

CABINET – 6 OCTOBER 2015

EXECUTIVE SUMMARY OF AGENDA ITEM 6

REPORT TITLE:

BNet Commercialization – Duct Concession

Ward(s) affected by this report:

Citywide

Strategic Director:

Nicola Yates, Strategic Director

Report Author:

**Helen Bream
Stephen Hilton**

RECOMMENDATION for the Mayor's approval:

1. Approval for the contract signing of B-Net Commercialisation- Duct concession
2. Use part of the first year guaranteed payment to recover opportunity costs (approx. £100K).
3. Utilise part of the revenue to employ contract manager ensuring submitted business plan delivers maximum revenue.
4. Use guaranteed payments and generated revenue to support delivery of the new Bristol Operations Centre.

Key background / detail:

- a. Purpose of the report:

This report seeks endorsement for the conclusion of a process to let a concession to utilise capacity in BCC owned B-Net ducts. The concession will have the dual benefits of generating new revenues for BCC (which could be directed towards the cost of the new Bristol Operations Centre) whilst also increasing availability of fast broadband for business.

- b. Key details:

1. The duct will be operated as a concession on the basis that a concession does not attract state aid; offers flexibility to the Council; reduces the need for management of the duct by the Council and offers the operator of the duct an incentive to increase use of the duct.

2. A management fee will be deducted from the BCC Guaranteed Payment in order that the supplier takes responsibility for maintaining the condition of the duct including repair, over the contract life

3. To provide a range of commercial services across the area that directly contributes to economic growth by increasing access to fast broadband for business.

BRISTOL CITY COUNCIL CABINET October 6th 2015

REPORT TITLE: BNet Commercialization – Duct Concession

Ward(s) affected by this report: Citywide

Strategic Director: Nicola Yates

Report author: Stephen Hilton
Helen Bream

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Purpose of the report:

- 1 This report seeks endorsement for the conclusion of a process to let a concession to utilise capacity in BCC owned B-Net ducts. The concession will have the dual benefits of generating new revenues for BCC (which could be directed towards the cost of the new Bristol Operations Centre) whilst also increasing availability of fast broadband for business.
- 2 Following thorough market engagement and formal procurement, a concession has been awarded by BCC, subject to SLT/Cabinet agreement, which will generate revenue for BCC over 20 years. This is made up of a guaranteed payment along with a share of revenue.

RECOMMENDATION for the Mayor's approval:

1. Approval for the contract signing of B-Net Commercialisation - Duct concession.
2. Use part of the first year guaranteed payment to recover opportunity costs (approx. £100K).
3. Utilise part of the revenue to employ contract manager ensuring submitted business plan delivers maximum revenue.
4. Use guaranteed payments and generated revenue to support delivery of the new Bristol Operations Centre.

The proposal:

Background

1. The £11m 'GigaBit Bristol' (Super Connected Cities) programme sought to increase availability and uptake of ultrafast broadband for businesses.
2. The programme, which is now largely complete, included workstreams that have seen the development of Bristol is Open; the @Bristol Data Dome; a new general purpose utility duct in BTQEZ; a multi million pound voucher scheme to enable business connections to fast broadband and market testing of commercial interest in wireless and fixed broadband concessions.
3. Whilst a decision was made not to utilise BCC street furniture to let a wireless concession due to insufficient market interest, a concession has been offered to a preferred provider to utilise spare capacity in BCC owned BNet ducts.

B-NET

4. Fifteen years ago, BCC took the bold step of purchasing a network of fibre and ducting from Rediffusion, the cable TV pioneer. Since then, Bristol City Council has refurbished, extended and "lit-up" this network with high-capacity dark fibre to create B-Net, a high-speed, symmetrical digital network that is directly owned, managed and utilised by the Council. B-Net consists of approximately 76kms of ducting, a majority of which is in active use.

The Concession

5. After making some allowance for BCC future needs, a concession to utilise spare capacity within the B-Net duct infrastructure was offered to the Telecoms market with the aims of,
 - generating new revenues for BCC;
 - increasing business access to ultra fast broadband and;
 - promoting supply in the Telecoms market, to ensure best value for Bristol business broadband consumers
6. Following a thorough period of market engagement (in part supported by PWC), two bids were received for the concession. Following technical evaluation and BCC financial assessment, the duct concession has been awarded to a preferred provider subject to SLT/Member approval at Cabinet on 6th October 2015.
7. The duct concession offers the following outcomes:
 - Revenues will be generated for BCC, profiled over 20 years. This profile is based on a revenue share model however; a Guaranteed Payment over the term is also included (so if the concessionaire never generates any revenues BCC will still receive an annual amount).

- The duct will be operated as a concession on the basis that a concession does not attract state aid; offers flexibility to the Council; reduces the need for management of the duct by the Council and offers the operator of the duct an incentive to increase use of the duct.
- A management fee will be deducted from the BCC Guaranteed Payment in order that the supplier takes responsibility for maintaining the condition of the duct including repair, over the contract life
- To provide a range of commercial services across the area that directly contributes to economic growth by increasing access to fast broadband for business

Consultation and scrutiny input:

a. Internal consultation:

- Legal Department: Eric Andrews, Solicitor
- IT Department: Paul Arrigoni, Service Director Business Change & ICT, Alex Simpson, Principal IT Officer, Gavin Beckett, Chief Enterprise Architect, Martin Howitt, Information Systems Architect
- Transport: Peter Mann, Service Director, Adam Crowther, Traffic Signals & ITS Manager, Max Thorley, Principal Traffic Signals Engineer
- Procurement: Geoff Chamberlain, Commercial Manager, Carrie Pearson, Procurement Officer
- Finance: Mike Allen, finance Business Partner

b. External consultation:

- Analysys Mason, Telecommunications Strategy Consultants
- Department for Culture Media and Sport
- PWC, Consultants
- Commercial Market Day
- University representatives (Nick Skelton)

Other options considered:

8. *'Do nothing'* Through our business networks, we have considerable evidence that Bristol's key growth industries are facing challenges in terms of securing ultrafast broadband at prices that are affordable for SMEs. This issue is becoming increasingly concerning to us as it is inhibiting competitiveness, growth and the kind of inter-company collaborations and supply-chain interactions that we believe are critical for these key sectors. By not letting a concession, commercial duct availability will remain with the current incumbents thus new and yet undeveloped businesses/sites may be unable to connect to a wide range of communication services.
9. *"Smaller Concession"* As part of the General Purpose Service Duct of which funding was agreed with DCMS this was given on the understanding that the concession would be let for this ducted route. Having undertaken market testing it was felt that such a relatively small route would not attract commercial providers.

Project Benefits:

10. The benefits with this project are as follows:

- Promoting commercial operator supply
- Establish better broadband speeds and connectivity
- Attract new businesses development and growth
- Future Cities aspirations supported
- Increase business access to ultra fast broadband
- High speed broadband supplied to the core areas of the BTQEZ
- Deliver an income to BCC through the Guaranteed Payment and revenue over a 20 year term.

Risk management / assessment:

FIGURE 1							
The risks associated with the implementation of the BNet Commercialisation – Duct Concession decision :							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	BCC are unable to deploy their own fibre in certain instances	Med	Medium	Contract states BCC will reserve 20mm of space where available for its own use	Med	Low	Bristol Futures Business Change & ICT Transport CCTV
2	Reciprocal duct sharing agreement with University is not honoured	Med	Low	Procurement documentation clearly outlined current agreements Reciprocal duct sharing agreement with University formalised	Med	Low	Bristol Futures Business Change & ICT
3	Duct concessionaire disrupts current services operating within the ducts	Med	Low	Procurement requested relevant qualifications for those working on the ducts Contract includes concessionaire taking responsibility for maintaining and fixing duct problems.	Med	Low	Bristol Futures Business Change & ICT Transport CCTV
4	Proposed profiled revenue is not generated	Med	Low	Contract includes target review points occurring every 5 years. % targets ensure a range of interventions to ensure that full use of the concession is made over the term	Med	Low	Bristol Futures

FIGURE 2							
The risks associated with <u>not</u> implementing the BNet Commercialisation – Duct Concession decision:							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	DCMS funding of GPST may require repayment	High	High	Completion of concession agreement required	Low	Low	Bristol Futures
2	Lost opportunity to supply the core area within the BTQEZ	High	Med	Find alternative ways of supplying ultrafast broadband to	High	High	Strategic Directors

	with superfast broadband.			the BTQEZ.			
3	No annual guaranteed payment or revenue available	High	High	Identify further projects which can support an income stream	High	High	Bristol Futures
4	Opportunity to raise profile of Bristol's economic and technological strengths is lost.	High	High	Investigate further opportunities	High	High	

Public sector equality duties:

11. We do not need to complete an initial assessment

Environmental checklist

12. The significant impacts of this proposal are:

- Some construction noise and dust likely during construction
- Possible increased emissions through traffic congestion generated by installation of infrastructure.
- Possible decrease in emissions through more online meetings reducing travel requirements.
- Waste will be created as part of any duct construction works

13. The proposals include the following measures to mitigate the impacts:

- Works will be scheduled and planned in order to minimise disruption. Advice to be taken from Highways Dept.
- Materials will be reused wherever appropriate

14. The net effects of the proposals are: Positive

Eco impact assessment

The significant impacts of this proposal are...

There may be minor impacts associated with duct maintenance and connections to other networks, such as noise, dust, waste and traffic congestion. However the overall impact will be significantly lower than it would be if the concession holder installed new ducting to expand their network. Depending on how it is used, ultrafast broadband is capable of generating either net positive, or net negative impacts, particularly with regard to energy consumption. However, this is beyond the control of either the council or the concession holder, and the scope of this proposal.

The proposals include the following measures to mitigate the impacts...

Works such as maintenance will be planned and organised to reduce nuisances (such as noise and dust) and minimise traffic congestion.

The net effects of the proposals are...

There are unlikely to be any significant environmental impacts arising from the use of the existing B-Net infrastructure.

Advice given by Steve Ransom, Environmental Programme Manager
Date 8th Sept 2015

Resource and legal implications:

Finance

a. Financial (revenue) implications:

Income over the first 5 years is split between guaranteed payments and income share. The contract has a 5 year review clause such that the contract can be terminated or reviewed should income received not meet the expectation based on the procurement documentation provided by the appointed bidder.

First year guaranteed income is minimal, but rises to £143k in year two and £275k in year five. Shared income is estimated to total £141k in year one rising to £746k in year five. Five year income totals £4.8m.

Given the projected level of guaranteed income of £903k over five years, there is little risk that the initial requirement to change £100k of opportunity costs and the employment of a contract manager will not be covered. With the addition of shared income, the Council will be well placed to support the Bristol Operations Centre.

Advice given by Mike Allen / Finance Business Partner
Date 9th September 2015

b. Financial (capital) implications:

There are no specific capital implications

Advice given by Mike Allen / Finance Business Partner
Date 9th September 2015

Comments from the Corporate Capital Programme Board:

There is no requirement to go to Capital Programme Board as no capital is required.

c. Legal implications:

The procurement process commenced under the Public Contracts Regulations 2006, however as it involves a service concession contract, it did not need to comply fully with these regulations, although it was required to comply with the general principles of fairness transparency and equal treatment. An open public procurement exercise was undertaken, adopting a form of competitive dialogue, and including the publication of an OJEU notice, and with the tender procedures including full disclosure of the evaluation methodology and contract terms, and the adoption of a voluntary standstill period. The unsuccessful bidder has been provided with detailed feedback. During the dialogue process some modifications to the original contract terms have been negotiated, but the overall economic balance of the

contract is not considered to be adversely affected.

Advice given by Eric Andrews, Senior Solicitor
Date 9th September 2015

d. Land / property implications:

e. Human resources implications:

I can confirm that there are no Human Resources implications arising from the content of this report

Advice given by Alex Holly, People Business Partner
Date 7th Sept 2015

Appendices:

Appendix 1 - Appendix 1 Financial considerations

[exempt and not for publication: Para 3(information relating to the financial or business affairs of any particular person) of part 1 Schedule 12A of the Local Government Act 1972],

Access to information (background papers):

City Project Delivery Plan capital projects sub project 2 wp2.3 bnet commercialization phase 2 v3.0

City Project Delivery Plan capital projects sub project 5 wp2.1 duct construction for BTQEZ v3.0 final

150511duct concession briefing paper v4

City Project Delivery Plan Summary – other capital projects

Sub-Project 1a: WP2.3 BNet Commercialization (Phase 2)

City:	Bristol
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This document summarises the above city’s plans for delivery of Gigabit (GB) Bristol – **WP2.3 – BNet Commercialization Phase 2**, a sub-project within its Super-Connected City plans. All sections should be completed and agreed between the city and the BDUK project director within 30 days of receiving a conditional offer as confirmation of project scope. Recognising that in many cases BDUK will have iterations of this information but not always the most recent information, your project director will work to complete this with you collaboratively.

Part 1: City sub project overview

What are the strategic objectives of the sub-project	<p>Objectives of Sub-Project</p> <p>Through our business networks, we have considerable evidence that Bristol’s key growth industries are facing challenges in terms of securing ultrafast broadband at prices that are affordable for SMEs. This issue is becoming increasingly concerning to us as it is inhibiting competitiveness, growth and the kind of inter-company collaborations and supply-chain interactions that we believe are critical for these key sectors.</p> <p>We also have an in-depth understanding of issues affecting key growth sectors within Bristol and aim to address these with a range of interventions underscored by gigabit connectivity, such as Bristol Temple Quarter Enterprise Zone.</p> <p>Bristol City Council has been ahead of the game for many years in recognising the importance of high-speed broadband infrastructure and finding creative ways to invest in it.</p> <p>More than eight years ago the Council took the bold step of purchasing a network of fibre and ducting from Rediffusion, the cable TV pioneer. Since then, Bristol City Council has refurbished, extended and “lit-up” this network with high-capacity dark fibre to create B-Net, a high-speed, symmetrical digital network that is directly owned, managed and utilised by the Council.</p> <p>B-Net consists of approximately 76kms of ducting, a majority of which is in active use. The footprint of the network forms a near-complete figure of eight through Bristol, with only small gaps remaining in South and North Bristol. It would be advantageous to incorporate further loops within the network for added resilience.</p> <p>B-Net supports many established Council business applications including CCTV; Transport Operations and Traffic Signals. It also provides broadband connectivity between Council HQ Buildings, schools and community buildings.</p>
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In today's market, the cost of creating BNet from scratch would be in excess of £9million.

The West of England Local Enterprise Partnership (LEP) has agreed an ambitious Vision for Economic Growth: 95,000 new jobs by 2030, 3.4% annual growth in GVA by 2020 and over £1 billion of private sector investment over the next 5 years.

The LEP has identified broadband infrastructure as a key enabler of business growth and the GB Bristol project will be essential to meeting these targets and to accelerating their delivery, including BTQEZ.

Bristol offers a unique opportunity for creating sustainable growth and employment due to the number of genuinely world-class companies & institutions we have in key sectors (particularly those companies competing in, or are part of, international markets or supply chains) and the skills, enterprise and adaptability of our workforce.

The growth of these companies – or even their retention in the face of a globalised economy and fierce international competition from locations offering established symmetrical ultrafast speeds - is dependent on provision of appropriate infrastructure and the provision of online services.

The business case is simple – face-to-face costs £14.65 per transaction, telephone £1.39 and web £0.25 or less. Achieving this increase in online service provision requires increased availability of internet connected businesses and systems at the point of contact with the customer.

We also recognise, and will address, issues around social and digital exclusion through this project, enabling excluded areas and 54 district and neighbourhood centres known as Growth Areas, to participate and engage.

Phase 1 of agreed funding has taken place with the completion of BNet GIS mapping which has informed subsequent targeted investment plans, GB Bristol work packages and their outcomes including:

- A general purpose duct in an area that may not currently be seen as commercially attractive to service providers. In order to supply the current 49 businesses incumbents, a mix of creative's and professional services, and potential for 250 new businesses that will be attracted into the area, funding for a general purpose duct , to be located within defined urban service corridors, is seen as a means to encourage roll out as soon as possible.
- The Connected Harbour project developed in partnership with stakeholders such as University of Bristol, Watershed, @Bristol, Aardman, IBM etc aims to use a private testbed created to develop experimental services employing very high capacity cloud computing in real time. This will be augmented with a RF Mesh network that will support sensor and actuator data.
- Bristol City Council's street furniture assets consist of 787 CCTV cameras, 351 traffic signals and 46,074 streetlights. These offer significant

potential to help roll out citywide Wi-Fi through the granting of concessions of use. We will go to the market to identify a commercial Wi-Fi provider and grant a concession for the use of street furniture. BCC will re-invest the rental income that we can derive from granting access to street furniture and this will enable us to extend the network into areas that will be less unlikely to receive market investment otherwise.

- Benefit realisation of Gigabit Bristol, identified within the whole work package suite, is underpinned by a thorough understanding of the available existing infrastructure and its potential capacity to support projects.

