater symmetry between upload and download speeds so that active two-way communication is facilitated.

¹ National Infrastructure Plan 2011, HMT, October 2011, ISBN 978-0-10851-116-5 See http://www.hm-treasury.gov.uk/national_infrastructure_plan2011.htm

² Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2010–2015. See http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns827/white_paper_c11-520862.html

³ *Europe 2020: A European strategy for smart, sustainable and inclusive growth*, European Commission, COM(2010)2020: http://europa.eu/press_room/pdf/complet_en_barroso_007_-_europe_2020_-_en_version.pdf

- Users experience the faster speeds as lower latencies or delays, which allow more rapid reaction to changes in data.

These advantages have led to the identification of a number of possible impacts that could have profound effects on the way the economy and society operates and is organised.

- 4.5** The Government proposes to invest now to ‘get ahead of the curve’, to accelerate growth in UK broadband provision. The Super-Connected Cities initiative will help up to ten UK cities to become highly connected at ultra-fast speeds to facilitate correspondingly innovative business, public sector and social environments; thus driving economic growth.
- 4.6** Our cities provide excellent prospects for creating and tapping new productive networks and offer:
- the scope for significant economies of scale in investment;
 - a large population of business and residential customers, so that benefits of scale can accrue and be widely shared;
 - an area sufficient to attract multiple businesses in different sectors who would benefit from improved connectivity with the potential to develop innovation clusters, stimulating economic growth; and
 - a high density of citizens, allowing the public sector to leverage their demand for services to best effect and achieve economies of scale in the provision of new, high quality services delivered on line.

5 What this investment is expected to deliver

5.1 Economic

Ultra-fast broadband will permit new applications that are currently impractical, facilitating new technologies, new products and new markets. Parts of the economy will be able to perform existing tasks more efficiently. This is most likely to occur in sectors that deploy large volumes of data within a well-formed network. Examples include central and local government, finance and public utilities. All parts of the economy will be able to work in new ways, including greater use of home working and video conferencing, which will make work more time efficient. New, improved and more efficient traffic, water and energy management systems will be possible. With ultra-fast connectivity, Enterprise Zones, where these have been allocated and are included in the city’s proposal, will become even more attractive to businesses.

5.2 Social

Ultra-fast broadband offers greater personal connectedness, resulting in much easier and convenient communications between people and with the institutions with which they deal. This capacity could allow innovative and immediate involvement in democratic processes. The ability to process larger volumes of information coupled

with flexible working should increase the scope of local labour markets. Changing patterns of work and greater online accessing of commodities could lead to fewer road journeys, reducing congestion and greenhouse gas emissions.

5.3 Public sector

Ultra-fast broadband enables large volumes of data to be rapidly uploaded from, and downloaded to, widely distributed networks. Thus, it will particularly benefit organisations that use such data to coordinate and control their operations, including financial institutions, public utilities and makers of markets of all types. It can drive innovation in the delivery of public services such as education, administration, law enforcement and the Big Society initiatives. In cities, it will encourage innovation by local business, creating new products and services and leading to increased competitiveness. Skills levels in the workforce will be boosted by access to broadband, IT resources and training.

6 Guidance on preparing a proposal

6.1 Public sector investment should be considered in the following areas:

- The stimulation of private sector investment, including exploring public sector partnering arrangements with the private sector;
- Broadband infill where commercial service providers do not deliver and have no plans to do so, building on the investment to be supported from the Government's £530 million funding for superfast broadband;
- New broadband networks to deliver ultrafast broadband where the market will not deliver, particularly targeting SMEs;
- Extending high-speed wireless connectivity, for instance by the provision of public wi-fi. A number of business models are being offered for this and cities should consider which would deliver best value for money for them;
- Assisting in the creation of new small and medium enterprises with good potential for growth using the enhanced broadband connectivity (for instance, by reducing administrative burdens and other barriers), including community enterprises and third-sector initiatives as well as private sector start-ups;

6.2 A proposal should cover the broadband strategy and delivery plans for infrastructure upgrades. It should explain how improvements to broadband infrastructure will support the needs of the community and will align with other local/regional plans and strategies. It must be approved by the Chief Executive of the local authority and the council member holding the relevant portfolio.

