

27th May 2011

Colchester Borough Council Digital Strategy

1. Executive Summary:

1. To provide a progress report in respect to the current status of the Colchester Borough Council Digital Strategy.
2. To outline the outcomes to the evaluation process.
3. To recommend for approval the outcomes to the evaluation process and engagement subject to governance of the preferred partners.
4. To seek the formal approval of the Senior Management Team to utilise Council assets including cctv street furniture and council property for the deployment of wireless hardware.
5. To recommend the implementation of a wireless digital strategy for Colchester Borough Council with The Cloud/BSkyB.
6. To recommend the implementation of an urban and rural broadband initiative for the Borough of Colchester with AMS/Motorola.
7. To recommend the implementation of a rural broadband initiative for the Borough of Colchester with County Broadband.

2. Key Project Objectives

- To bring Next Generation Access Broadband services, both wireless and fixed, to visitors, residents and businesses in the Town Centre enhancing the Town's overall attractiveness and business vitality and supporting inward investment, tourism, retail and the delivery of public services.
- To explore the use of the fibre and ducting owned by Colchester Borough Council with a view to determining its potential use for commercial rental by a Carrier or Carriers.
- To work with the private sector (Carriers and Internet Service Providers) in enabling the delivery of improved broadband services to poorly served urban and rural areas of the Borough and address clearly defined market failure.

3. Current Outcomes and Status:

- **Technical Evaluation**

Technical audit and evaluation of the Cabinets, Fibre and Ducting undertaken and completed in January 2011. Technical Audit Report submitted which confirmed:

1. The condition and availability of the ducting.
2. Established that the fibre network supporting the cctv system was proprietary and could not be used for alternative purposes.
3. Provided a detailed overview of the condition of the network including the cabinets, fibre and ducting highlighting areas of urgent maintenance and potential issues over the next four years.

Conclusion:

The technical audit revealed that while the current cabling is suitable for CCTV, additional new fibre optic would require to be drawn through the network to render it suitable for NGA services. This still potentially represented a significant and relatively unique and attractive “sunk asset” for the Council to attract one or more Carriers or Internet Service providers to invest in as it removes 80% of the amortised cost of a wireless network installation.

- **Stakeholder Engagement:**

As part of this project, local stakeholder engagement has been at the heart of this strategy. In this respect stakeholders have been approached and positively engaged in supporting the digital strategy and these have included the following:

External Engagement:

- **Chamber of Commerce.** Colchester Borough Council have been instrumental in working with the Chamber in preparing a broadband survey for their members initially within the Borough of Colchester which has now been widened to cover Essex and the Chamber is a strong supporter of the Borough’s initiative.
- **Haven Gateway Partnership.** – briefings have been undertaken and the lead role taken by Colchester in delivering NGA has been acknowledged
- **Essex County Council** - Colchester Borough Council through its developing strategy is now being regarded by County as presenting a digital strategy template for other boroughs and districts in Essex to adopt. In addition discussions are on going with regard to Colchester Borough Council’s proactive involvement in an Essex BDUK Bid later in the summer 2011.
- **Lion Walk Shopping Centre Management** – on going discussions regarding the digital strategy and their participation in the digital wireless town deployment.

- **Culver Square Shopping Centre Management** - on going discussions regarding the digital strategy and their participation in the digital wireless town deployment.
- **CORBA (Colchester Retail Business Association)** has actively supported the Strategy on behalf of its nearly 200 Town Centre members.
- **University of Essex** – hosted the Digital Conference in February 2011, actively discussing opportunities of collaborating on European funding bids, investigating ways in which the Digital Strategy could support the Knowledge Gateway Park supported and exploring with the University ways of facilitating access to the rooftops of the residential blocks of flats to support the provision by operators of wireless broadband connectivity to these poorly connected and under-served areas of the Borough.

Internal Engagement:

- Finance Department regarding asset valuation
- Estates Department regarding availability and access to council owned assets
- Planning Department regarding planning guidelines in respect to the installation of wireless hardware (Guidance Note prepared and issued subsequently issued to interested parties)
- Legal Department regarding issues of governance and procurement.
- ICT – Briefings undertaken and attendance at the initial stages of the evaluation process

Commercial Evaluation and Engagement:

- Progressed three key opportunities:
1. Wireless Digital Town:
 - Mobile Access to Web Data and Services with an element of free access supported by advertising and media sponsorship
 - Digital Platform to support retail and tourism services
 - 'Hand off' for 3G coverage (Mobile Operators)
 2. Urban and Business Broadband:
 - Fibre to the Cabinet
 - Business Park connectivity
 - Fibre to the Premises
 - Wireless and Mobile Connections
 3. Rural Broadband:
 - Wireless Point to Point Links Rural Business and Communities
 - Fibre to the Cabinet
 - Fibre to the Premises
 - Point to Multi Point Wireless Coverage within Villages

- An afternoon Strategic Seminar entitled *Achieving Next Generation Access for Colchester Borough* was arranged jointly with the University of Essex on 3rd February 2011. 40 ICT Carriers, ISP's, Services Providers, Infrastructure Companies including BT, Virgin Media, Alcatel Lucent, May Gurney, The Cloud, Vtesse Networks, telent and Rutland Telecom (national and local) inter alia attended to share the aspirations of the Borough for NGA services and the opportunity presented by the Town Centre for investment.