A recent analysis by Serco suggests that as a result of business support to 63 businesses in the City there would be an expected GVA uplift of £1,081,200. This is indicative of the level of GVA uplift that might be achieved as a result of our investment in facilitating a duct concession for BNet in its entirety.

This sub-project contributes to this ambitious aim.

Strategic Partnerships

West of England Local Enterprise Partnership

The West of England Local Enterprise Partnership (LEP) is a successful example of political and business leaders working together to drive growth. WoE LEP Board Members are drawn from key business sectors (microelectronics, digital media and aerospace, etc.) the public sector and from academia. The LEP supports a variety of sector groups including low carbon, high technology and creative industries.

The West of England Local Enterprise Partnership (LEP) has agreed an ambitious Vision for Economic Growth: 95,000 new jobs by 2030, 3.4% annual growth in GVA by 2020 and over £1 billion of private sector investment over the next 5 years. The LEP has identified that broadband infrastructure will be a key enabler of business growth and is prominently featured in the Strategic Economic Plan for Growth. Securing the Bristol Temple Quarter Enterprise Zone (TQEZ) was an early achievement of the LEP, a 70 hectares area surrounding Bristol's Temple Meads Station, launched by the Prime Minister. Challenging targets have been agreed with Government for TQEZ: 3,500 new jobs in the next 4 years, contributing towards 17,000 jobs and 250 new businesses in the long term. The GB Bristol project will be essential to meeting these targets and to accelerating the rate at which they are achieved, particularly in BTQEZ.

The LEP has identified broadband infrastructure as a key enabler of business growth and the GB Bristol project will be essential to meeting these targets and to accelerating their delivery.

Arena

A feasibility study is also underway for a possible 12,000 seat arena within the Enterprise Zone, to be sited on the former Diesel Depot. The draft

study concludes that there is stakeholder support, market demand and operator interest for an arena in Bristol. A project funding model is under development, together with procurement and delivery solutions. The target start date for construction of the arena is autumn 2014, with work estimated to take around 18 months.

Strategic Plans

WoE LEP Strategic Economic Plan for Growth

This project supports the following Authority strategic plans:

- Bristol's Development Framework
- The Bristol Community Strategy
- Bristol Crime and Drugs Strategy
- The Regeneration Framework and Economic Development Strategy for Bristol
- The Bristol Retail Strategy Action Plan
- City Deal
- Bristol City Council Transformation Program

Within the wider context, GB Bristol aims to support outcomes from the following frameworks:

Europe 2020: Digital Agenda for Europe:

http://ec.europa.eu/information_society/digital-agenda/index_en.htm

Britain's Superfast Broadband Future:

<http://webarchive.nationalarchives.gov.uk/+http://www.culture.gov.uk/images/publications/10-1320-britains-superfast-broadband-future.pdf>

Sub-Project Aim and Achievements

The BNet duct infrastructure will be made available via a concession operator, to commercial suppliers, focussing on introducing commercial operator competition by opening up our duct assets in order to:

- 1) increase business access to ultra fast broadband and:
- 2) promote competition in the market, resulting in best value for Bristol business consumers
- 3) establish better broadband speeds and connectivity allowing endogenous SMEs to thrive whilst also attracting new businesses development and growth in the city creating new jobs

This sub-project will fund specialist resource for 6 months, to build on soft marketing testing already undertaken and work towards the provision of a duct concession which, as highlighted, will allow an operator to offer access to multiple communication utilities and technologies.

The concession will also provide resilience to sub-project 2: WP1.2 Growth Hub (Engine Shed) and sub-project 4: WP3.1 – Wireless Concession and

	<p>incorporate the duct concession of sub-project 5: WP2.1 General Purpose Duct BTQEZ.</p> <p>SCCP Aims and Objectives</p> <p>This sub-project meets the aims and objectives of the SCCP by addressing economic growth, social inclusion, digital engagement and innovation.</p> <hr/> <p><i>[State the objectives of the city (and its strategic partners in this project, if any) in pursuing this sub-project. State what will be achieved by the sub-project and how this fits with SCCP aims and objectives]</i></p>
<p>What are the key outputs the sub-project will buy.</p>	<p>Key Outputs</p> <p>To encourage development, start ups and new business within Bristol, commercial duct availability will enable existing, new and yet undeveloped businesses/sites to connect to a wide range of communication services. The duct will be operated as a concession on the basis that a concession offers more flexibility to the Council, reduces the need for management of the duct by the Council and will offer the operator of the duct an incentive to increase use of the duct.</p> <p>Phase 2 of BNet Commercialization takes into account the BNet survey (Phase 1 of WP 2.3) outcomes which have identified the extent of current provision. This will be used to inform resultant ITT's when tendering for a concessionaire.</p> <p>Although not part of this work package, outcomes of consultation work will be procurement activity which will focus on:</p> <ul style="list-style-type: none"> • A single procurement for an operator concession, split into lots as necessary, carried out in compliance with the EU and national procurement law using the competitive dialogue procedure <p>Capital Assets</p> <ul style="list-style-type: none"> • General purpose duct owned by the Authority <p><i>[State number of connections, number of access points and other capital assets to be established through the sub-project]</i></p>
<p>What are the anticipated outcomes/benefits of the sub-project and how will these be</p>	<p>Delivered Benefits</p> <p>The success of the concession operated duct and general purpose duct will be judged by the number and take up of services delivered via the duct.</p> <p>Outputs</p> <ul style="list-style-type: none"> • Commercialisation opportunities identified subject to State aids

measured?	<ul style="list-style-type: none"> • Targeted Investment Plans • Introducing commercial operator competition • Establish better broadband speeds and connectivity • Attract new businesses development and growth <p>Outcomes</p> <ul style="list-style-type: none"> • Asset available for commercial investment • VfM strategy defined • Future Cities aspirations supported • Increase business access to ultra fast broadband • Promote competition in the market <p>Measures of Success</p> <p>The key success measure for BNet Commercialization is:</p> <p>The successful letting of a concession to manage and operate the BNet and general purpose ducts.</p> <p>GB Bristol focuses on four main deliverables, within which, benefit profiling will seek to identify and track measures of success. With reference to this sub project, we focus on:</p> <p>Economic growth</p> <p>Bristol offers a unique opportunity for creating sustainable growth and employment due to the number of genuinely world-class companies & institutions we have in key sectors and the skills, enterprise and adaptability of our workforce. This strength underpins our City Deal programme and is reflected in our ambitions for Bristol Temple Quarter Enterprise Zone.</p> <p>The growth of these companies – or even their retention in the face of a globalised economy and fierce international competition from locations offering established symmetrical ultrafast speeds - is dependent on provision of appropriate infrastructure.</p> <p>We also recognise, and will address, issues around social and digital exclusion through this project, enabling excluded areas and 54 district and neighbourhood centres known as Growth Areas, to participate and engage prior experience in this area.</p> <p>Take-up of broadband services</p> <p>GB Bristol will drive the rate of take-up of ultrafast broadband as we realise this is a critical factor in the business case for investment for private sector operators, and hence will ensure that we leverage as much private sector capital and assistance as possible.</p> <p>We anticipate that we will achieve very high levels of take-up (significantly above 50%) amongst our knowledge-intensive SME businesses within the first two to three years of services becoming available. Furthermore, we will</p>
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make a significant contribution to driving broadband adoption through our social housing focus, and by providing ultrafast broadband in areas where there are currently no plans from commercial providers

Smart City

Bristol is a recognised Green Capital with the lowest level of carbon emissions per capita of any Core City. The Council has taken the innovative step of creating a Green, Economic and Digital Futures Division whose role is to shape the future city, its economy and its environment. The Futures Division will drive the GB Bristol project, ensuring that ultrafast broadband accelerates progress towards meeting climate change targets and creating a Smart City, which is built on a connected and inclusive low carbon economy. We are an active partner in a number of related EU projects in partnership with cities across the EU and beyond. We will use these projects and contacts to help showcase GB Bristol to an expanding international audience.

Bristol has been awarded £3m TSB funding in order to undertake Future City Demonstrator. Activities. Connect Bristol is the City's vision for a Future City Demonstrator. Our proposal is to implement a world-class City Operating Platform and rapidly realise benefits across diverse uses relating to mobility on demand, personalisation in formal and informal health and social care systems, city governance and future workplaces. A Citywide Living Lab, incorporating citizens and businesses, will drive innovation and value out of the City Operating Platform. The new Mayor will be our primary, democratically accountable super-user. The overall aim is to create environmentally and socially sustainable jobs and growth.

Using the utilities which will be subsequently deployed by the resource this sub project supports, gives us enormous potential to showcase the innovation in the City and impact of a genuinely integrated smart city.

Benefit Measurement

GB Bristol benefits have been identified for each of the main beneficiary groups – Local Authority, Businesses and Citizens derived from the Programme objectives, creating a set of end benefits. These benefits align with the monitoring and evaluation plan outlined for all of BDUK's projects.

A standard set up indicators will be used to ensure consistency of collection and enabling investment justification at a local and national level, documenting the outputs the project has achieved against its capital investment.

From these indicators, end benefits have been derived from which a network of intermediate benefits has been generated and the required enablers identified. The resultant benefits dependency maps can be seen in Appendix A: Benefit Dependency Maps.

Using these dependency maps, benefit profiles have been developed, please see Appendix B: Benefit Profile.

Standard outputs and economic indicators are defined below:

Standard Outputs

Construction

Amount of Fibre (newly laid, leased, made accessible)

New Wireless Masts

New Satellite Dishes

New Cabinets

Points of Presence (No. of physical locations that house servers & routers)

Take Up

Business Users

Speed/Step change

Business Premises

Price

Standard Economic Indicators

Gross Value Added

New Employment

SME Supply Chain Inclusion

Business Surveys

Benefit Realisation Strategy

There is a wealth of data that we will draw upon to demonstrate the varied benefits that the GB Bristol programme will deliver. Benefits will be monitored using a mixture of statistical analysis, regular surveys of businesses and case studies.

The impact on GVA will be determined, although we recognise that many measures will be due to the complementary effect from faster broadband, rather than a direct effect.

GVA Uplift

The primary strategic benefit of the investment that will be made through GB Bristol is an increase in Bristol's GVA. Bristol's Local Economic Assessment 2011 (www.bristol.gov.uk/lea) forecasts potential local economic growth (measured by Gross Value Added, GVA) of an average 2.9% p.a. between 2010 and 2020. This would see Bristol's GVA increase from £10,609M in 2010 to £14,072M in 2020. This view of Bristol's GVA growth is predicated on growth driven by business and financial services, two sectors heavily dependent upon high-quality digital connectivity. A recent analysis by Serco suggests that as a result of business support to 63 businesses in the City there would be an expected GVA uplift of £1,081,200. This is indicative of the level of GVA uplift that might be achieved as a result

of our investment through the GB Bristol programme.

Benefit Realisation Plan

The BDUK framework for monitoring and evaluation is extensive, and our GB Bristol Benefits Realisation Plan broadly aligns with its approach but with an explicit focus on the priorities that we have identified in this programme. These are:

1 - Business Growth - Increasing number of SMEs in Creative and Digital sectors with increased turnover; higher number of direct employees and freelancers; lower vacancy rate in TQEZ and DEZ; more apprenticeships and work placements for young people ensuring young people have the necessary skills by joining up skills and training support in the city .

2 - Inward Investment - Increasing number of enquiries to Inward Investment service; increasing referrals from UKTI pipeline; companies relocating to DEZ; enhanced external reputation of Bristol as an international business location.

3 - Innovation - Increased IPR/patents; greater public sector efficiency; higher proportion of front-line staff working smartly; increased number of University start-ups; fewer people who have never been online before. Number of enterprises using /accessing cloud-based solutions / technology

4 – Inclusion – the council recognizes the importance of ensuring that the broadest range of citizens can take advantage of the opportunities, savings and employment prospects enabled through digital connectivity whilst realizing the efficiencies of increased online service delivery.

Benefits of a programme such as GB Bristol are typically realised over time. This has been recognised within this programme and specific responsibility for realising and monitoring these benefits following programme close has been identified within the project management role.

Benefits are encapsulated as:

Effective: leading to the hoped-for changes in attitudes and behaviour.

Efficacious: achieving its stated goal or goals.

Efficient: incurring costs that are less than the benefits it yields.

GB Bristol benefits have been identified for the LA, user representatives and technology stakeholder groups. These benefits have been derived by working from the defined programme objectives in order to create a suite of end benefits.

Working backwards from these end benefits, a network of intermediate benefits and required enablers were identified.

Dependency maps identify Enablers, Intermediate Benefits and End Benefits defined as:

- Enabler - something that can be developed/built/acquired, and is outside the scope of the project/programme. For example, IT systems, building,

	<p>policies, procedures or even skills.</p> <ul style="list-style-type: none"> • Intermediate Benefits - occur between the implementation of early changes and the realisation of the end benefits. • End Benefits - directly support the programme objectives accrued from the realisation of the intermediate benefits. <p>Using the concession operated general purpose duct, there is enormous potential to provide access to and encourage take up of provided services, in order to target social inclusion and engagement within the Enterprise Zone.</p> <p><i>[Identify the benefits that will be delivered by the sub-project and how the city will measure these benefits to verify they have been achieved. State the measures of success]</i></p>										
<p>Describe the planned approach to procurement and delivery of the sub-project and the associated timeline.</p>	<p>Procurement Process</p> <p>As highlighted above, this work package focuses on the recruitment of specialist consultants, for a 6 month period, to build on soft marketing testing already undertaken and carry out enabling work including market engagement, state aid positioning and procurement documentation in readiness to let the duct concession be:</p> <ul style="list-style-type: none"> • Phased to correspond with BTQEZ General Purpose duct and development programme. • Supporting (no dependency) WP1.2 Growth Hub (Engine Shed) and WP3.1 – Wireless Concession <p>Procurement for this sub-project will focus on:</p> <ul style="list-style-type: none"> • Procurement via BCC consultancy framework agreements for specialist consultants <p>As identified, it is the intent that BNet and the the general purpose duct will be operated as a concession on the basis that a concession offers more flexibility to the Council, reduces the need for management of the duct by the Council, will offer the operator of the duct an incentive to increase use of the duct and introduce commercial operator competition by opening up duct assets.</p> <p>As highlighted above current consultancy framework agreements will be used to source consultants.</p> <p>This process as defined in the timeline below will consist of the issuance of Job Descriptions to consultancy companies listed on the Authorities framework agreement in order that they source specialist consultants.</p> <p>Key Milestones</p> <table border="1" data-bbox="405 1921 1315 2011"> <thead> <tr> <th>Date</th> <th>No of days/weeks</th> <th>Procurement Stage</th> <th>Responsibility</th> <th>Documents</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	No of days/weeks	Procurement Stage	Responsibility	Documents					
Date	No of days/weeks	Procurement Stage	Responsibility	Documents							

	16 th Dec 2013	1 day	DCMS Checkpoint B0	DCMS	Ref. Bristol Checkpoint A Assurance v2
	28 th Feb 2014	1 day	DCMS Checkpoint B1	DCMS	Ref. Bristol Checkpoint A Assurance v2
	26 th Aug – 5 th Sept 2014	2 weeks	JD development	Council	JD's
	26 th Aug – 5 th Sept 2014	2 weeks	Pay Panel	Council	Pay Panel Agreement
	5 th Sept – 19 th Sept	2 weeks	DCMS Checkpoint C	DCMS	
	20 th Sept – 4 th Oct 2014	2 weeks	Procure specialist consultants via framework agreements	Council	Adverts
	6 th Oct 2014	1 day	Specialist consultants start	Council	Duct Concession PID
	6 th Oct 2014 – 23 rd Jan 2015	4 months	Work undertaken to prepare procurement documents	Council	Procurement documents
	26 th Jan 2015 – 31 st March 2015	2 months	Procurement started	Council	Procurement Process

[Outline how the sub-project will be procured and delivered and include a high-level timeline of key milestones from sub-project inception to sub-project closure, including target checkpoint B0, B1 and C assurance dates]

Where appropriate describe the commercial model for the sub-project

Overview

From the LEP / public policy perspective, ducting forms an essential enabling infrastructure and acts major attractor for inward investment targets, for whom this is both a sign of intent and de-risks their investment plans for employment creation & growth; many of these companies are being courted by international locations already able to offer gigabit plus levels of symmetrical connectivity, e.g. Singapore, S Korea.

Bristol Temple Quarter Enterprise Zone

To encourage start ups and new business into BTQEZ, duct availability will enable new and yet undeveloped businesses/sites to connect to services. In order to supply the current 49 business incumbents, a mix of creatives and professional services, and potential for 250 new businesses that will be attracted into the area, funding for a general purpose duct, to be located within defined urban service corridors, is seen as a means to roll out services as soon as possible.