6.3 Cities should consider the use of existing physical assets (for instance, duct networks, street furniture) as part of the solution where they provide an efficient means of

improving connectivity, describing how they intend to use any such assets. Where public assets are not to be used, this should be stated.

- 6.4** The city should set out clearly the area that it intends will be covered by the new infrastructure – including the number of dwellings and business to be included. Information, education and demand stimulation measures should, however, apply across as much of the city as possible.
- 6.5** Local bodies should also describe how the proposed investment would facilitate the continued drive to transform the delivery of public sector services by making as many services as possible available online as the channel of choice. Projects that seek deliver a range of outputs contributing to public service transformation, democratic governance, economic development and activities tackling digital exclusion will score highly in this area.
- 6.6** UBF funding is for capital expenditure only. Therefore non-capital spending as part of a proposal must be funded from elsewhere.
- 6.7** Non-capital aspects of a project should include, for example:
- Resourcing the local project team, ensuring sufficient capability and seniority to drive forward a citywide project, with the ability to market the city as a destination for inward investment in new growth areas.
 - Measures to stimulate demand among residents and businesses for high-speed broadband and wireless connectivity.
 - Expediting the installation of new infrastructure by ensuring that wayleaves, streetworks and other permissions required for access to public land and properties.
- 6.8** Proposals may be for projects including:
- Where there is an existing contractual route for capital spending. The City Authority is required to confirm that it has taken procurement advice that the existing contractual route is suitable for the proposal;
 - Where a new procurement is required (either from an existing available framework), or via a new tender process. If a procurement under public procurement regulations is proposed the City Authority should state which procedure is proposed; or
 - Where the UBF funding will be added to existing BDUK funding that has been allocated to the local body (where applicable) to be committed under a local broadband project with a supplier under an existing planned call-off from BDUK's

Broadband Delivery Framework⁴, or a similar alternative. City Authorities are advised to contact BDUK⁵ if they are considering this route.

6.9 City Authorities should use sourcing routes that will minimise the time and cost of procurement, while maximising value for money.

7 The Bidding Process

7.1 Who can bid

Proposals are invited from the City Authorities of the eight English Core Cities⁶ and other UK cities with 150,000 dwellings or more (i.e. Glasgow and Bradford). The national capitals (London, Edinburgh, Cardiff and Belfast) are not required to compete for approval for funding but must still submit proposals meeting the competition criteria in order to determine the amount of UBF funding to be allocated. City authorities must lead proposals but should work closely with any other relevant local bodies, e.g. Counties, LEPs and lower tier authorities where appropriate.

7.2 Timescale

Proposals must be submitted to DCMS by 10am on 13 February 2012. The format for proposals is set out in the Proposal Template⁷. Proposals received after the closing date will only be considered at the discretion of DCMS. The timetable is set out below:

Task	Date
DCMS invite proposals	23 December 2011
DCMS host workshops for City Authorities who are considering bidding	January 2012 (dates and venues to be announced early in the New Year)
Closing date for submission of proposals	13 February 2012
Announcement of successful proposals and, where possible, indicative UBF funding in Budget 2012.	21 March 2012
City Authorities to develop more detailed delivery/procurement plans	From March 2012
Completed plans to be submitted	1 July 2012

⁴ BDUK's Broadband Delivery Framework - see http://www.culture.gov.uk/what_we_do/telecommunications_and_online/8252.aspx

⁵ Through the DCMS contact details set out in section 7.3, or through the local body's contact with BDUK

⁶ Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, Sheffield.