Presentations were made by the Economic Development Portfolio Holder, the Chief Executive, Senior Enterprise Officer, Consultants (Regional Network Solutions) with endorsements from the Chamber of Commerce and CORBA. A timetable for "next steps" was issued to the industry.

The report wishes to note that this Seminar generated significant market interest from within the telecommunications industry in Colchester (Borough Council credited for it's proactive and well defined strategy) and raised through the promotion of a digital strategy the profile of Colchester within the East of England and beyond. In this respect the Seminar at a limited cost to Colchester created a significant platform for 'place marketing' for the Borough.

- Strategic lobbying of BT and Virgin Media has been undertaken with a view to understanding their plans for the Borough of Colchester. Such lobbying remains ongoing although the "market failures" which the Strategy addresses will remain unaddressed by the two incumbents. Whilst no actual results have yet been forthcoming this strategic lobbying has already produced some marked outcomes in terms of elevating Colchester's position within the respective Carriers Agenda's and Strategies.
- As a result of the Seminar sixteen companies expressed interest in delivering services in either and/or the urban and rural areas by either cable, fibre and/or wireless technology deployments.
- To achieve the optimum combination of partners to realise the Digital Strategy and objectives a structured pre-tender dialogue was undertaken in late March and early April 2011.

- Each of the sixteen companies was invited to Colchester to undertake a presentation and to outline how they could support the delivery of Digital Strategy. The companies invited and undertook presentations are detailed below:

Urban	Rural
Vtesse	Rutland Telecom
The Cloud/Sky	County Broadband
BT Redcare	Buzzcom
Virgin Media	AEM Services (Motorola)
Concept Solutions People Ltd	Aerelink
Brisknet/Motorola	Networks by Wireless
UK Broadband	NextGenUs CIC
Brite Yellow	UK Broadband
Aerelink	
Networks by Wireless	
NextGenUs CIC	

- Subsequent to these presentations which highlighted a significant interest in investing in the Borough of Colchester an evaluation was undertaken of each presentation based on an agreed scope, matrix and weighted marking (Appendix A).
- As result of this evaluation six companies were identified as presenting a strategy, business model and means of investment which could fulfill the Digital Strategy. These companies detailed below were invited to undertake a more detailed presentation outlining in more detail their strategy, level of potential investment, engagement plan and experience.

Evaluation 2 nd Stage
Vtesse Networks
The Cloud/Sky
County Broadband
Networks by Wireless
Brisknet/Motorola
NextGenUs

- Subsequent to these detailed presentations completed in early May a further evaluation was undertaken of each presentation based on an agreed scope, matrix and weighted marking (Appendix B). (NB Vtesse Networks opted out because of changes to their business plan).

- Whilst serious consideration was afforded to the upgrading of the CCTV network, based on the responses at Stage 1 and Stage 2 of the evaluation process and the proposed business models, it was determined that any opportunity in respect to the CCTV network, future provision and upgrading should be addressed separately as part of a wider evaluation and procurement process. (This is effectively now a sub-project with revenue-generating potential).
- As a result of this evaluation three companies were identified (detailed below) for recommendation to work with Colchester Borough Council in implementing the three objectives of the Digital Strategy. Importantly, all three partners/partnerships are willing to work together in a collaborative manner to address market failures in the delivery of Next Generation Access Broadband services to residents, businesses and visitors to the Borough.

1. Digital Wireless Town - recommended partner The Cloud/BSkyB

Overview of Proposition detailed in Appendix C

Overview of the Cloud:

- European market leader with the largest public WiFi network
- Operations in UK, Germany, Denmark, Sweden, Norway
- Cloud Services available in UK, Germany, Finland, Norway, Denmark, Ireland, Austria, Netherlands, Kazakhstan.
- Over 7,000 locations with 22,000 Wi-Fi access points across 12 countries
- Headquarters in UK with offices in St Albans, Munich, Stockholm
- Responsible for the City of London Wireless Network
- WiFi launch partner to O2 for iPhone
- Recently acquired by BSkyB
 - 10M UK Customers
 - 3.5M HD Customers
 - Fastest broadband growth with 3M Customers