	<p>Concession</p> <p>The duct will be operated as a concession on the basis that a concession offers more flexibility to the Council, reduces the need for management of the duct by the Council, will offer the operator of the duct an incentive to increase use of the duct and introduce commercial operator competition by opening up our duct assets</p> <p>Discussion with a number of potential suppliers has taken place with positive feedback. Supplier engagement forms part of the overall procurement where in depth consultations will be undertaken. To date, meetings have been held with BTQEZ programme team, Highways Agency, SSE and a number of fibre and communication companies who have expressed interest in BNet and GP Duct operation on a concession basis.</p> <p>As discussed, the operator will be procured using an open and competitive process that complies with all applicable public procurement law.</p> <p>Further to market day questionnaires where a number of questions focused on likely competition for the opportunity Appendix C: Market Day Questionnaire Duct Concession Responses highlights responses received</p> <p><i>[outline who will build, own and operate the solution and the split of risk between parties]</i></p>
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Part 2: City Roles & Responsibilities

Name of SRO:	Stephen Hilton <i>[State the name of the Senior Responsible Officer for the scheme]</i>
Name of S.151 Officer:	Peter Gillett <i>[State the name of the S.151 Officer responsible for management of sub-project grant]</i>
Name of sub-project lead:	Helen Bream <i>[State the name of the individual responsible for managing the sub-project delivery and operation]</i>
Describe ownership and approach to supplier engagement.	Helen Bream Several initiatives have been undertaken including issuance of a Prior Information Notice followed by a market awareness day. This has been augmented by supplier surveys and a robust communications plan. <i>[Provide a named owner responsible for engaging with suppliers. Outline how supplier engagement will be approached]</i>
Where not set out above, set out the ownership and	Helen Bream

<p>approach to any procurement activity.</p>	<p>Procurement approach has been outlined above.</p> <p><i>[Provide a named owner responsible for sub-project procurement. Outline the approach to procurement (existing contract, existing framework, open tender, restricted tender, Competitive Dialogue etc.) supplier neutral.]</i></p>
<p>Describe ownership and approach to any State aid considerations.</p>	<p>Helen Bream</p> <p>State Aid: Procurement of specialist consultants has no state aid impact</p> <p>With regard to the resultant duct concession: The State Aid Infrastructure - Leipzig Halle Guidance ERDF-GN-010 sets out how infrastructure projects can comply with State aid rules. This includes structuring a project so that the ownership and operation are separated. The guidance suggests putting the operation of a facility out to an open and competitive tendering process whilst retaining ownership of the infrastructure in the State. The operation of ducts by Bristol City Council will be structured to meet this guidance. The Council will:</p> <ul style="list-style-type: none"> a) retain ownership of the duct. b) enter into a contract with an operator following an open and competitive tendering process to operate and manage the duct (i.e. to manage and maintain the ducts and enter into contracts with any organizations wishing to use the duct for any purpose). <p>Therefore, the potential beneficiaries of any State aid present are the operator who manages the duct, the parties that use the duct to provide services and the parties that receive services provided via the duct. The remainder of this note explains why no State aid will be given to these parties, or if any State aid is present the exemption this will fall under. The owner (i.e. the Council) cannot be a beneficiary of any State aid as it is part of the State. Any aid the Council receives will not meet the transfer of State resources to another organization limb of the State aid test.</p> <ul style="list-style-type: none"> • Operator The Council will, following an open and competitive tendering process, enter into a concession contract with the operator. Again, the funds paid to the operator will not constitute State aid. The transfer of the state resources (i.e. the funds paid to the operator) will not confer a selective advantage on the operator. The operator will not have received a greater benefit than would be available under normal market conditions (i.e. it will receive the market price for providing the services).

	<p>The concession contract will provide that income generated by the operator for providing the services will decrease as the number of organisations using the duct increases, and be subject to an overall cap. This will ensure that the operator does not receive a benefit greater than would be achieved under normal market conditions.</p> <ul style="list-style-type: none"> • Organizations providing services from the ducts Organizations providing services from the duct will be charged the market rate to use a duct and so a selective advantage will not be conferred on those organizations. Therefore no state aid will be present. • Organizations obtaining services provided using the ducts Organizations obtaining services from the duct will be charged the market rate for such services and so a selective advantage will not be conferred on those organizations. Therefore no state aid will be present. <p><i>[Provide a named owner responsible for State aid considerations. Outline how the sub-project will mitigate the risk of State aid]</i></p>
Describe ownership and approach to internal audit of the Scheme.	<p>Helen Bream</p> <p><i>[Provide a name owner responsible for internal audit of the sub-project and outline how the sub-project will be audited in operation, including frequency of audit]</i></p>

Part 3: Measures of Success

Provide the following cumulative quarterly forecast of each measure of success for the sub-project:

	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	Mar-15
Take up of services offered	0	0	0	0	0	3

Part 4: Financial Forecasts

Forecast Revenues and Anticipated Return

Provide the following cumulative quarterly forecast for the revenues to be generated by the project.

	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	Mar-15
Revenue						£3k

<p>What is the anticipated return on the investment in this sub-project and how has it been calculated?</p>	<p>Advice from independent consultants in 2012 indicated that the revenue stream over the term of the concession could be in the order of £0.75m. Ultimately, the figure will be established by negotiation with the market.</p> <p>Total revenue over the term of the concession is calculated at£0.75m. It must be noted that this figures relates to 150 businesses taking a service via the proffered ducting.</p> <p><i>[State the return on investment anticipated for the sub-project, if applicable]</i></p>
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Grant Claim Schedule

Grant claims to BDUK should be quarterly in arrears. Provide the following **cumulative** quarterly grant claim forecasts for the sub-project (this should mirror forecasts provided to BDUK):

	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	Mar-15
Grant claimed					£45k	£45k

Part 5: City Operational Costs

<p>Provide the total operational cost to the city of delivering the sub-project over its life.</p>	<p>In order to deliver this sub project estimated costs are: £90k</p> <p>This includes project management, legal, IT and specialist consultants required to deliver the sub project. It is the expectation that this will be capitalised within the grant claim</p> <p><i>[State the total operational cost to the city to administer the sub-project over its life]</i></p>
<p>Provide the total operational cost to the city as a percentage of the total grant allocation for the sub-project.</p>	<p>53%</p> <p><i>[State the total operational costs as a percentage of the total grant for the sub-project]</i></p>

Provide a **cumulative** quarterly forecast of the sub-project operating costs over its life:

	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	Apr-15
Operational costs					£45k	£45k

Part 6: City Resource Requirements

Provide names and titles of all resources involved in the sub-project design process.	Position	Name
	Project Director	Stephen Hilton
	Service Manager	Joe Dignan
	Project Manager	Helen Bream
	Project Officer	Ruth Delaney
	Legal Officer	Eric Andrews
	Communications Officer	Anna Cooke
	Procurement Officer	Geoff chamberlain
	<i>[Provide an organisation chart or state the names and titles of all resources involved in the design process]</i>	
Provide names and titles of all resources involved in the sub-project reporting process.	Position	Name
	Project Director	Stephen Hilton
	Service Manager	Joe Dignan
	Project Manager	Helen Bream
	Project Officer	Ruth Delaney
	Communications Officer	Anna Cooke
<i>[Provide an organisation chart or state the names and titles of all resources involved in the reporting process]</i>		

Part 7: City Audit and Value for Money Arrangements

Describe the audit arrangements established for the sub-project.	<p>Audit</p> <p>Further to discussions with Internal Audit a program of engagements is being finalised.</p> <p><i>[State the audit arrangements for the sub-project and provide a forward schedule of audit tasks]</i></p>
Describe the Value for Money measures established for the sub-project.	<p>Value for Money Strategy</p> <p>To ensure Value for Money, our strategy which will be applied to this programme has 3 core strands:</p> <p>Evidence: making a robust assessment based as far as possible on detailed evidence and previous experience. There is a wealth of data that we will draw upon to demonstrate the varied benefits that the GB Bristol programme will deliver. Benefits will be monitored using a mixture of statistical analysis, regular surveys of businesses and case studies. The impact on GVA will be determined, although we recognise that many measures will be due to the complementary effect from faster broadband, rather than a direct effect.</p> <p>Early assessment: it is important that project viability and agreement is reached with DCMS through the assurance</p>

	<p>process at an early stage, and are undertaken prior to engagement with the market. Late changes to the project once procurement has commenced is likely to erode VfM.</p> <p>Sufficient resourcing and planning: In order for the VfM drivers to be effective and for overall VfM to be achieved, the procurement needs to be well planned, managed, executed and transparent, whichever procurement route is chosen. It is imperative that we have sufficient capable resources to apply to the procurement itself.</p> <p>(Please see initial bid document, business case template final submission and subsequent consultation updates for further information)</p> <p><i>[State what Value for Money checks will be performed and what action will be taken if anomalies are identified]</i></p>
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Part 8: Risks and Risk Management Approach

<p>Describe the risk management strategy for the sub-project</p>	<p>Three main risk areas for this programme have been identified:</p> <p>Strategic Risk – the long-term adverse impacts from poor decision-making or poor implementation will threaten the reputation of the Council, resulting in loss of public confidence.</p> <p>It is imperative that the procurement programme and resulting contract award are robustly costed, evaluated and specified in order that services are fit for purposes and the target outcomes of the programme are achieved.</p> <p>Programme Risk – failure to comply with procurement legislation, or internal procedures (the procurement code of practice or contract procedure rules) or the lack of documentation to prove compliance (i.e. a clear audit trail). Programme risks could expose the Council to challenge, judicial review, employment tribunals, increased government inspection, or inability to enforce contracts, thus professional advice concerning our procurement has been taken at every stage with risks to procurement documented and managed.</p> <p>Project or Operational Risk – poor contract management, inadequate terms and conditions, failure to deliver services effectively and on time, malfunctioning equipment, hazards to service users, the general public or staff, or damage to property.</p> <p>Such risks are often the result of inadequate contract management processes, and can result in insurance claims, disputes, poor user satisfaction, and ultimately, litigation. We will ensure that throughout the procurement process and</p>
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award stage, appropriate terms and conditions and robust contract management are used to prevent confusion regarding contract requirements and outcomes.

In order to minimize risk, a number of recognised and appropriate policies and procedures will be undertaken. These range from externally provided instructions or guidance, through to internal Council policies and procedures including:

Internal rules and guidance:

- Procurement Code of Practice
- Contract Procedure Rules

External guidance:

- Office of Government Commerce
- EU Procurement Information
- Professional Standards - Chartered Institute of Purchasing and Supply)
- Quality standards (for example, ISO 9001)

When applying treatment, the following methods will be used in order to minimise risk:

Elimination – circumstances from which the risk arose will be identified and removed thus eliminating the risk.

Reduction – control measures will be implemented in order to reduce the impact and/or likelihood of the risk occurring.

Transfer – the financial and delivery impact of certain risks will be passed to other parties e.g. the private sector.

Acceptance – further to detailed assessment, certain risks will be accepted as having little or no material impact, or as being unavoidable.

Identifying, evaluating and mitigating potential risks will lead to improved and better-informed procurement processes leading to improved outcomes.

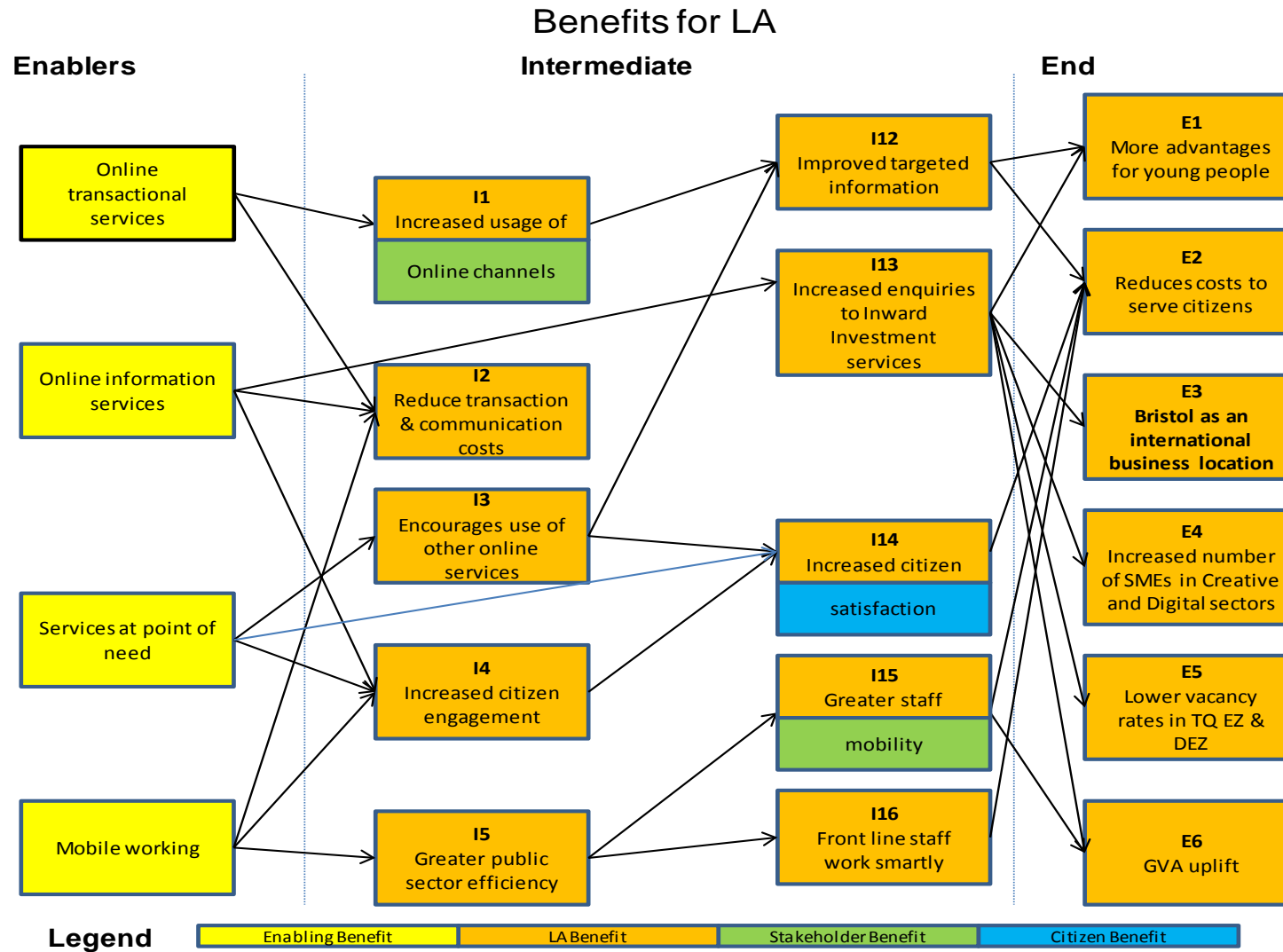
We are also mindful to the risk associated with the procurement exercise itself and have identified these through discussions with stakeholders and other interested parties. Many of the risks identified tend towards operational rather than contract specific and include:

- What would happen if there was insufficient response to a tender?
- What would happen if the supplier went into liquidation during the contract?
- What if there was a legal challenge to the contract award?