⁷ Obtainable on application from the address and e-mail given in paragraph 6.4 or downloadable from www.dcms.gov.uk

Task	Date
Confirmation of UBF funding	Summer 2012
Projects to be completed by	31 March 2015

7.3 DCMS support for bidders

DCMS intends to hold workshops for interested City Authorities in various locations in early January 2012. These sessions will be aimed at officers preparing proposals. They will provide guidance on developing proposals and address areas where City Authorities may require support, such as data collection, mapping, phasing of funding, State Aid rules, project evaluation methodologies and developing cost models. The dates and venues will be notified to eligible cities early in the New Year.

DCMS will provide cities with baseline coverage and infrastructure data to inform the development of their proposals. Please note this information is derived from Broadband Delivery UK (BDUK) models and DCMS cannot accept liability for its accuracy. The information we can supply includes:

- Total number of premises (business and homes) in a Local Authority area;
- 'Not Spots' < 0.5Mbps and 'Slow Spots' < 2.0 Mbps broadband speed (number of premises);
- Premises connected to BT exchanges (BT announcements);
- Installed Virgin Media coverage (number of homes passed)

If you have any questions about this guidance, including clarification on the information and appraisal requirements for proposals, please submit queries to

urbanbroadbandfund@culture.gsi.gov.uk

with your contact details (telephone and e-mail address).

7.4 Format and submission of proposals

Proposals should be sent to DCMS by 10am on 13 February 2012. Proposals should ideally not exceed twenty-five pages in length and must follow the format set out in the Proposal Template⁸. Please do not include supplementary material other than mapping information and essential diagrams. Proposals should use a typeface no smaller than 11 point with a line spacing not less than 1.15.

Three hard copies of proposals, maps and diagrams should be sent to:

⁸ Obtainable on application from the address and e-mail given in paragraph 6.4 or downloadable from www.dcms.gov.uk

Ms Susan Hawker
Urban Broadband Fund
Fourth Floor
Department for Culture, Media and Sport (DCMS)
2-4 Cockspur Street
London
SW1Y 5DH

Envelopes should be marked: **'Submission for Urban Broadband Fund'**.

An electronic copy should also be submitted to urbanbroadbandfund@culture.gsi.gov.uk

8 The selection process

- 8.1** Evaluation will be led by DCMS, involving other government departments and experts where appropriate.
- 8.2** Only proposals from City Authorities meeting the qualification set out in paragraph 7.1 will be considered.
- 8.3** Qualifying proposals received by the closing date will be evaluated according to the criteria set out in Appendix 2. No material other than the proposal documents will be considered, except maps and any diagrams necessary to support the proposal. The accompanying⁹ document: 'Super-Connected Cities Project - Proposal template', should be followed.
- 8.4** All criteria will carry equal weighting. The assessment process will establish, from the evidence provided, to what extent the proposal meets each criterion, and a score from one to five given¹⁰. The scores for the criteria in each section of the proposal will be aggregated to produce an overall score for each section. This will allow recommendations to be made to ministers as to which proposals are most likely to deliver the required outcomes.
- 8.5** If it is not possible to make decisions on funding based on the written proposals alone, DCMS reserves the right to request more information from Local Authorities either in writing or as a presentation.
- 8.6** The winning proposals and indicative allocations will be announced at Budget 2012, 21 March 2012. The decisions of ministers on UBF funding are final and awards may

⁹ Also available at: <http://www.dcms.gov.uk>

¹⁰ Scoring: 5 – considerably exceeds criterion; 4 – exceeds criterion; 3 – meets criterion; 2 - fails to meet criterion; 1 – way below criterion.

be made to fewer than six cities (in addition to the capitals), to achieve the best value for money within the constraints and timing of available funding.

- 8.7** Receipt of UBF funding for all cities submitting successful proposals is dependent on the satisfactory production by 1 July 2012 of detailed plans and confirmation of acceptability, if required, under State Aid rules. Final allocations will be announced at the end of summer 2012, subject to State Aid approval.