2. Town Centre Ducting/Rural Broadband - recommended partner BriskNet International Solutions & Motorola

Overview of Proposition detailed in Appendix D

Overview of BriskNet:

- BriskNet is an Irish based international Broadband and Value Added Services Provider founded in 2006
- BriskNet has a focus on rural and underserved markets using predominately wireless technology
- BriskNet has previously deployed in rural west of Ireland, pop density 23 per sq Km
- National Strategic Partners are VirginMedia, Serco

Overview of Motorola:

- Motorola Wireless Network solutions is a leading international supplier of wireless broadband solutions.
- Many years experience of providing innovative broadband solutions for both metro and rural situation including Nation/province wide Solutions in areas as diverse as the Philippines and Nova Scotia, city solutions in many major cities in Europe and the US including a major Metro WiFi deployment in Barcelona.

3. Rural Broadband - recommended partner County Broadband

Overview of Proposition detailed in Appendix E

Overview County Broadband:

- Local Wireless ISP based in Coggleshall, Essex
- In operation since 2002.
- Presence in 25 parishes across Essex including a number of villages within the Borough of Colchester, namely, West Bergholt, Fordham, Great Tey.
- Contact through its sister company and social enterprise, the Rural Broadband Partnership with a number of other parish councils within the Borough.

- **Procurement/Governance**

Guidance sought from Legal with regard to the next steps in respect to governance or procurement. Please refer to the Guidance Note issued by Julian Wilkins Principal Lawyer Appendix F which advised that if RNS is satisfied that any proposed arrangement is for the grant of an estate, interest or easement etc or a service concession contract then the 2006 Regulations will not apply by virtue of Regulation 6(2). Thereafter, any property rights or service concession contracts would need to be awarded in accordance with the Council's Contract Procedure Rules.

- **Potential Benefits**

Whilst it is too early to quantify the impact of these recommendations this report wishes to highlight the following potential benefits which have been generated and influenced by progressing this digital strategy project:

- Up to £15 million private investment leveraged on the back of bringing the Town Centre CCTV network (worth approximately £1 million) into the market as an asset
- Enhanced broadband speeds and benefits to users with a real benefit to business, community and visitors
- Wireless broadband to poorly served urban and rural areas to reach a minimum of 20 Mbps download in rural, higher in urban, compared to current speeds of 0.5-2Mbps.

- Commitments to work with and support Digital SME's within the Borough.
- Engagement with innovative digital media partners to support the business case.
- Catalyst for external investment/business relocation into the Borough.
- Developing relationships with key stakeholders within the Borough including the University, CORBA AND THE Chamber of Commerce.
- Re-investment in and market scope for expansion of CCTV services into growth areas with revenue stream benefits for CBC.
- Advertising income and wayleave payments for CBC from implementation after initial period of recoupment – up to 18 months from deployment.
- Place-marketing benefits: "Colchester – the first digital interactive wireless platform Town/City in the UK".
- Willingness of potential partners and other network providers to look at new housing developments comprising 10-50 homes to deliver fibre to the premises in urban areas.
- Provided an opportunity to engage with other innovative broadband providers including Rutland Telecom which has presented a separate opportunity to advance innovative ways of addressing connectivity on business parks and village communities involving fibre to the cabinet or fibre to the premises solutions via social enterprise or private investment.

4. Next Steps and Timetable

Subject to approval of the recommended way forward the following timetable is proposed:

- Early June: Asset Valuation of Council Assets to be completed
- Mid June: Initial engagement with preferred partners
- Early July: Final Report to be submitted for final approval with proposed commercial and engagement model
- End of July 2011 – Proposed Design Wireless Digital Town
- End of August 2011 – Concession Agreements for use of council assets to be completed (lease/license to be agreed between parties)
- End of September 2011 commencement deployment (Digital Wireless Town)
- October 2011 Wireless Town goes live
- Rural broadband deployment to commence October 2011.

5. Recommendations

On the basis of the technical and commercial evaluation this report is seeking the approval of the following recommendations:

1. To note the current status of the project and the outcomes delivered.
2. To endorse the use of council assets to support the delivery of wireless broadband in both the town centre and rural areas.
3. To note and support the use of council assets subject to a lease/license agreement and a commercial model based on an increasing rental income based

on the revenue generated by the network. A peppercorn rent to be levied until the network become profitable at which stage the rent for assets used would be subject to an uplift to reflect the profitability of the network.

4. To note the position in respect to governance as outlined by Colchester Borough Council Legal Department
5. To note and approve the proposed timetable as detailed.
6. To instigate a process of formal engagement with the three preferred partners The Cloud/BSkyB, BriskNet/Motorola and County Broadband.
7. As part of the revenue model, instigate discussions with identified parties to commercialise Colchester Borough Council's use of the digital platform within the town centre – community tv, local advertising.