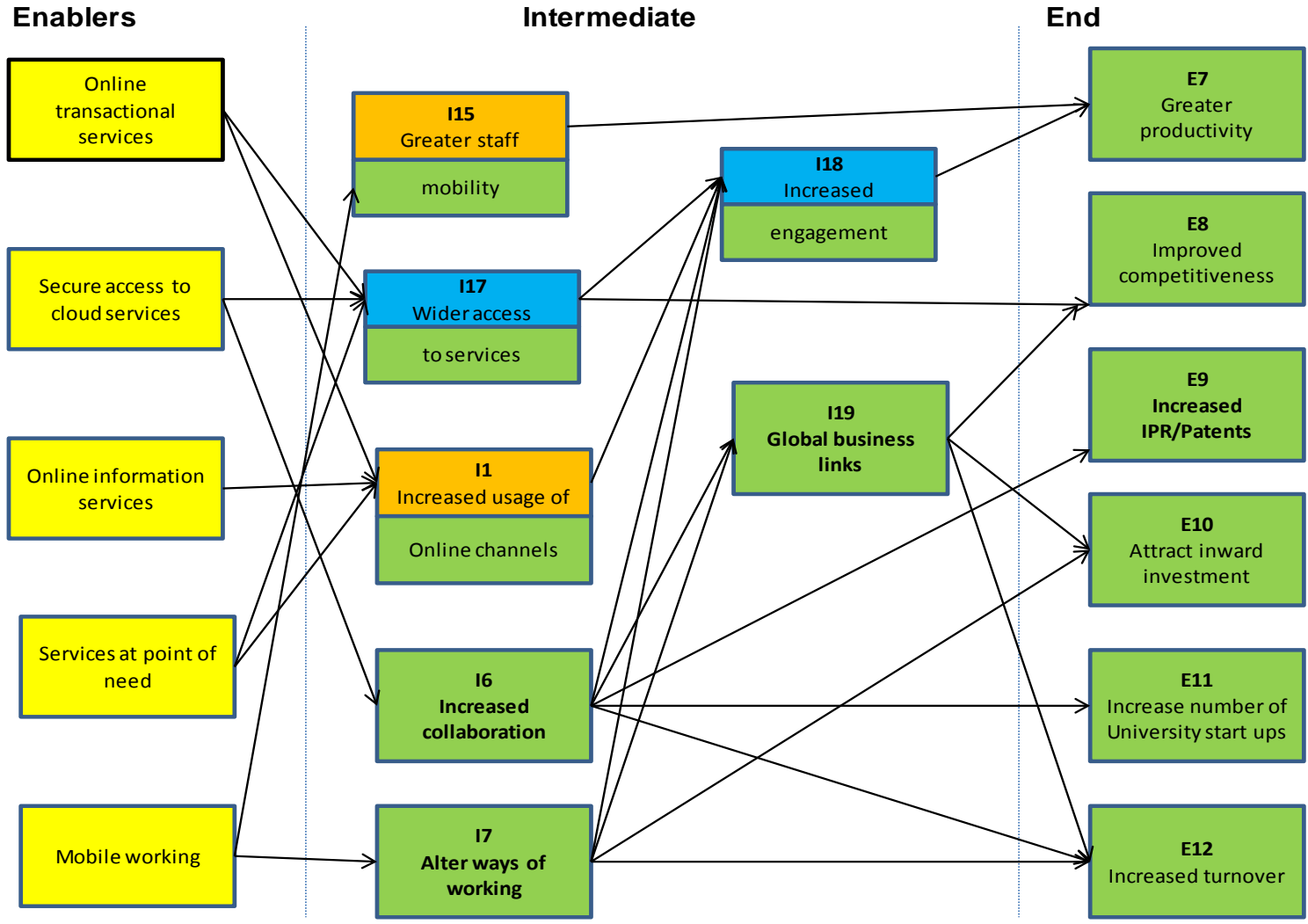
As is shown within the Risk Register, these have been concisely captured:

	7	Complex setting out requirements	M	L	M Transfer full risk of setting out to package contractors ensuring full accountability for ant delay. BCC to use experts to check package contractor setting out.
	9	Subcontractor insolvency	H	M	M Credit checks, guarantees and contingency plans to be in place pre-award. Use of BCC procurement process.
	10	Supply chain are not engaged at early stage	M	M	L Development, approval and implementation of procurement strategy at early stage.
<p><i>[Highlight the top three risks to delivery of the project by March 2015 and your approach to mitigating them]</i></p>					

Appendix A: Benefit Dependency Maps



Benefits for Businesses



Legend



Benefits for Citizens

Enablers

Online transactional services

Tele health initiatives

Online information services

Services at point of need

Intermediate

I8
Choice of communication channel

I17
Wider access to services

I9
More convenient

I10
24/7 availability

I11
Faster service

I18
Increased engagement

I20
Community involvement

I14
Increased citizen satisfaction

End

E13
Reduced social exclusion

E14
Increased access to services

E15
Access to local job opportunities

E16
Higher take up of broadband services


E17
Ease of democratic engagement

E18
Access to neighbourhood partnerships

Legend



Appendix B: Benefit Profile

Benefit Profile							Programme/Project ID: GB Bristol WP2.3 BNet Commercialisation				
Benefit Header	Catalogue No	11		Benefit Title	Wider Access to Services						
	Detailed Description	By offering a a duct concession to an operator greater choice of fibre based and communication technologies will be more commercially attractive to incumbent and incoming businesses.									
	Benefit Category				Business Impact	Strategic					
	Objectives Supported	To offer wider range of communication services to SMEs									
	Other Benefits Supported by this Benefit	Catalogue No			Benefit Title						
	Benefit Classification	Tangible			Tangible Value Probability	Logical					
	Target Value	150 businesses take up duct based services			Change Category	Transformational Change					
Enablers	New Benefit Enablers										
	Online transactional services										
	Secure access to cloud services										
	Services at point of need										
Business Change	Required Business Changes										
	Cultural	Organisational		Strategic	Policy		Process				
	SME's increase business via on line services			Uptake in international trade							
Accountability /responsibility	Main beneficiary			Name /Job Title:			Department:				
				Business							
	Who is accountable			Helen Bream							
To whom are measures reported			Stephen Hilton								
Measurement	Measure Used	Baseline Value	Target Value	Start Date	Finish Date	Review Frequency					
	% reduction in transaction costs	£14.65	£0.25	Jun-15	Mar-20	Bi-annually					
	Method of Measurement	Bristol wide SME survey									
Risks & Issues	Risks										
	Risk Log No	Status	Owner	Date Identified	Severity	Description	Counter Measures				
	2	Open	Helen Bream	01/08/2013	A	Lack of interest from stakeholders means sunk investment is not realised.	Understand stakeholders WINIFM (What's In It For Me) in order to manage expectations and attain buy in.				
	Issues										
	Issue Log No	Status	Owner	Date Identified	Importance	Progress					

Appendix C: Market Day Questionnaire Duct Concession Responses

Market Day Questionnaire (Q's relevant to WP2.1 Duct Construction for BTQEZ)	3. What would be your preferred business solution for the work streams which you are interested in? Please specify using WS numbers as above	4. What factors are likely to influence your level of interest in this programme?	5. Please explain what elements within the proposed programme you consider particularly attractive? Conversely what elements do you consider to be unattractive? Please use WS numbers as above
Submitted Response			
Cityfibre Holdings	<p>CityFibre believes in an all-inclusive ‘Fibre to Everywhere’ model. We will not utilise existing first generation infrastructure to provide interim network solutions for our customers. Our philosophy is to build new fibre infrastructure, which avoids any risk of managing interim solutions and ensures that the asset we deploy not only meets the requirements of today’s ultrafast NGA objectives but also provides a solid foundation for the next forty years facilitating future and evolving technologies.</p> <p>CityFibre’s preferred business solution is to provide an ‘all-inclusive’ solution to GB Bristol and build a fibre network in a three-stage process:</p> <p>Step 1 Core Network (WP2.1 – & WP2.2) - will be deployed taking into consideration i) the availability of suitable Council owned duct infrastructure, ii) the needs of the public sector, businesses and connectivity for wireless operators and iii) the needs of the Research & Development (R&D) Test bed including, RF mesh network. In addition, CityFibre is developing commercial propositions, through engagement with Distribution Network Operators (DNO’s) which will see our</p>	<p>The public sector is potentially a large-scale user of a CityFibre network infrastructure. We would seek an understanding of the types of contract opportunities available for public sector tenancy from a network deployment project in the city and ideally request a set of end points to help feed in to our design work during the bidding phase of GB Bristol.</p> <p>Examples of public sector opportunities, could be • Council Facilities • Schools • Urban Traffic Control • Hospitals • GP surgeries and other healthcare related sites • Emergency services (police, fire, ambulance) • Law courts and other public service facilities • Colleges and universities</p> <p>Additional information on procurement cycles, available budget and any preferred service provider partners (for example, we would be happy to work with incumbent PSN suppliers to Bristol) would further increase our appetite in the project.</p>	<p>CityFibre is fully supportive of the GB Bristol Programme. Under WP 2.1, we believe that the construction of the duct in key development areas across the city is a standout and highly attractive part of the project and should act as the enabling infrastructure to drive more cost effective FTTP deployment, supported by the WP 1.3 and WP 1.4 voucher schemes.</p>

	transformational fibre infrastructure supporting both Smart Grid and Smart Meter initiatives which we believe to be a critical element in supporting Bristol to become a smarter city. CityFibre will actively market to and connect businesses in line with GB Bristol demand aggregation initiatives.		
VM		Virgin Media has invested significantly in our network in and around Bristol supplying services to the City's citizens and businesses. Amongst our business customers we're pleased to be the main supplier of voice and data connectivity to Bristol City Council. As a UK company with a significant local presence, and with a long relationship with BCC, we are very interested in what the programme proposes	We find all elements of the programme interesting but the wireless concession and the RF mesh (for the test-bed) are particularly attractive to our current strategy of enhancing wireless services to core cities. We have not found an attractive business model to support large scale Wi-Fi deployments and so we prefer to focus on targeted high performance Wi-Fi deployments that are completely free and time unlimited
Siemens	WS 2 - Fixed Broadband Infrastructure	Siemens is extremely interested in working with Bristol to develop a complete solution for this project. Siemens is able to call on additional expertise to deliver this solution from the wider Siemens and its proven network of specialist suppliers and sub contractors	WS 2 - Fixed Broadband Infrastructure Siemens already has built up a capability of delivering fixed broadband for UTC purposes and this workstream will be attractive as it offers a natural expansion to proven capability.
BT	WP2.1 – We are interested but our level of interest will depend on exactly how the duct concession will work	The extent to which the Council will work proactively to address gaps in fibre broadband coverage with us As they become known to the Council early site of the numbers of businesses and homes going into the Enterprise Zone along with detailed locations and types. Early sight of the type of community applications the Council would like to see in Bristol and their linkages with its Green Capital status and Technology Strategy Board plans such that we can bring to bear our extensive Research and Development capability and hot housing programmes for bringing new	WP2.1 - we are exercising some caution until we know more as to how the duct concession is intended to operate

		applications to market	
LA Clark	We would be interested in WP2:1	We have built up a good relationship with Bristol City Council and would like to carry out the works to our usual high standard. We have a vast knowledge of the works that are involved and all our operatives are accredited in all aspects that you would need on this contract.	Bristol is our main area where we work on all our contracts, we find local knowledge to be a key factor. We would very much like to be part of this programme to bring a faster broadband to our city

City Project Delivery Plan Summary – other capital projects

Sub-Project 5: WP2.1 Duct Construction for BTQEZ

City:	Bristol
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This document summarises the above city’s plans for delivery of Gigabit (GB) Bristol – **WP2.1 – Duct Construction for BTQEZ**, a sub-project within its Super-Connected City plans. All sections should be completed and agreed between the city and the BDUK project director within 30 days of receiving a conditional offer as confirmation of project scope. Recognising that in many cases BDUK will have iterations of this information but not always the most recent information, your project director will work to complete this with you collaboratively.

Part 1: City sub project overview

<p>What are the strategic objectives of the sub-project</p>	<p>Objectives of Sub-Project</p> <p>Bristol Temple Quarter Enterprise Zone (BTQEZ) is the flagship development of the West of England Local Enterprise Partnership (LEP), delivering high levels of private sector new employment and investment into the city region. Significant public investment into strategic transport, road bridges, interchanges, road re-modelling and sites is being made. Governance is via the LEP board.</p> <p>BTQEZ is aimed largely at creative, digital, media / broadcast and knowledge intensive companies that compete internationally or participate in global supply chains. Provision of gigabit levels of connectivity is a pre-requisite for attracting related foreign direct investment and to promote competitiveness and business growth (indeed, the lack of suitable speeds may encourage companies to dis-invest, ‘off-shore’ operations or relocate overseas).</p> <p>BTQEZ covers around 70 ha (173 acres) of land surrounding Temple Meads station in the centre of Bristol. It was announced by the Government in the March 2011 Budget as one of a first wave of 11 Enterprise Zones, designed to boost local growth and create more than 30,000 new jobs by 2015.</p> <p>Initial estimates suggest that more than 250 businesses could be accommodated in the Enterprise Zone, leading to the creation of almost 17,000 new jobs over a 25 year period. These projected jobs would be delivered alongside more than 240,000 sq m of new or refurbished space, featuring offices, research and development space, new homes and retail units.</p> <p>A recent analysis by Serco suggests that as a result of business support to 63 businesses in the City there would be an expected GVA uplift of £1,081,200. This is indicative of the level of GVA uplift that might be achieved as a result of our investment in facilitating a general purpose duct within BTQEZ.</p>
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This sub-project contributes to this ambitious aim.

Strategic Partnerships

West of England Local Enterprise Partnership

The West of England Local Enterprise Partnership (LEP) is a successful example of political and business leaders working together to drive growth. WoE LEP Board Members are drawn from key business sectors (microelectronics, digital media and aerospace, etc.) the public sector and from academia. The LEP supports a variety of sector groups including low carbon, high technology and creative industries.

The West of England Local Enterprise Partnership (LEP) has agreed an ambitious Vision for Economic Growth: 95,000 new jobs by 2030, 3.4% annual growth in GVA by 2020 and over £1 billion of private sector investment over the next 5 years. The LEP has identified that broadband infrastructure will be a key enabler of business growth and is prominently featured in the Strategic Economic Plan for Growth. Securing the Bristol Temple Quarter Enterprise Zone (TQEZ) was an early achievement of the LEP, a 70 hectares area surrounding Bristol's Temple Meads Station, launched by the Prime Minister. Challenging targets have been agreed with Government for TQEZ: 3,500 new jobs in the next 4 years, contributing towards 17,000 jobs and 250 new businesses in the long term. The GB Bristol project will be essential to meeting these targets and to accelerating the rate at which they are achieved, particularly in BTQEZ.

The LEP has identified broadband infrastructure as a key enabler of business growth and the GB Bristol project will be essential to meeting these targets and to accelerating their delivery.

Arena

A feasibility study is also underway for a possible 12,000 seat arena within the Enterprise Zone, to be sited on the former Diesel Depot. The draft study concludes that there is stakeholder support, market demand and operator interest for an arena in Bristol. A project funding model is under development, together with procurement and delivery solutions. The target start date for construction of the arena is autumn 2014, with work estimated to take around 18 months.

Strategic Plans

WoE LEP Strategic Economic Plan for Growth

This project supports the following Authority strategic plans:

- Bristol's Development Framework
- The Bristol Community Strategy
- Bristol Crime and Drugs Strategy
- The Regeneration Framework and Economic Development Strategy for Bristol

- The Bristol Retail Strategy Action Plan
- City Deal
- Bristol City Council Transformation Program

Within the wider context, GB Bristol aims to support outcomes from the following frameworks:

Europe 2020: Digital Agenda for Europe:

http://ec.europa.eu/information_society/digital-agenda/index_en.htm

Britain's Superfast Broadband Future:

<http://wearchive.nationalarchives.gov.uk/+http://www.culture.gov.uk/images/publications/10-1320-britains-superfast-broadband-future.pdf>

Sub-Project Aim and Achievements

The cost of any service provision to the home or premise is dominated by civil works required to lay a duct in the ground amounting for 70-80% of the total deployment cost. With regard to fibre deployment, there are currently a number of options most of which, apart from the use of overhead poles, are generally expensive and do not support the provision of a wide range of utilities/infrastructure, i.e. are not general purpose ducts.

This sub-project will therefore provide a general purpose duct which will offer access to multiple utilities, support sub-project 3: WP2.2 - R&D Testbed inc. RF Mesh aspirations and provide resilience to sub-project 2: WP1.2 Growth Hub (Engine Shed) and sub-project 4: WP3.1 – Wireless Concession.

The duct will be able to support the provision of a wide range of utilities, including inter alia water, gas, electricity, smart metering, district heating / energy efficiency and will be incorporated within the BTQEZ Infrastructure Plan. This will also reduce business / transport disruption.

Although the general purpose duct will link into the R&D testbed ducting, there is **no dependency** between the two workpackages, one can exist without the other, however; as new, creative, digital companies are already moving into the zone, the opportunity will exist for connection to the R&D testbed when duct construction is complete, subject to their meeting the strict R&D Testbed criteria.

SCCP Aims and Objectives

This sub-project meets the aims and objectives of the SCCP by addressing economic growth, social inclusion, digital engagement and innovation.