9 Funding

- 9.1** Money from the UBF must be used only for capital projects. For example:
- Funding infill in broadband white areas not expected to be covered by commercial suppliers;
 - Delivering ultra-fast connectivity for businesses, Enterprise Zones and strategic employment zones;
 - Procuring infrastructure to deliver high-speed wireless connectivity.
- 9.2** It is assumed that the funding agreement will be finalised when the City Authority signs a delivery contract with a supplier(s), but DCMS may issue a letter of funding intent – where necessary to expedite stakeholder approvals – and agree funding principles before contract signature.
- 9.3** The funding agreement will set out how the funding is drawn down at key implementation milestones. The funding is controlled under the Managing Public Money framework¹¹, so the agreement will include a monitoring regime and recovery mechanisms if objectives are not met, in order to effectively ring-fence the UBF for the purposes of the urban broadband project.
- 9.4** All proposals must include a local contribution towards the overall costs of the measures put forward, whether in terms of money, use of publicly owned assets or a mixture of both. Proposals must identify all sources of the local contribution and indicate whether such contributions are in the form of a pure capital contribution to the overall subsidy or an alternative form. Capital contributions from local bodies towards the cost of broadband projects based on an ‘invest to save’ business case would be welcome. (For example, through the achievement of lower transaction costs because of increased customer interaction via the web.) City Authorities are expected to meet the costs of their own project teams, including any external costs that these may incur. Only local contributions over and above project team costs (related to development, procurement or delivery) will be considered by DCMS in the evaluation of proposals.
- 9.5** The greater the overall contribution towards the costs (in terms of both capital and revenue funding) from City Authorities and other local bodies as well as other external organisations involved at the development stage, the more positively the proposal will be considered in the assessment process. Where future suppliers can reasonably be expected to contribute investment to projects then this should be

¹¹ See www.hm-treasury.gov.uk/d/mpm_whole.pdf

identified, but this should be considered as additional contributions, given that the certainty of investment will not be proven until a procurement process takes place.

- 9.6** In your submission, please state the total UBF funding required in each financial year to 2014-2015, in addition to other contributions. If the plan is for a phased project, or one or more projects, then the business case should state separately the amounts of funding requested for the different phases. The degree of interdependency of the phases should also be described.

10 State Aid Rules

- 10.1** The EU Commission has issued guidelines on State Aid rules as they relate to broadband investments which are available at:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:235:0007:0025:EN:PDF>
- 10.2** Please read the full rules accompanying this guidance on the DCMS website¹² before submitting your proposal to ensure your proposal will not contravene State Aid rules. Please note definition of the 'White', 'Grey' and 'Black' areas can be found at 2.3.2.1, 2 & 3, paragraphs 41–46 of the Commission Guidelines. Measures that involve State Aid, as indicated in paragraph 14 of the Broadband guidelines, would subsequently need to be notified to, and approved by, the European Commission before contracts are awarded to commercial undertakings.

¹² See <http://www.culture.gov.uk/images/publications/BDUK-Programme-Delivery-Model-vs1-01.pdf> Section 13.8

Appendix 1: Glossary

Term	Definition
Broadband	<p>Broadband describes a range of technologies that allow high-speed, always-on access to the Internet. It is most often delivered by a telephone line connection or a cable service, but can use wireless or satellite connections.</p> <p>A potential access speed of less than 512kbps is deemed not to be broadband.</p>
Down/up-load	Data flows to/from the final user.
Enterprise Zone	A geographically defined area, agreed between LEPs and Government, within which specific incentives for businesses apply
FTTC	Fibre to the cabinet
FTTH / FTTP	Fibre to the home / premises
kbps	Kilobits per second
LEP (Local Enterprise Partnership)	Partnerships between local authorities and businesses that play a central role in determining local economic priorities and undertake activities to drive economic growth and the creation of local jobs.
Mbps	Megabits per second.
Not Spot	A geographic postcode area where customers do not have access to fixed line or wireless broadband.
Slow spot	A geographic postcode area where Customers have access to fixed line or wireless broadband at access speeds below 2Mbps.
Standard Broadband	Standard broadband is a service available at the edge of the network that allows a quality home working experience, for which a headline access speed of 2Mbps can be used as a proxy.
Superfast broadband	Superfast broadband infrastructure is defined as infrastructure capable of delivering speeds higher than 24Mbps, in line with the Ofcom definition. Superfast broadband speeds are headline download speeds of greater than 24Mbps.
Ultrafast broadband	Ultrafast broadband is taken as being that with a retail headline access (download) speed of at least 80Mbps.