[State the objectives of the city (and its strategic partners in this project, if any) in pursuing this sub-project. State what will be achieved by the sub-project and how

	<i>this fits with SCCP aims and objectives]</i>
<p>What are the key outputs the sub-project will buy.</p>	<p>Key Outputs To encourage development, start ups and new business into BTQEZ, duct availability will enable new and yet undeveloped businesses/sites to connect to a wide range of services. In order to supply the current 49 business incumbents, a mix of creatives and professional services, and potential for 250 new businesses that will be attracted into the area, funding for a general purpose duct, to be located within defined urban service corridors, is seen as a means to roll out services as soon as possible. The duct will be operated as a concession on the basis that a concession offers more flexibility to the Council, reduces the need for management of the duct by the Council and will offer the operator of the duct an incentive to increase use of the duct. The general purpose duct route will take into account the BNet survey (WP 2.3) outcomes which will identify the extent of current provision, the potential to use existing duct / fibre to link into the general purpose ducting thus offering a backup route if necessary.</p> <p>The procurement activity will focus on:</p> <ul style="list-style-type: none"> • Provision of a multi service, general purpose duct. • Phased to correspond with BTQEZ development programme. • Duct links to existing BNet chambers. • Supporting (but with no dependency) WP2.2 - R&D Testbed inc. RF Mesh, WP1.2 Growth Hub (Engine Shed) and WP3.1 – Wireless Concession • Call of off civils contract to construct • A single procurement for an operator concession, split into lots as necessary, carried out in compliance with the EU and national procurement law using the competitive dialogue procedure <p>Capital Assets</p> <ul style="list-style-type: none"> • General purpose duct owned by the Authority <p><i>[State number of connections, number of access points and other capital assets to be established through the sub-project]</i></p>
<p>What are the anticipated outcomes/benefits of the sub-project and how will these be measured?</p>	<p>Delivered Benefits The success of the concession operated general purpose duct will be judged by the number and take up of services delivered via the duct.</p> <p>Outputs</p> <ul style="list-style-type: none"> • General purpose duct constructed • 12,000 seat smart arena enabled

Outcomes

- General purpose ducting available within Enterprise Zone.
- FTTP provision more attractive to commercial supplier
- NGA availability for 250 new businesses – (32 of which will inhabit the zone by Dec 2013)
- New initiatives supported
- 250 new business attracted to area

Measures of Success

The key success measures for the General Purpose duct are:

Provision of a general purpose duct to support a range of utilities within BTQEZ

The successful letting of a concession to manage and operate such duct

GB Bristol focuses on four main deliverables, within which, benefit profiling will seek to identify and track measures of success. With reference to this sub project, we focus on:

Economic growth

Bristol offers a unique opportunity for creating sustainable growth and employment due to the number of genuinely world-class companies & institutions we have in key sectors and the skills, enterprise and adaptability of our workforce. This strength underpins our City Deal programme and is reflected in our ambitions for Bristol Temple Quarter Enterprise Zone.

The growth of these companies – or even their retention in the face of a globalised economy and fierce international competition from locations offering established symmetrical ultrafast speeds - is dependent on provision of appropriate infrastructure.

We also recognise, and will address, issues around social and digital exclusion through this project, enabling excluded areas and 54 district and neighbourhood centres known as Growth Areas, to participate and engage prior experience in this area.

Take-up of broadband services

GB Bristol will drive the rate of take-up of ultrafast broadband as we realise this is a critical factor in the business case for investment for private sector operators, and hence will ensure that we leverage as much private sector capital and assistance as possible.

We anticipate that we will achieve very high levels of take-up (significantly above 50%) amongst our knowledge-intensive SME businesses within the first two to three years of services becoming available. Furthermore, we will make a significant contribution to driving broadband adoption through our social housing focus, and by providing ultrafast broadband in areas where there are currently no plans from commercial providers

Smart City

Bristol is a recognised Green Capital with the lowest level of carbon emissions per capita of any Core City. The Council has taken the innovative step of creating a Green, Economic and Digital Futures Division whose role is to shape the future city, its economy and its environment. The Futures Division will drive the GB Bristol project, ensuring that ultrafast broadband accelerates progress towards meeting climate change targets and creating a Smart City, which is built on a connected and inclusive low carbon economy. We are an active partner in a number of related EU projects in partnership with cities across the EU and beyond. We will use these projects and contacts to help showcase GB Bristol to an expanding international audience.

Bristol has been awarded £3m TSB funding in order to undertake Future City Demonstrator. Activities. Connect Bristol is the City's vision for a Future City Demonstrator. Our proposal is to implement a world-class City Operating Platform and rapidly realise benefits across diverse uses relating to mobility on demand, personalisation in formal and informal health and social care systems, city governance and future workplaces. A Citywide Living Lab, incorporating citizens and businesses, will drive innovation and value out of the City Operating Platform. The new Mayor will be our primary, democratically accountable super-user. The overall aim is to create environmentally and socially sustainable jobs and growth.

Using the utilities deployed by this sub project gives us enormous potential to showcase the innovation in the City and impact of a genuinely integrated smart city.

Benefit Measurement

GB Bristol benefits have been identified for each of the main beneficiary groups – Local Authority, Businesses and Citizens derived from the Programme objectives, creating a set of end benefits. These benefits align with the monitoring and evaluation plan outlined for all of BDUK's projects.

A standard set up indicators will be used to ensure consistency of collection and enabling investment justification at a local and national level, documenting the outputs the project has achieved against its capital investment.

From these indicators, end benefits have been derived from which a network of intermediate benefits has been generated and the required enablers identified. The resultant benefits dependency maps can be seen in Appendix A: Benefit Dependency Maps.

Using these dependency maps, benefit profiles have been developed, please see Appendix B: Benefit Profile.

Standard outputs and economic indicators are defined below:

Standard Outputs

Construction

Amount of Fibre (newly laid, leased, made accessible)

New Wireless Masts

New Satellite Dishes

New Cabinets

Points of Presence (No. of physical locations that house servers & routers)

Take Up

Business Users

Speed/Step change

Business Premises

Price

Standard Economic Indicators

Gross Value Added

New Employment

SME Supply Chain Inclusion

Business Surveys

Benefit Realisation Strategy

There is a wealth of data that we will draw upon to demonstrate the varied benefits that the GB Bristol programme will deliver. Benefits will be monitored using a mixture of statistical analysis, regular surveys of businesses and case studies.

The impact on GVA will be determined, although we recognise that many measures will be due to the complementary effect from faster broadband, rather than a direct effect.

GVA Uplift

The primary strategic benefit of the investment that will be made through GB Bristol is an increase in Bristol's GVA. Bristol's Local Economic Assessment 2011 (www.bristol.gov.uk/lea) forecasts potential local economic growth (measured by Gross Value Added, GVA) of an average 2.9% p.a. between 2010 and 2020. This would see Bristol's GVA increase from £10,609M in 2010 to £14,072M in 2020. This view of Bristol's GVA growth is predicated on growth driven by business and financial services, two sectors heavily dependent upon high-quality digital connectivity. A recent analysis by Serco suggests that as a result of business support to 63 businesses in the City there would be an expected GVA uplift of £1,081,200. This is indicative of the level of GVA uplift that might be achieved as a result of our investment through the GB Bristol programme.

Benefit Realisation Plan

The BDUK framework for monitoring and evaluation is extensive, and our GB Bristol Benefits Realisation Plan broadly aligns with its approach but with an explicit focus on the priorities that we have identified in this programme. These are:

1 - Business Growth - Increasing number of SMEs in Creative and Digital sectors with increased turnover; higher number of direct employees and freelancers; lower vacancy rate in TQEZ and DEZ; more apprenticeships and work placements for young people ensuring young people have the necessary skills by joining up skills and training support in the city .

2 - Inward Investment - Increasing number of enquiries to Inward Investment service; increasing referrals from UKTI pipeline; companies relocating to DEZ; enhanced external reputation of Bristol as an international business location.

3 - Innovation - Increased IPR/patents; greater public sector efficiency; higher proportion of front-line staff working smartly; increased number of University start-ups; fewer people who have never been online before. Number of enterprises using /accessing cloud-based solutions / technology

4 – Inclusion – the council recognizes the importance of ensuring that the broadest range of citizens can take advantage of the opportunities, savings and employment prospects enabled through digital connectivity whilst realizing the efficiencies of increased online service delivery.

Benefits of a programme such as GB Bristol are typically realised over time. This has been recognised within this programme and specific responsibility for realising and monitoring these benefits following programme close has been identified within the project management role.

Benefits are encapsulated as:

Effective: leading to the hoped-for changes in attitudes and behaviour.

Efficacious: achieving its stated goal or goals.

Efficient: incurring costs that are less than the benefits it yields.

GB Bristol benefits have been identified for the LA, user representatives and technology stakeholder groups. These benefits have been derived by working from the defined programme objectives in order to create a suite of end benefits.

Working backwards from these end benefits, a network of intermediate benefits and required enablers were identified.

Dependency maps identify Enablers, Intermediate Benefits and End Benefits defined as:

- Enabler - something that can be developed/built/acquired, and is outside the scope of the project/programme. For example, IT systems, building, policies, procedures or even skills.
- Intermediate Benefits - occur between the implementation of early

	<p>changes and the realisation of the end benefits.</p> <ul style="list-style-type: none"> • End Benefits - directly support the programme objectives accrued from the realisation of the intermediate benefits. <p>Using the concession operated general purpose duct, there is enormous potential to provide access to and encourage take up of provided services, in order to target social inclusion and engagement within the Enterprise Zone.</p> <p><i>[Identify the benefits that will be delivered by the sub-project and how the city will measure these benefits to verify they have been achieved. State the measures of success]</i></p>
<p>Describe the planned approach to procurement and delivery of the sub-project and the associated timeline.</p>	<p>Procurement Process</p> <p>As highlighted above, the procurement activity will focus on the provision and operation of a general purpose duct:</p> <ul style="list-style-type: none"> • Provision of a multi service, general purpose duct. • Phased to correspond with BTQEZ development programme. • Duct links to existing BNet chambers. • Supporting (no dependency) WP2.2 - R&D Testbed inc. RF Mesh, WP1.2 Growth Hub (Engine Shed) and WP3.1 – Wireless Concession • Call of off civils contract to construct • A single procurement for an operator concession, split into lots as necessary, carried out in compliance with the EU and national procurement law using the competitive dialogue procedure <p>Procurement for this sub-project will focus on:</p> <ul style="list-style-type: none"> • Civils <p>As identified, our intention is to procure a general purpose duct which will aggregate the civil works required for the deployment of multiple utility services. OJEU process is not required.</p> <ul style="list-style-type: none"> • Single concession procurement via an OJEU competitive dialogue <p>As identified, the general purpose duct will be operated as a concession on the basis that a concession offers more flexibility to the Council, reduces the need for management of the duct by the Council and will offer the operator of the duct an incentive to increase use of the duct.</p> <p>This will take the form of a single procurement, carried out in compliance with the EU and national procurement law using a competitive dialogue CD (lite) procedure.</p> <p>This process as defined in the timeline below will consist of the issuance of an OJEU and Invitation to Participate in Dialogue (ITPD) document outlining the process which includes using the Authorities Proactis procurement system. The ITPD will ask that the Pre Qualification Questionnaire (PQQ) be</p>

completed and an outline submission uploaded online. The outline submission will not be evaluated but used to inform CD for bidders invited to this stage.

During CD with bidders an Output specification will be refined and issued at the end of the CD stage against which bidders will submit their final bid.

Key Milestones

Date	No of days/weeks	Procurement Stage	Responsibility	Documents
16 th Dec 2013	1 day	DCMS Checkpoint B0	DCMS	Ref. Bristol Checkpoint A Assurance v2
28 th Feb 2014	1 day	DCMS Checkpoint B1	DCMS	Ref. Bristol Checkpoint A Assurance v2
28 th Feb 2014	1 day	Mini tender via civils framework agreement	Council	Request for Quote (RFQ)
28 th Feb 2014 – 28 th Mar	4 weeks	Suppliers complete RFQ	Suppliers	Completed forms
31 st Mar – 11 th Apr	2 weeks	Evaluation of RFQ's	Council	Score sheets
11 th Apr	1 day	DCMS Checkpoint C	DCMS	Ref. Bristol Checkpoint A Assurance v2
14 th Apr	1 day	Notify successful and unsuccessful suppliers	Council	Letter
14 th Apr - 25 th Apr	2 weeks	Pre Contract Award/ Call in Period	Council/successful Suppliers	
25 th Apr	1 day	Contract Award	Council	

[Outline how the sub-project will be procured and delivered and include a high-level timeline of key milestones from sub-project inception to sub-project closure, including target checkpoint B0, B1 and C assurance dates]

Where appropriate describe the commercial model for the sub-project

Overview

As brownfield sites with no immediate development, there is no commercial case for private sector investment in ducting. However, from the LEP / public policy perspective, ducting forms an essential enabling infrastructure and acts major attractor for inward investment targets, for whom this is both a sign of intent and de-risks their investment plans for

employment creation & growth; many of these companies are being courted by international locations already able to offer gigabit plus levels of symmetrical connectivity, e.g. Singapore, S Korea.

To encourage start ups and new business into BTQEZ, duct availability will enable new and yet undeveloped businesses/sites to connect to services. In order to supply the current 49 business incumbents, a mix of creatives and professional services, and potential for 250 new businesses that will be attracted into the area, funding for a general purpose duct, to be located within defined urban service corridors, is seen as a means to roll out services as soon as possible.

The duct will be operated as a concession on the basis that a concession offers more flexibility to the Council, reduces the need for management of the duct by the Council and will offer the operator of the duct an incentive to increase use of the duct.

Discussion with a number of potential suppliers has taken place with positive feedback. Supplier engagement forms part of the overall procurement where in depth consultations will be undertaken. To date, meetings have been held with BTQEZ programme team and a number of utilities have been identified which would be suitable for deployment within a general purpose duct including, but not limited to electricity, community heating, CCTV, traffic light control and transport infrastructure.

As discussed, the operator will be procured using an open and competitive process that complies with all applicable public procurement law.

Other Funding Sources

- Investment of around £5m by the Homes and Communities Agency for the acquisition of Brunel's Old Station (to be owned by the City Council) and the Pest Control Depot in nearby Cattle Market Road, which will be used to improve access onto the Diesel Depot site and connect it to the rest of the Enterprise Zone
- Work to prepare two HCA-owned sites, Plot 3 and the Diesel Depot, for temporary use by a range of creative projects and organisations. The "Creative Common" project creates an exhibition and performance space, supported by a restaurant and commercial units on the former carpark at Plot 3. It is a collaboration led by Circomedia (an internationally-respected centre of excellence for circus and theatre training), events and workshop specialist Coexist and Invisible Circus
- The relocation of creative agency Creston into offices within the Zone, the first company to move onto the Enterprise Zone since it was established.

	<ul style="list-style-type: none"> • Refurbishment works started on Collett House next to the station to turn it into a creative and digital campus called Temple Studios by developers TCN UK. This follows the first phase of their Temple Gate project which started with Bristol and Exeter House. • Network Rail, together with its partners, is developing a strategy to transform Bristol Temple Meads into a world-class rail gateway for the city by the end of the decade. This proposal aims to expand the station area and increase train services to cater for the growing rail demand in Bristol, whilst providing a robust rail link - with excellent connectivity to London, the South West, Wales and the North <p>Total duct length is 16,200m consisting of 8,700m of core ring and 30m “tail” for 250 businesses. Cost per meter for civils is estimated at £100. This figure was derived from BDUK SFBB Cost Model which identifies £100 per meter for road digs.</p> <p>General purpose duct has a different build profile to that of a telecoms duct thus is more costly.</p> <p>It is not the expectation that BDUK will fully fund the duct and work continues with BTQEZ and energy Management projects and to identify funding partners and potential beneficiaries.</p> <p>Further to market day questionnaires where a number of questions focused on likely competition for the opportunity Appendix C: Market Day Questionnaire General Purpose Duct Responses highlights responses received</p> <p><i>[outline who will build, own and operate the solution and the split of risk between parties]</i></p>
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Part 2: City Roles & Responsibilities

Name of SRO:	Stephen Hilton <i>[State the name of the Senior Responsible Officer for the scheme]</i>
Name of S.151 Officer:	Mark Taylor <i>[State the name of the S.151 Officer responsible for management of sub-project grant]</i>
Name of sub-project lead:	Ian MacDougall <i>[State the name of the individual responsible for managing the sub-project delivery and operation]</i>
Describe ownership and	Ian MacDougall

<p>approach to supplier engagement.</p>	<p>Several initiatives have been undertaken including issuance of a Prior Information Notice followed by a market awareness day. This has been augmented by supplier surveys and a robust communications plan.</p> <p><i>[Provide a named owner responsible for engaging with suppliers. Outline how supplier engagement will be approached]</i></p>
<p>Where not set out above, set out the ownership and approach to any procurement activity.</p>	<p>Ian MacDougall</p> <p>Procurement approach has been outlined above.</p> <p><i>[Provide a named owner responsible for sub-project procurement. Outline the approach to procurement (existing contract, existing framework, open tender, restricted tender, Competitive Dialogue etc.) supplier neutral.]</i></p>
<p>Describe ownership and approach to any State aid considerations.</p>	<p>Ian MacDougall</p> <p>State Aid:</p> <p>The State Aid Infrastructure - Leipzig Halle Guidance ERDF-GN-010 sets out how infrastructure projects can comply with State aid rules. This includes structuring a project so that the ownership and operation are separated. The guidance suggests putting the operation of a facility out to an open and competitive tendering process whilst retaining ownership of the infrastructure in the State.</p> <p>The construction and operation of the duct by Bristol City Council will be structured to meet this guidance. The Council will:</p> <ul style="list-style-type: none"> a) enter into a building contract with a contractor for the civil works of digging land and building a duct open for access to all operators and technologies including water, gas, electricity, broadband etc (i.e. a general purpose duct that does not favour any sector); and b) retain ownership of the duct. c) enter into a contract with an operator following an open and competitive tendering process to operate and manage the duct (i.e. to manage and maintain the duct and enter into contracts with any organizations wishing to use the duct for any purpose). <p>Therefore, the potential beneficiaries of any State aid present are the contractor who builds the duct, the operator who manages the duct, the parties that use the duct to provide services and the parties that receive services provided via the duct. The remainder of this note explains why no State aid will be given to these parties, or if any State aid is present the exemption this will fall under.</p> <p>The owner (i.e. the Council) cannot be a beneficiary of any</p>

	<p>State aid as it is part of the State. Any aid the Council receives will not meet the transfer of State resources to another organization limb of the State aid test.</p> <ul style="list-style-type: none"> • Duct contractor The funds paid to the duct contractor will not constitute State aid. The transfer of the state resources (i.e. the funds paid to the contractor) will not confer a selective advantage on the contractor. The contractor will not have received a greater benefit that would be available under normal market conditions (i.e. it will receive the market price for constructing the duct). • Operator The Council will, following an open and competitive tendering process, enter into a concession contract with the operator. Again, the funds paid to the operator will not constitute State aid. The transfer of the state resources (i.e. the funds paid to the operator) will not confer a selective advantage on the operator. The operator will not have received a greater benefit than would be available under normal market conditions (i.e. it will receive the market price for providing the services). <p>The concession contract will provide that income generated by the operator for providing the services will decrease as the number of organisations using the duct increases, and be subject to an overall cap. This will ensure that the operator does not receive a benefit greater than would be achieved under normal market conditions.</p> <ul style="list-style-type: none"> • Organizations providing services from the duct Organizations providing services from the duct will be charged the market rate to use a duct and so a selective advantage will not be conferred on those organizations. Therefore no state aid will be present. • Organizations obtaining services provided using the duct Organizations obtaining services from the duct will be charged the market rate for such services and so a selective advantage will not be conferred on those organizations. Therefore no state aid will be present. <p><i>[Provide a named owner responsible for State aid considerations. Outline how the sub-project will mitigate the risk of State aid]</i></p>
Describe ownership and approach to internal audit of the Scheme.	<p>Ian MacDougall</p> <p><i>[Provide a name owner responsible for internal audit of the sub-project and outline how the sub-project will be audited in operation, including frequency of audit]</i></p>

Part 3: Measures of Success

Provide the following cumulative quarterly forecast of each measure of success for the sub-project:

	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	Mar-15
Businesses relocating to the zone	0	0	0	0	10	20
Take up of services offered	0	0	0	0	3	10

Part 4: Financial Forecasts

Forecast Revenues and Anticipated Return

Provide the following cumulative quarterly forecast for the revenues to be generated by the project.

	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	Mar-15
Revenue					£7.5k	£14k

<p>What is the anticipated return on the investment in this sub-project and how has it been calculated?</p>	<p>Advice from independent consultants in 2012 indicated that the revenue stream over the term of the concession could be in the order of £0.75m. Ultimately, the figure will be established by negotiation with the market.</p> <p>Total revenue over the term of the concession is calculated at£0.75m. It must be noted that this figures relates to 150 businesses taking one or more service via the General Purpose duct.</p> <p><i>[State the return on investment anticipated for the sub-project, if applicable]</i></p>
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Grant Claim Schedule

Grant claims to BDUK should be quarterly in arrears. Provide the following **cumulative** quarterly grant claim forecasts for the sub-project (this should mirror forecasts provided to BDUK):

	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	Mar-15
Grant claimed				£800k	¹ £1.62m	

¹ Includes Operational Costs as outlined in table below

Part 5: City Operational Costs

Provide the total operational cost to the city of delivering the sub-project over its life.	<p>In order to deliver this sub project estimated costs are: £60k</p> <p>This includes project management, legal, IT and design team required to deliver the sub project. It is the expectation that this will be capitalised within the grant claim</p> <p><i>[State the total operational cost to the city to administer the sub-project over its life]</i></p>
Provide the total operational cost to the city as a percentage of the total grant allocation for the sub-project.	<p>3.7%</p> <p><i>[State the total operational costs as a percentage of the total grant for the sub-project]</i></p>

Provide a **cumulative** quarterly forecast of the sub-project operating costs over its life:

	Jan-14	Apr-14	Jul-14	Oct-14	Jan-15	Apr-15
Operational costs	£21k	£27k	£39k	£51k	£57k	£60k

Part 6: City Resource Requirements

Provide names and titles of all resources involved in the sub-project design process.	Position	Name
	Project Director	Stephen Hilton
	Service Manager	Ian MacDougall
	Project Manager	Helen Bream
	Project Officer	Ruth Delaney
	Legal Officer	Helen Stainer
	Communications Officer	Anna Cooke
	Procurement Officer	Martin Strawson
	Enterprise Zone Project Officer	Hywel Jones
	<i>[Provide an organisation chart or state the names and titles of all resources involved in the design process]</i>	

Provide names and titles of all resources involved in the sub-project reporting process.	Position	Name
	Project Director	Stephen Hilton
	Service Manager	Ian MacDougall
	Project Manager	Helen Bream
	Project Officer	Ruth Delaney
	Communications Officer	Anna Cooke
	Enterprise Zone Project Officer	Hywel Jones
	<i>[Provide an organisation chart or state the names and titles of all resources involved in the reporting process]</i>	

Part 7: City Audit and Value for Money Arrangements

Describe the audit arrangements established for the sub-project.	<p>Audit</p> <p>Further to discussions with Internal Audit a program of engagements is being finalised and will be available for Assurance Checkpoint B1.</p> <p><i>[State the audit arrangements for the sub-project and provide a forward schedule of audit tasks]</i></p>
Describe the Value for Money measures established for the sub-project.	<p>Value for Money Strategy</p> <p>To ensure Value for Money, our strategy which will be applied to this programme has 3 core strands:</p> <p>Evidence: making a robust assessment based as far as possible on detailed evidence and previous experience. There is a wealth of data that we will draw upon to demonstrate the varied benefits that the GB Bristol programme will deliver. Benefits will be monitored using a mixture of statistical analysis, regular surveys of businesses and case studies. The impact on GVA will be determined, although we recognise that many measures will be due to the complementary effect from faster broadband, rather than a direct effect.</p> <p>Early assessment: it is important that project viability and agreement is reached with DCMS through the assurance process at an early stage, and are undertaken prior to engagement with the market. Late changes to the project once procurement has commenced is likely to erode VfM.</p> <p>Sufficient resourcing and planning: In order for the VfM drivers to be effective and for overall VfM to be achieved, the procurement needs to be well planned, managed, executed and transparent, whichever procurement route is chosen. It is imperative that we have sufficient capable resources to apply</p>

	<p>to the procurement itself.</p> <p>(Please see initial bid document, business case template final submission and subsequent consultation updates for further information)</p> <p><i>[State what Value for Money checks will be performed and what action will be taken if anomalies are identified]</i></p>
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Part 8: Risks and Risk Management Approach

<p>Describe the risk management strategy for the sub-project</p>	<p>Three main risk areas for this programme have been identified:</p> <p>Strategic Risk – the long-term adverse impacts from poor decision-making or poor implementation will threaten the reputation of the Council, resulting in loss of public confidence.</p> <p>It is imperative that the procurement programme and resulting contract award are robustly costed, evaluated and specified in order that services are fit for purposes and the target outcomes of the programme are achieved.</p> <p>Programme Risk – failure to comply with procurement legislation, or internal procedures (the procurement code of practice or contract procedure rules) or the lack of documentation to prove compliance (i.e. a clear audit trail). Programme risks could expose the Council to challenge, judicial review, employment tribunals, increased government inspection, or inability to enforce contracts, thus professional advice concerning our procurement has been taken at every stage with risks to procurement documented and managed.</p> <p>Project or Operational Risk – poor contract management, inadequate terms and conditions, failure to deliver services effectively and on time, malfunctioning equipment, hazards to service users, the general public or staff, or damage to property.</p> <p>Such risks are often the result of inadequate contract management processes, and can result in insurance claims, disputes, poor user satisfaction, and ultimately, litigation. We will ensure that throughout the procurement process and award stage, appropriate terms and conditions and robust contract management are used to prevent confusion regarding contract requirements and outcomes.</p> <p>In order to minimize risk, a number of recognised and appropriate policies and procedures will be undertaken. These range from externally provided instructions or guidance, through to internal Council policies and procedures</p>
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including:

Internal rules and guidance:

- Procurement Code of Practice
- Contract Procedure Rules

External guidance:

- Office of Government Commerce
- EU Procurement Information
- Professional Standards - Chartered Institute of Purchasing and Supply)
- Quality standards (for example, ISO 9001)

When applying treatment, the following methods will be used in order to minimise risk:

Elimination – circumstances from which the risk arose will be identified and removed thus eliminating the risk.

Reduction – control measures will be implemented in order to reduce the impact and/or likelihood of the risk occurring.

Transfer – the financial and delivery impact of certain risks will be passed to other parties e.g. the private sector.

Acceptance – further to detailed assessment, certain risks will be accepted as having little or no material impact, or as being unavoidable.

Identifying, evaluating and mitigating potential risks will lead to improved and better-informed procurement processes leading to improved outcomes.

We are also mindful to the risk associated with the procurement exercise itself and have identified these through discussions with stakeholders and other interested parties.

Many of the risks identified tend towards operational rather than contract specific and include:

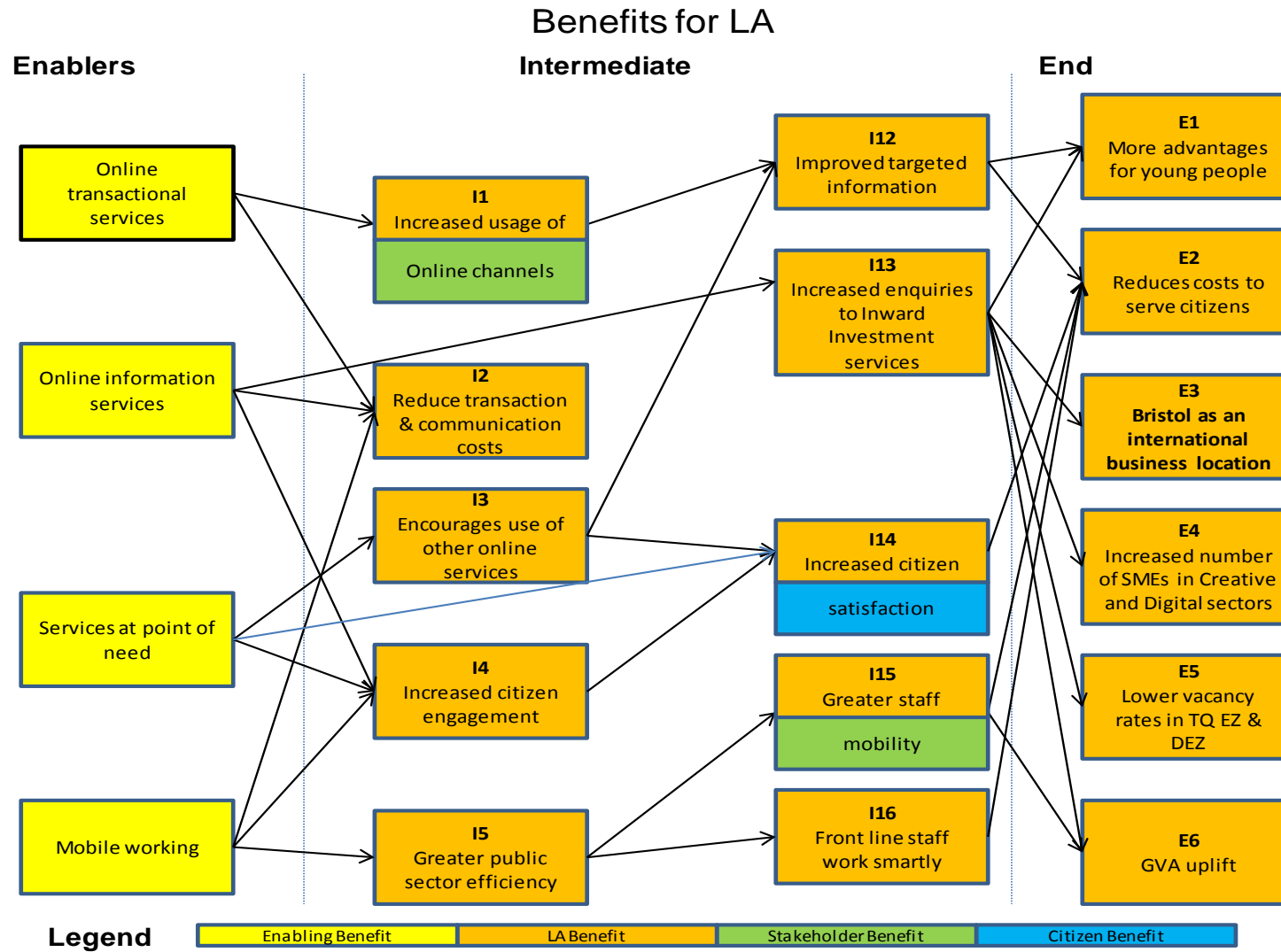
- What would happen if there was insufficient response to a tender?
- What would happen if the supplier went into liquidation during the contract?
- What if there was a legal challenge to the contract award?

As is shown within the Risk Register, these have been concisely captured:

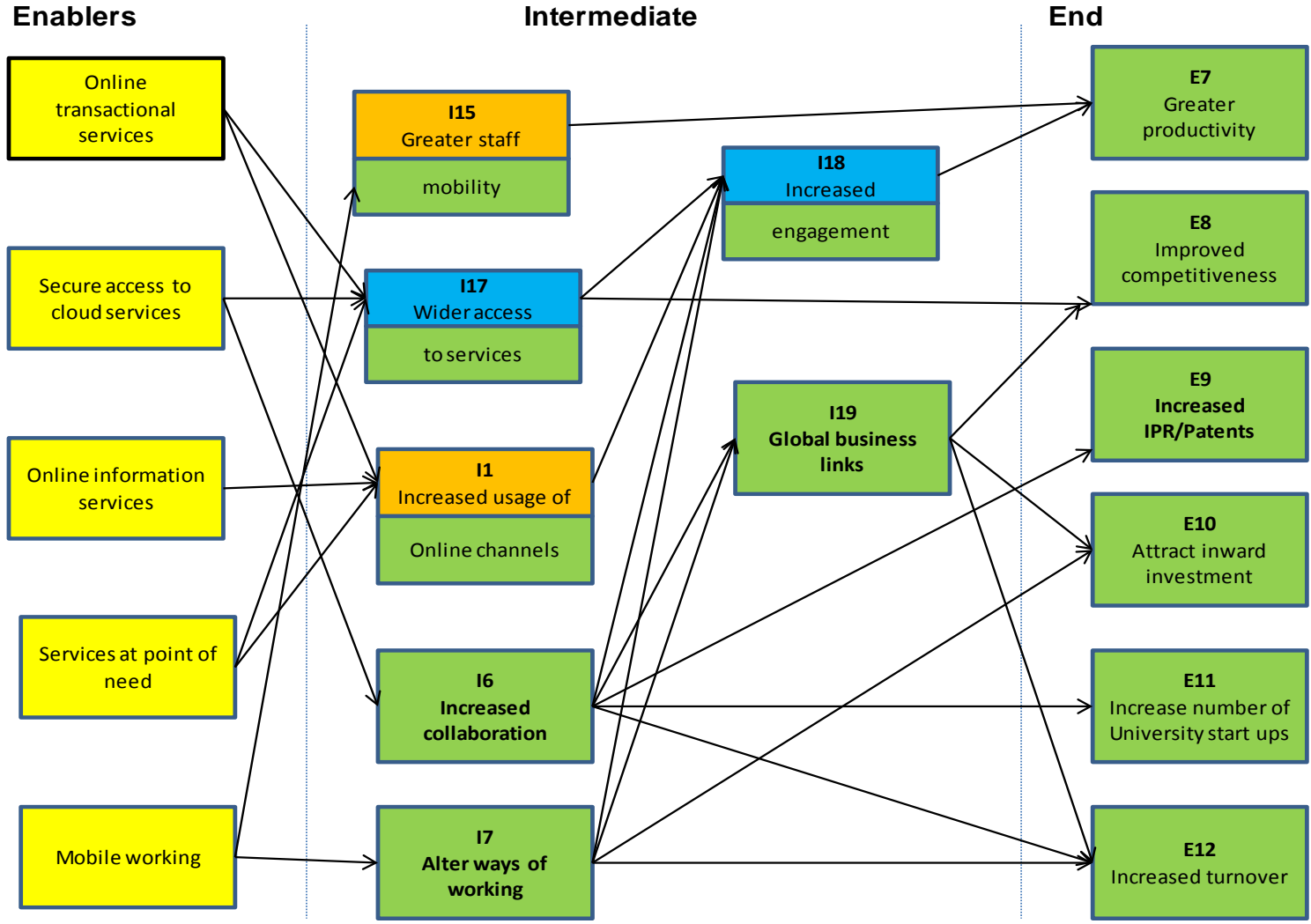
4	Introduction of additional works and / or changes by the Planners	L	L	L
				Pre-planning consultancy required with procurement awardee. DO's developed.
7	Complex	M	L	M

		setting out requirements			Transfer full risk of setting out to package contractors ensuring full accountability for ant delay. BCC to use experts to check package contractor setting out.
	9	Subcontractor insolvency	H	M	M Credit checks, guarantees and contingency plans to be in place pre-award. Use of BCC procurement process.
	10	Supply chain are not engaged at early stage	M	M	L Development, approval and implementation of procurement strategy at early stage.
	11	Tendered responses are outside of funding envelope	M	M	M Ensure Project Cost Proposals are robust and without ambiguity.
<p><i>[Highlight the top three risks to delivery of the project by March 2015 and your approach to mitigating them]</i></p>					