Appendix 2: Evaluation Criteria

It is important that cities demonstrate how their proposals meet the criteria in all areas.

<p>Short-form business case – see proposal form¹³ for format required</p>
<p>Digital-led economic growth</p> <p>A proposal should be based on a strong set of strategic priorities for growth endorsed by the LEP, where relevant, and demonstrate an ambitious vision for growth. In particular:</p> <ul style="list-style-type: none"> • Evidence of job creation initiatives and strategies for attracting new businesses into the city including, where relevant, a clear link to the delivery of a successful Enterprise Zone. • How the capability of businesses, particularly SMEs, to increase efficiency and revenues will be enhanced. • Proposals for leveraging innovation, development and delivery of broadband-based public services for businesses and consumers, delivering economic benefits. • Proposals for stimulating additional private sector investment, generating greater accessibility by businesses and residences to faster broadband services. • Evidence that investment in faster broadband will be accompanied by a commitment to raise skills levels in the local population and provide greater accessibility to educational programmes to equip more people with better knowledge based skills. • A description of how the project will dovetail with existing Local Broadband Plans (for projects in England with allocations from BDUK’s £530m superfast broadband programme) or with national plans for broadband rollout in Scotland and Wales.
<p>Commitment of resources</p> <ul style="list-style-type: none"> • Resources that will add to the DCMS investment to help to achieve the objectives: <ul style="list-style-type: none"> - from the City Authority, other local bodies and any external organisations involved – including finance and the commitment to the project of physical resources; - The local enterprise partnership (LEP); - EU sources; and - the private sector. • Evidence that the City Authority has access to the project management, procurement and, as appropriate, delivery capability and strengths in programme governance to deliver the programme of work. • How value for money will be assured.

¹³ Obtainable on application from the address and e-mail given in paragraph 6.4 or downloadable from www.dcms.gov.uk

<p>Stimulating take up and demand</p> <ul style="list-style-type: none"> Proposals for education, information and demand building activities generating greater demand by businesses (including SMEs) and residences for ultrafast broadband services, aiming for 50% take-up across all sectors. How the proposed investment would be utilised to transform the delivery of public sector services by making as many services as possible available online. Proposals for delivering social benefits, possibly including: online involvement in democratic processes; flexible working; more flexible local labour markets; changing patterns of work; more online commerce.
<p>Streamlining planning processes to support infrastructure rollout</p> <ul style="list-style-type: none"> How the City Authorities will expedite the installation of new infrastructure by ensuring that wayleaves, streetworks and other permissions required for access to public land and properties are made available in a timely fashion. How engagement with large private owners of properties and land will be used to facilitate access for the deployment of infrastructure.
<p>Compliance with State Aid rules</p> <ul style="list-style-type: none"> Show how the proposed infrastructure investments and business models to be used will comply with State Aid regulations.
<p>Delivery approach</p> <ul style="list-style-type: none"> Timely development, procurement and delivery timescales to ensure delivery is completed by March 2015, Appropriate sourcing approach. Proposed procurement route(s) should demonstrate viability, cost effectiveness and realism Fit with the government’s approach to using SMEs in delivery¹⁴

¹⁴ See <http://www.cabinetoffice.gov.uk/content/small-and-medium-enterprise-sme-action-plans>