Appendix A: Benefit Dependency Maps



Benefits for Businesses



Legend



Benefits for Citizens

Enablers

Online transactional services

Tele health initiatives

Online information services

Services at point of need

Intermediate

I18
Choice of communication channel

I17
Wider access to services

I19
More convenient

I10
24/7 availability

I11
Faster service

I18
Increased engagement

I20
Community involvement

I14
Increased citizen satisfaction

End

E13
Reduced social exclusion

E14
Increased access to services

E15
Access to local job opportunities

E16
Higher take up of broadband services

E17
Ease of democratic engagement

E18
Access to neighbourhood partnerships

Legend



Appendix B: Benefit Profile

Benefit Profile		Programme/Project ID: GB Bristol WP2.1 Duct Construction for BTQEZ				GB BRISTOL
Benefit-Header	Catalogue No	E5	Benefit Title Lower vacancy rates in TQEZ			
	Detailed Description	By offering a General Purpose duct within the Temple Quarter Enterprise Zone enabling access to multiple services, the Enterprise Zone will be more commercially attractive to incoming businesses.				
	Benefit Category			Business Impact	Strategic	
	Objectives Supported	To actively encourage SMEs to move into the Enterprise Zone.				
	Other Benefits Supported by this Benefit	Catalogue No		Benefit Title		
	Benefit Classification	Tangible		Tangible Value Probability	Logical	
	Target Value	250 businesses relocate to Enterprise Zone		Change Category	Transformational Change	
Enablers	New Benefit Enablers					
	Increased enquiries to inward investment services					
Business Change	Required Business Changes					
	Cultural	Organisational	Strategic	Policy	Process	
	Enterprise Zone flourishes as a centre to work, live and play		Enterprise Zone attracts inward investment through business relocation			
Accountability /Responsibility	Main beneficiary		Name /Job Title:		Department:	
	Who is accountable		Business			
	To whom are measures reported		Ian MacDougall			
Measurement	Measure Used	Baseline Value	Target Value	Start Date	Finish Date	Review Frequency
	% increase in business relocation to Enterprise Zone	4900%	25000%	Oct-13	Mar-25	Bi-annually
	Method of Measurement	Business expansion within Enterprise Zone				
Risks & Issues	Risks					
	Risk Log No	Status	Owner	Date Identified	Severity	Description
		2 Open	Ian MacDougall	01/08/2012	A	Lack of interest from stakeholders means sunk investment is not realised.
						Understand stakeholders WINIFM (What's In It For Me) in order to manage expectations and attain buy in.
	Issues					
Issue Log No	Status	Owner	Date Identified	Importance	Progress	

Appendix C: Market Day Questionnaire General Purpose Duct Responses

Market Day Questionnaire (Q's relevant to WP2.1 Duct Construction for BTQEZ)	3. What would be your preferred business solution for the work streams which you are interested in? Please specify using WS numbers as above	4. What factors are likely to influence your level of interest in this programme?	5. Please explain what elements within the proposed programme you consider particularly attractive? Conversely what elements do you consider to be unattractive? Please use WS numbers as above
Submitted Response			
Cityfibre Holdings	<p>CityFibre believes in an all-inclusive ‘Fibre to Everywhere” model. We will not utilise existing first generation infrastructure to provide interim network solutions for our customers. Our philosophy is to build new fibre infrastructure, which avoids any risk of managing interim solutions and ensures that the asset we deploy not only meets the requirements of today’s ultrafast NGA objectives but also provides a solid foundation for the next forty years facilitating future and evolving technologies.</p> <p>CityFibre’s preferred business solution is to provide an ‘all-inclusive’ solution to GB Bristol and build a fibre network in a three-stage process:</p> <p>Step 1 Core Network (WP2.1 – & WP2.2) - will be deployed taking into consideration i) the availability of suitable Council owned duct infrastructure, ii) the needs of the public sector, businesses and connectivity for wireless operators and iii) the needs of the Research & Development (R&D) Test bed including, RF mesh network. In addition, CityFibre is developing commercial propositions, through engagement with Distribution Network Operators (DNO’s) which will see our</p>	<p>The public sector is potentially a large-scale user of a CityFibre network infrastructure. We would seek an understanding of the types of contract opportunities available for public sector tenancy from a network deployment project in the city and ideally request a set of end points to help feed in to our design work during the bidding phase of GB Bristol.</p> <p>Examples of public sector opportunities, could be • Council Facilities • Schools • Urban Traffic Control • Hospitals • GP surgeries and other healthcare related sites • Emergency services (police, fire, ambulance) • Law courts and other public service facilities • Colleges and universities</p> <p>Additional information on procurement cycles, available budget and any preferred service provider partners (for example, we would be happy to work with incumbent PSN suppliers to Bristol) would further increase our appetite in the project.</p>	<p>CityFibre is fully supportive of the GB Bristol Programme. Under WP 2.1, we believe that the construction of the duct in key development areas across the city is a standout and highly attractive part of the project and should act as the enabling infrastructure to drive more cost effective FTTP deployment, supported by the WP 1.3 and WP 1.4 voucher schemes.</p>

	<p>transformational fibre infrastructure supporting both Smart Grid and Smart Meter initiatives which we believe to be a critical element in supporting Bristol to become a smarter city. CityFibre will actively market to and connect businesses in line with GB Bristol demand aggregation initiatives.</p>		
VM	<p>We are interested in understanding more about the funding of the multi-purpose duct and how it might complement our existing infrastructure in the Temple Quarter Enterprise Zone. We look forward to hearing more at the BCC suppliers' day on 3 September</p>	<p>Virgin Media has invested significantly in our network in and around Bristol supplying services to the City's citizens and businesses. Amongst our business customers we're pleased to be the main supplier of voice and data connectivity to Bristol City Council. As a UK company with a significant local presence, and with a long relationship with BCC, we are very interested in what the programme proposes</p>	<p>We find all elements of the programme interesting but the wireless concession and the RF mesh (for the test-bed) are particularly attractive to our current strategy of enhancing wireless services to core cities. We have not found an attractive business model to support large scale Wi-Fi deployments and so we prefer to focus on targeted high performance Wi-Fi deployments that are completely free and time unlimited</p>
Siemens	<p>WS 2 - Fixed Broadband Infrastructure</p>	<p>Siemens is extremely interested in working with Bristol to develop a complete solution for this project. Siemens is able to call on additional expertise to deliver this solution from the wider Siemens and its proven network of specialist suppliers and sub contractors</p>	<p>WS 2 - Fixed Broadband Infrastructure Siemens already has built up a capability of delivering fixed broadband for UTC purposes and this workstream will be attractive as it offers a natural expansion to proven capability.</p>
BT	<p>WP2.1 – We are interested but our level of interest will depend on exactly how the duct concession will work</p>	<p>The extent to which the Council will work proactively to address gaps in fibre broadband coverage with us</p> <p>As they become known to the Council early site of the numbers of businesses and homes going into the Enterprise Zone along with detailed locations and types.</p> <p>Early sight of the type of community applications the Council would like to see in Bristol and their linkages with its Green Capital status and Technology Strategy Board plans such that we can bring to bear our extensive Research and Development capability and hot housing programmes for bringing new</p>	<p>WP2.1 - we are exercising some caution until we know more as to how the duct concession is intended to operate</p>

		applications to market	
LA Clark	We would be interested in WP2:1	We have built up a good relationship with Bristol City Council and would like to carry out the works to our usual high standard. We have a vast knowledge of the works that are involved and all our operatives are accredited in all aspects that you would need on this contract.	Bristol is our main area where we work on all our contracts, we find local knowledge to be a key factor. We would very much like to be part of this programme to bring a faster broadband to our city

11 May 2015

Duct concession procurement

Purpose of the report

1. To provide an overview of the procurement progress; and
2. To highlight and seek a steer on the issues and risks arising from the procurement, including:
 - a. Concession term;
 - b. Duct route inclusion;
 - i. Traffic signals;
 - ii. University of Bristol;
 - c. Capacity within ducts and future requirement (known and unknown);
 - d. Duct extensions by Authority;
 - i. General Purpose Service Trench;
 - ii. MetroBus;
 - iii. Future unknown extensions;
 - e. Duct extensions by Concessionaire and contract expiry implications;
 - f. Payment; and
 - g. Marketing.

Background

3. More than twelve years ago the Council took the bold step of purchasing a network of fibre and ducting from Rediffusion, the cable TV pioneer. Since then, Bristol City Council has refurbished, extended and “lit-up” this network with high-capacity dark fibre to create B-Net, a high-speed, symmetrical digital network that is directly owned, managed and utilised by the Council.
4. B-Net consists of approximately 76kms of ducting, a majority of which is in active use. The footprint of the network forms a near-complete figure of eight through Bristol, with only small gaps remaining in South and North Bristol.
5. B-Net supports many established Council business applications including CCTV; Transport Operations and Traffic Signals. It also provides broadband connectivity between Council HQ Buildings, schools and community buildings.
6. In today's market, the cost of creating BNet from scratch would be in excess of £9million
7. As part of Super Connected Cities funding, DCMS agreed £1.56m to fund a general purpose duct in the Bristol Temple Quarter Enterprise Zone, an area that may not currently be seen as commercially attractive to service providers.

8. Exploratory works have begun on the General Purpose Service Duct and completion in September 2015 is expected.
9. It was agreed with DCMS that the duct will be operated as a concession on the basis that a concession offers:
 - a. more flexibility to the Council;
 - b. reduces the need for management of the duct by the Council; and
 - c. will offer the operator of the duct an incentive to increase use of the duct and introduce commercial operator competition by opening up our duct assets.
10. In order to make a concession more attractive to a commercial operator and to incorporate duct extensions expected as outcomes of major projects currently underway in Bristol (namely MetroBus, Terabit West, Bristol Quarter Enterprise Zone, Operations Centre), the duct concession scope was increased and dialogue timeline extended.

Procurement progress

11. The procurement process has begun with a voluntary OJEU issued, two supplier market days, PQQ issued, responses evaluated, bidders selected for dialogue and dialogue sessions underway.
12. The current procurement timescale is:

Dialogue session complete	28 th May 2015
Issue ITT & Detailed Submission	5 th June 2015
ITT Closing Date	20 th July 2015
Supplier notification	4 th August 2015
Contract Award	19 th August 2015

13. This paper seeks a decision on the outstanding issues that need to be finalised prior to the dialogue phase ending and the ITT and Contract being drafted.

Concession Term

14. The contract term was one topic that was discussed with the market pre-procurement. The feedback received was that a concession contract should be between 15-20 years so that other contracts (e.g. to Communication Providers, Internet Service Providers and Mobile Operators) can be let off the back of the Concession.
15. The voluntary OJEU notice was published with wording to give flexibility to the Council to stipulate a Contract Term:

Subject to the successful completion of the procurement process, the Authority intends to award a public services concession contract to the successful bidder(s) for a minimum period of 15 years. The procurement will follow a concessionary model

contract. The Authority has chosen to voluntarily issue an OJEU Notice and for the avoidance of doubt this action shall not give rise to any further obligations other than those applicable to Concessionary services. Bristol City Council has decided to issue this second notice, to highlight the change in contract duration. The contract duration will be for a minimum of 15 years.

16. To allow the ITT and contract to be drafted, a decision needs to be made on the duration of the Contract Term.
17. The benefits of a 20 year contract term, as opposed to a 15 year contract are that it:
 - a. Allows the Concessionaire to let long-term sub-contracts to CPs, ISPs and MNOs;
 - b. Provides a longer term for the Concessionaire to sign contracts and increase potential revenue for the Council; and
 - c. Mitigates the risk of Code Powers and the Concessionaire's right to retain existing fibres in the duct post contract expiry in two ways:
 - i. the Council will continue to receive a revenue share over a longer period of the asset's life, as opposed to a rent which may only be determined at the time; and
 - ii. once the ducts are full, realising additional value under a re-tender scenario will be difficult beyond the rights already existing to the duct owner under Code Powers.
18. The risks of a 20 year contract as opposed to a 15 year contract term are:
 - a. Concession payment amount is fixed for a long period of time;
 - b. The inherent risk of letting a contract with a large revenue share element (and hence the risk around not realising the expected revenues) is extended;
 - c. The Council may require the duct for other purposes and will be tied to a long term exclusive contract;
 - d. Extensions built out by the Council over time may not be used until contract retender; and
 - e. Technological changes may impact on the value received by the Council.
19. Recommendation: The concession is let for a term of [20] years and seek to agree contract review points at years 10 and 15 depending on performance against business plan.

Duct route inclusion

20. The duct network is made up of seven elements which have been and are continuing to be built over time:

BNET ducts

21. B-Net consists of approximately 76km of ducting, a majority of which is in active use. The network now supports many established Council business

applications including CCTV; Transport Operations and Traffic Signals. It also provides broadband connectivity between Authority HQ Buildings, schools and community buildings.

Rediffusion ducts

22. In addition to the Rediffusion ducts that the Authority has brought back into use (BNet), there is a further 60km of Rediffusion ducting which has not been brought back into use. The condition of this duct is unknown but it is included within this concession opportunity. Bidders have been encouraged to undertake their own due-diligence and chamber inspections before submitting their tenders.

General Purpose Service Trench

23. The General Purpose Service Trench (GPST) is currently being developed at Temple Quay. The new ducting provided by this project will connect into BNet and will be included within this concession opportunity.

24. GPST is being developed in two phases. Phase 1 from 100 Temple St to Temple Quay plot 3 will be completed end June 2015.

Traffic signal and other ducts installed by Council departments

25. BNet has been developed on an ad hoc basis by several departments dependent upon individual requirements. The ducts funded by departments are seen to be within their ownership, for example, traffic signal ducting is assumed to belong to Traffic Department likewise, CCTV and Information Traffic Systems.

26. The Traffic Department has requested that traffic signal ducting is excluded from the concession which covers up to 400 traffic junctions. The department has advised that running third party communications through the traffic signal ducting is an issue for health and safety reasons and for future maintenance or refurbishment works.

27. Select Electrical have assured the Council that there is no issue from a health and safety perspective in relation to the signal ducting. The Concessionaire will also be responsible for facilitating on-going maintenance and refurbishment.

28. By descoping the 400 sections of ducts (10 metres either side of the traffic signal) of BNet means that the Council will not be able to offer a contiguous duct network.

29. To mitigate this, either the Council or the Concessionaire will need to fund the cost of installing new ducts around the junctions the Concessionaire requires the use of. It is estimated that it could cost £500 per junction to install new ducting. A basic junction requires two duct routes. Assuming that all 400

junctions are basic junctions and require re-routing, this would cost £400,000.

30. If the Concessionaire funds it, it is likely that this cost will be deducted from the Concession Payment to the Council in order to recover their costs.
31. If the Council pays, it will need to be responsive to the timing and cost of the re-routing requests.
32. The Council will need to make a definitive decision on whether the traffic signal sections of the ducts are taken out of scope so that the bidders can consider the cost implication of building new ducts around the traffic signal areas. These costs are likely to fall to the Council, either via a reduction in the rental price proposed or by setting aside part of their rental payment to pay for the installation of the new ducts.
33. Recommendation: Traffic signal ducts are included within the concession, subject to confirmation that bidders are willing to accept any health and safety risks.

Metrobus

34. New ducts will be installed along some sections of the MetroBus routes during 2015/16 and 2016/17. These ducts will house CCTV cables, traffic signals and fibres for Real Time Bus Information.
35. The MetroBus has three routes:
 - a. South Bristol Link route is approx. 2.5km (within Bristol boundary only);
 - b. Ashton Vale to Temple Meads is approx. 2.5km (within Bristol boundary only); and
 - c. North Fringe to Hengrove is approx. 25km (which includes South Gloucestershire element).
36. These routes cross into neighbouring Council boundaries and the ITT will need to be clear that the routes beyond Bristol's administrative boundary are out of scope.
37. The new ducting plans for these routes are in development and will continue over the coming months. For the North Fringe to Hengrove route, the majority of the route will utilise the existing duct infrastructure. However, it is not currently clear whether existing or new fibres will be used.

Bristol Is Open

38. Bristol is Open fibres are largely run through BNet ducts, however new sections of ducts has been built for Bristol is Open which can also be made available to the concessionaire. Clarity will be required about any requirements the JV may have on any existing capacity within the ducting.

University of Bristol owned ducts

39. The University of Bristol owns several duct routes through the city centre which have been connected to BNet. A gentleman's agreement exists with the University of Bristol where there is a tacit understanding that a reciprocal duct sharing "agreement" is in place. Although discussion has begun on formalising this agreement, what had been believed to be ducting owned by Bristol City Council is in fact owned by UoB. To date the University has verbally advised that it would not wish to be a party to the concession contract at this time, and their ducts will need to be excluded from the procurement.
40. The Council should formalise this arrangement in a legal contract and make the University aware of the concession and the implications this has on the ability to lay new fibres in the future.

Capacity within ducts and future requirement

41. The capacity within the BNet ducts has been mapped and in summary, the number of through chambers at capacity is:

Duct space available	Number of through chambers
100%	15
75%	1044
50%	545
25%	233

42. By letting a concession contract, the Council is essentially agreeing to make available the remaining space within ducts to the Supplier from the date of the Contract Award. This will mean that the Council will not be able to install additional fibres for its own use without potentially incurring a fee, unless space within the ducts for future Council use is specifically descoped from the procurement.
43. In order to understand the future duct space requirements of the Council, departments were asked to indicate their likely future duct space requirements. Council departments have fed back:
- a) It is not possible for departments to provide definitive ducting requirements going forward; and
 - b) Ducts must not be filled to capacity - the Council should retain enough space to grow its fibre network, so keeping duct availability needs to be factored in – failure to do this will hamper future developments.

Known future space requirements

44. The following fibre installation work within BNet has been ordered from Select Electrical:
- a) 144 core fibre Installations at:
 - Brunel House – 100 Temple Street via John Cozens House;
 - Wilder House – 100 Temple Street via John Cozens House;
 - City ring – Fishponds via Lawrence Hill;
 - City Ring Redcliffe – Ashton Park & Ride via Cumberland Road;

- Ashton Park & Ride – Hartcliffe via South Bristol Ring Road; and
 - Sandy Park – Callington Road.
- b) Bristol city centre development cable diversions; and
- c) Traffic upgrades with 12 fibre links at 13 locations across the city.

Unknown future space requirements

45. As the city develops over time, there is likely to be future fibre requirements within the duct network which cannot be anticipated today.
46. There are two options available to the Council to allow the future expansion of its fibre network:
- a. Descoping space within the ducts by setting aside enough space for an additional fibre from the entire network; or
 - b. Build new duct routes for Council use as the requirement arises.
47. It should be noted that descoping space from the ducts decreases the opportunity available to the Concessionaire to generate a revenue, and will impact on its business case and the amount the Council will receive in benefit. This is particularly apply to the routes of the duct network which only have 25% available space remaining currently.
48. The building of new ducts to meet future Council requirements will generate an unknown cost to the Council in the future.
49. Recommendation: [It is recommended that space for an additional fibre within BNet, and future duct extensions is descoped from the concession opportunity.]

Duct extensions by Authority

50. As mentioned in previous paragraphs, the Council has plans to extend the duct network further through two known projects, of which the resultant ducting will be made available to the Concessionaire:
- a. Metrobus; and
 - b. Bristol Is Open.

General Purpose Service Trench

51. It is proposed that this ducting is included in the contract upon Contract Award, but attracts a Concession Payment once the duct is operational.
52. The bidders will be invited to quote a price per metre for this duct route as part of their tender.

MetroBus

53. The MetroBus Board has discussed the installation of ducts along the three MetroBus routes. The Board has discussed the inclusion of the duct within the

concession and has included work to add ducting which by-passes the traffic signals for use by the Concessionaire. A quote for the provision and installation of this existing ducting will be requested from the Council's contractor.

54. However, the extra ducting will not be funded by the MetroBus Project and will therefore need to be funded by a different budget. The decision on whether traffic signal ducts will be descoped from the concession will impact on this position.
55. Whilst details of the MetroBus routes will be included within the tender to show an indication of the future duct routes available, there will not be a commitment by the Council for delivery by a set date. However, in order for the concessionaire to be able to plan their own fibre installation build and marketing strategy to customers (and to incentivize the use of the Council owned ducts), there will need to be the inclusion of long stop dates within the contract.
56. The impact of the Council not meeting any long stop date is that the Concessionaire will be then free to build out a parallel duct network and may not be obliged/incentivised to use the Metrobus network, hence preventing the Council maximizing its revenue generating potential.

Future Council funded duct installation

57. The contract will include a change mechanism which will enable the inclusion of future Council owned ducting into the concession contract. It is proposed that the Concessionaire will pay a Concession Payment according to the price quoted against geographical bands.

Duct extensions by Concessionaire and contract expiry implications

58. During the Contract Term, the Concessionaire will need to build new ducts in order to connect customers. This duct will need to connect to BNet, and will effectively become an extension to the duct network across Bristol. Current proposals from the bidders is that the ownership of the duct paid for by the Concessionaire will remain with the Concessionaire.
59. This has the following implications for the Council at Contract Expiry.
60. Paragraph 21 of the Electronic Communications Code, Schedule 2 of the Telecommunications Act 1984 and amended by Schedule 3 of the Communications Act 2003 (code powers) means that once electronic communication infrastructure has been deployed, the Council cannot remove the infrastructure and the concessionaire has a right for the infrastructure to remain in situ in perpetuity.
61. Legal advice is being sought on a possible mitigation whereby the Council offers a lease to the incumbent at the end of the concession whereby the Council would continue to receive a rental payment, but exclusivity would fall

away and the Council would be able to let another concession to another operator if it wishes. This may be irrelevant if the duct network is full.

62. Whilst discussing contract positioning with Council legal representation it was highlighted that there is a risk potential that the Concessionaire could apply for compulsory purchase of the Council ducting at the end of term. An Operator can try to persuade Ofcom and the Secretary of State to exercise their powers under Schedule 4 of the Communications Act 2003. This allows them to authorise compulsory purchase by the Operator of the land needed for the network (so it acquires the ownership of the land, not just the rights across it). Compensation is payable (potentially at a higher rate than if awarded under paragraph 5 of the Code).
63. Legal advice is being sought, but this risk may be mitigated by offering a lease at the end of the concession term. Options are being considered about how the rental value of such a lease is determined. One option could be based on the Code Power valuation category defined by Ofcom.
64. Legal advice is being sought on the possibility of such a lease, and whether such a lease can be entered into without a further procurement.

Payments and risk

65. The previously drafted Payment Mechanism paper (attached as appendix 1 for ease) has been subject to dialogue with bidders.
66. The next step is to develop the criteria for evaluation. It is understood that the Council is indifferent to receiving a lump sum payment in year 1 against regular payments over the contract life (taking into account the time value of money). On this basis, the price evaluation will take into account the proposed revenue less any management fee on a Net Present Value basis.

Marketing

67. The bidders have all highlighted a requirement for the Council to actively market the project and potentially the availability of services to the market. The purpose of this is to stimulate customer demand. The expectation is that there will be joint project branding (with Council and Concessionaire logos).
68. Examples of the resource / funding required of the Council includes:
 - a. A website or portal for the project which would provide details of the project, the services available and the ISPs from which services are available;
 - b. Access to senior council spokespeople to provide comments in press releases, appear in promotional materials and to speak at events.
 - c. Liaison with the Council's press team;
 - d. Support engaging the business community, other business organisations, and other potential customers such as housing associations;

- e. Use of Council-owned or controlled sites for events and other marketing activities, including advertising;
 - f. Potential funding to support marketing activities; and
 - g. Support for the Concessionaire and partners to leverage the Connection Voucher Scheme.
69. There is a proposal that the Concessionaire and the Council develop a strategic partnership to deliver the joint marketing approach.
70. A view on the willingness of the Council to undertake, and provide resource for such marketing will need to be agreed and communicated to the bidders.
71. The benefits to the Council of undertaking joint marketing effort is that:
- a. The use of Council brand will increase take-up. Economic and social benefits will be realised, and the concession income will increase;
 - b. The Council's receives recognition from businesses and residents for using a public asset to increase broadband availability, support businesses and generate income for the Council.
72. The risks to the Council are:
- a. That resource demands on the Council will increase unless the expectations of the Concessionaire are managed effectively;
 - b. That promotion of the concession and increase in market competition increases the risk of legal challenge from another provider, generating negative publicity and potential cost to the Council.
73. The Council should also consider the wider impact of its brand in the context of the wider commercial activities it is undertaking.
74. Recommendation: That the Council agrees in principle to:
- a. Undertake joint marketing with the Concessionaire on the basis that there will be a governance process established to agree the joint marketing strategy; including
 - i. Officer time will be provided but will be limited a set amount of time per month;
 - ii. Provide a media spokesperson; and
 - iii. The use council branding.

In addition, it is recommended that the bidders are advised that the Council will not make a financial contribution to the marketing activity.

Risks and mitigating actions.

75. The Duct concession cannot be let leaving the General Purpose Service Duct investment unrealised. The impact is unknown as failure to award has not been discussed with DCMS.
76. The impact of Code Powers and Compulsory purchase on the ability for the council to continue to receive a revenue from the retention of the

Concessionaire's fibres post contract expiry. The mitigating action is the proposal to let a lease post expiry which will secure an ongoing rental payment for the council. This is subject to legal advice.

77. The council will be subject to additional duct installation costs to meet its own fibre requirements in future. This is due to the Concession meaning that there is no longer the ability to use council owned ducts for Council fibre installation once the contract is in place. One option is to fund this installation cost from the Concession Payment if there are sufficient funds.

Recommendations

78. Paragraph 19 – The concession is let for a term of [20] years and seek to agree contract review points at years 10 and 15 depending on performance against business plan.
79. Paragraph 33 – Traffic signal ducts are included within the concession, subject to confirmation that bidders are willing to accept any health and safety risks.
80. Paragraph 49 - [That space for an additional fibre within BNet, and future duct extensions is descoped from the concession opportunity].
81. Paragraph 74 - That the Council agrees in principle to:
- b. Undertake joint marketing with the Concessionaire on the basis that there will be a governance process established to agree the joint marketing strategy; including
 - i. Officer time will be provided but will be limited a set amount of time per month;
 - ii. Provide a media spokesperson; and
 - iii. The use of Council branding.

In addition, it is recommended that the bidders are advised that the Council will not make a financial contribution to the marketing activity.

Author

Helen Bream, Bristol City Council

Payment Mechanism discussion paper

The following section outlines the proposed Payment Mechanism approach.

Overall Formula

The Payment Mechanism will have the following elements:



Paymech Design Principles

Subject	Position
Annual Concession Payment (ACP)	<p>The <i>Annual Concession Payment</i> is the total payment made by the Concessionaire in a given year to the Authority.</p> <p>This is made up of three elements discussed below:</p> <ul style="list-style-type: none"> • Guaranteed Payment • Additional Ducting Payment • Gainshare • Performance Deductions
Guaranteed Payment (GP)	<p>The <i>Guaranteed Payment</i> is the agreed fee to be paid annually by the Concessionaire to the Authority.</p> <p>(a). This is to be agreed at contract signature, and may be in line with the example schedule shown below:</p>

Schedule 1: Annual Guaranteed Payment

Subject

Position

Year	Financial year	GP
1*	2015/16	£xxx
2	2016/17	£xxx
3	2017/18	£xxx
4	2018/19	£xxx
5	2019/20	£xxx
6	2020/21	£xxx
7	2021/22	£xxx
8	2022/23	£xxx
9	2023/24	£xxx
10	2024/25	£xxx
11*	2025/26	£xxx

**Depending on the start and end date of the contract, an adjusted fee maybe applicable for the final financial year to cover the 15/20 year calendar term.*

Indexation to be applied annually to the Guaranteed Payment as per the procedure outlined below:

$$\mathbf{GP = GPr \times (RPIxC / RPIxB)}$$

Where:

- “GPx” is the Guaranteed Payment for the given year
- “RPIxB” refers to the base month RPIx as set in x month of 2015.
- “RPIxC” refers to the current RPIx as set in x month each year.

Subject**Position**

Extension Ducting Payment (EDP)

The *Extension Ducting Payment* refers to the payment to be made in relation to new ducting that becomes part of the concession through the contract change procedure.

(a). Ducting areas are to be categorised into 3-5 Bands of Pricing per Metre, and may be as per the example schedule below:

Schedule 2: Geographic Demand Bands

Band	Price per Metre (ED)
1	£xx
2	£xx
3	£xx
4	£xx
5	£xx
Multi-Purpose Service Trench (MPST)	£xx

- This Banding is to be agreed during negotiation.
- The Authority reserves the right to update the Geographic Demand Bands on the fifth year from contact commencement, and every 5 years thereafter.

(b). The Extension Duct Payment (EDP) in real terms will be calculated as per the following formula:

$$\text{EDPr} = (\text{ED1} \times \text{M1}) + (\text{ED2} \times \text{M2}) + (\text{ED3} \times \text{M3}) + (\text{ED4} \times \text{M4}) + (\text{ED5} \times \text{M5}) + (\text{EDMPST} \times \text{MMPST})$$

Where:

- “EDPr” is the Extension Ducting Payment for the given year

Subject	Position
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- “ED1”, “ED2”, “ED3”, “ED4”, “ED5”, “EDMPST” refer to the price of ducting in bands 1, 2, 3, 4, 5 and MPST respectively
- “M1”, “M2”, “M3”, “M4”, “M5”, “MMPST” refers to the number of additional metres within each band as per agreed contract changes.

Indexation could be applied annually to the Guaranteed Payment as per the procedure outlined below:

$$EDP = EDPr \times (RPIxC / RPIxB)$$

Where:

- “EDPr” refers to the Extension Ducting Payment for the given year
- “RPIxB” refers to the base month RPIx as set in x month of 2015.
- “RPIxC” refers to the current RPIx as set in x month each year.

[The Authority will consider how funding of capital costs to extensions are met. These can be directly whereby the Authority pays for capital costs upfront in full, or potentially indirectly whereby rent for the extension is deferred till capital costs are covered. The second indirect route may be suitable where the Concessionaire funds initial capital for an extension – this will be a topic for dialogue]

Gain Share (GS)

The *Gain Share* (GS) refers to the revenues that are shared between Concessionaire and Authority

(a). The Gain Share (GS) may be calculated as per the formula outlined below:

$$GS = P \times AR$$

Where:

- “P” refers to the percentage agreed gain share. This may be set at a ratchet scale as per the schedule shown below:

Subject**Position***Schedule 3: Gain Share Level*

Revenue	Percentage Share
£x to £xx	x%
£xx to £xxx	x%
£xxx to £xxxx	x%
£xxxxx -£xxxxxx	x%

- “AR” (*Available Revenue*) refers to the Revenue achieved for the Contract subtracting *Guaranteed Payments* (GP) (in nominal terms) and *Extension Duct Payments* (EDP) (in nominal terms). This is as per the formula shown below:

$$AR = R - (GP + EDP)$$

Where:

- R refers to the Revenue Achieved by the Concessionaire for the given year.

Performance Deductions

Performance Deductions refer to the payment to be made by the Concessionaire in instances where contracted Performance Levels (including for maintenance obligations) are not being met.

(a). Responsibility for Performance could be set under the following terms:

- The Concessionaire is responsible for all works undertaken on its behalf and for Subcontractors to the Concessionaire in relation to the Concession Agreement (including for maintenance).
- The Authority is responsible for works in relation to Authority fibres, or changes to ducting undertaken on its behalf, by third parties outside of the Concession Agreement.

Subject	Position
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(b). A deduction maybe applied where:

- Performance in terms of the Authority not being able to run its services for a period above a specified time [to be defined] for which the Concessionaire is responsible.
- New ducting or repaired ducting not brought back into use at the minimum specified level.
- Maintenance has not been undertaken where the Concessionaire is responsible for doing so.

(c). These deductions may be applied as per the example schedule shown below:

Schedule 4: Deduction

Time Service Unavailable	Deduction (price per hour)
Less than 3 hrs	-
3-24 hrs	£xx
24-48hrs	£xx
48hrs-72hrs	£xx
Above 72hrs	£xx

]

Definitions

Contract Close	Refers to the Date of Final Contract signature and Commencement of Concession.
RPIx	“Retail Price Index excluding Mortgage Interest Payments” as set by ONS.
Concessionaire Works	Refers to any works commissioned or undertaken on behalf of the Concessionaire in relation to the Concession Contract.
Effective Date	Refers to the contract start date, the first day of the contract coming into effect.