

# digital birmingham **bid**

**urban broadband fund**

**connecting you to the future**





department for  
culture, media  
and sport

# Urban Broadband Fund

## Birmingham City Council

### Funding Application – Feb 2012



**Prepared by: Digital Birmingham**

**Date 10<sup>th</sup> February 2012**

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## APPLICANT INFORMATION

Project Name: Digital Birmingham – Digital Districts and Next Generation Wireless

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If the bid is a joint proposal, please enter the names of all participating bodies and specify the co-ordinating authority

Proposed start Date of Project: 1st April 2012

Proposed end Date of Project: 31st March 2015

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## Foreword



Two centuries ago Birmingham was the pioneer and powerhouse of the industrial revolution. Birmingham was a major manufacturing centre - the 'city of a thousand trades'. After decades of industrial pre-eminence, the city has had to face the huge challenges of the decline of manufacturing.

Today, Birmingham stands ready with some of the most exciting, ambitious and far reaching plans the UK has ever seen that will completely revitalise this city. Our plans will see more than £1billion invested in regeneration; creating 40,000 new jobs and delivering £2.8 billion growth in GVA; creating the Birmingham of tomorrow.

The Greater Birmingham and Solihull Local Enterprise Partnership will be the driving force behind plans to create and support a globally competitive knowledge economy; ensuring the area is seen as a natural home for Europe's entrepreneurs and wealth creators. Our Enterprise Zone will act as a major catalyst for this expansion, providing the mechanism to drive regeneration forward.

If we are to create this growth, the importance of high quality digital infrastructure cannot be underestimated. We recognise that high quality Ultrafast connectivity is critical for many businesses and Digital Birmingham has been at the forefront of developing plans for the city to ensure that Birmingham businesses can access and benefit from world class services, enabling them to compete effectively in a global marketplace.

The Digital Districts Programme takes a holistic approach to connectivity, recognising the importance of mobility and the need for wireless connectivity as well as the need for Ultrafast fixed line services. In place are well advanced and ambitious citywide plans to bring high speed wireless connectivity to the whole of Birmingham with a particular emphasis on innovation and affordability to help close the digital divide, improving social and digital inclusion.

In supporting this bid to the Urban Broadband fund, I do so knowing that we are today presented with a once in a lifetime opportunity to make a generational step change in digital infrastructure and how important it is in supporting our comprehensive package of investment, interventions and regeneration plans.

Birmingham is positioning itself once more to be the pre-eminent city at the heart of a new revolution, 'The Digital Revolution' and perhaps soon, with the support of funding from the Urban Broadband Fund we will be known the world over as -

## **'Birmingham The city of a thousand digital trades'**

A handwritten signature in black ink, reading 'Paul Tilsley'.

Cllr Paul Tilsley, Deputy Leader  
Birmingham City Council

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## SECTION A – SHORT-FORM BUSINESS CASE

### A1 Strategic Objectives

Define the strategic objectives, measures of success and targets of the proposal with respect to:

- A1.1 Economic growth
- A1.2 Take-up of broadband services
- A1.3 Social objectives
- A1.4 Other local objectives

### Introduction

Birmingham is a world class city with world class ambition and, in order to meet that ambition, has developed a comprehensive programme of investment, intervention and regeneration activities to reinvigorate the city. This bid for funding from the Urban Broadband Fund attempts to articulate the holistic approach to growth the city is taking and the critical role that best in class digital infrastructure plays in delivering that growth. We will share a vision, driven by the Greater Birmingham and Solihull Local Enterprise Partnership and centred on the newly created Birmingham Enterprise Zone that will see more than £1 billion invested across the city, creating 40,000 new jobs and delivering £2.8 billion in increased GVA . This investment will establish an environment that is welcoming for inward investment and one that provides the foundation for growth in high priority, knowledge-based industries. As part of The City Deal, **Birmingham's Smart City Vision** proposes that the Enterprise Zone is designated as an Ultrafast Connectivity area and offers to create a Smart Demonstrator, a living lab and testbed providing evidence and learning that will inform strategic decisions on sustainability, transportation and healthcare.

This bid for £10 million is focussed on the provision of Ultrafast broadband connectivity to the contiguous areas of Digbeth, Eastside and The Jewellery Quarter at the heart of The Enterprise Zone; a perfect first phase for our digital connectivity plans. Future phases of the Digital Districts Programme currently in development will extend that connectivity across other key areas of the city in need of regeneration, all complemented by our impressive plans to bring high speed wireless mobile connectivity to the whole of the city at the earliest opportunity.

Our Digital Districts Programme presents a once in a lifetime opportunity to make a generational step change in digital infrastructure, and one that fully supports Government's digital ambitions .

#### A1.1 Economic growth

Birmingham City Council (BCC) has developed The Big City Plan: the most ambitious, far-reaching development project ever undertaken in the UK and is investing £1bn to reinvigorate this key English city. The aim is to create a world-class city, capable of competing on the global stage, which will grow to cover 800 hectares over the next 20 years during which time the city will expand its population by 100,000. We will:

- Generate opportunities for our young diverse and growing population
- Create new sustainable, higher value jobs to meet the needs of our growing population
- Significantly improve connectivity to the rest of the region and beyond
- Deliver a transformation of the physical environment.

The Digital Districts investment plan will see world class future-proof digital infrastructure deployed in regeneration areas across the city. The first of these Digital Districts will be the inner city regeneration areas lying immediately adjacent to the City Core and sitting at the heart of The Greater Birmingham & Solihull Local Enterprise Partnership's (LEP) Enterprise Zone: Digbeth, Eastside and the Jewellery Quarter.

### **Digbeth: Creative Core**

Digbeth is fast becoming a thriving hub for digital and creative industries with artists and small creative industry enterprises beginning to cluster in and around sites such as The Custard factory. BCC's investment in improved well lit walking facilities and pocket parks will make the area more attractive to visitors, residents and new businesses and will support continued growth in the area. New Canal Street will link Digbeth to the new High Speed 2 (HS2) terminal further improving accessibility to the area and its attractiveness for inward investment. There are however significant plots of land and buildings available for re-development and BCC is making funds available for refurbishment of this infrastructure both for business and residential use.

### **Eastside: Technology Hub**

Eastside is home of Birmingham Science Park and Aston University, an established area which will be further developed as a key centre of learning and technology. Birmingham has recently announced the creation of the new £35 million Digital Plaza, a complex of four state of the art buildings, specifically designed for the new generation of hi-tech companies. The University itself is currently undergoing a dramatic upgrade making it a more attractive and desirable place to work, live and learn: BCC has invested £12m in the city park in Eastside. The new Ormiston Academy and the Birmingham Metropolitan College will add further focus to this as a learning and technology centre. Birmingham City University will add a further 35-45,000 square metres of learning space for the arts, media and digital learning.

### **Jewellery Quarter: Business Services**

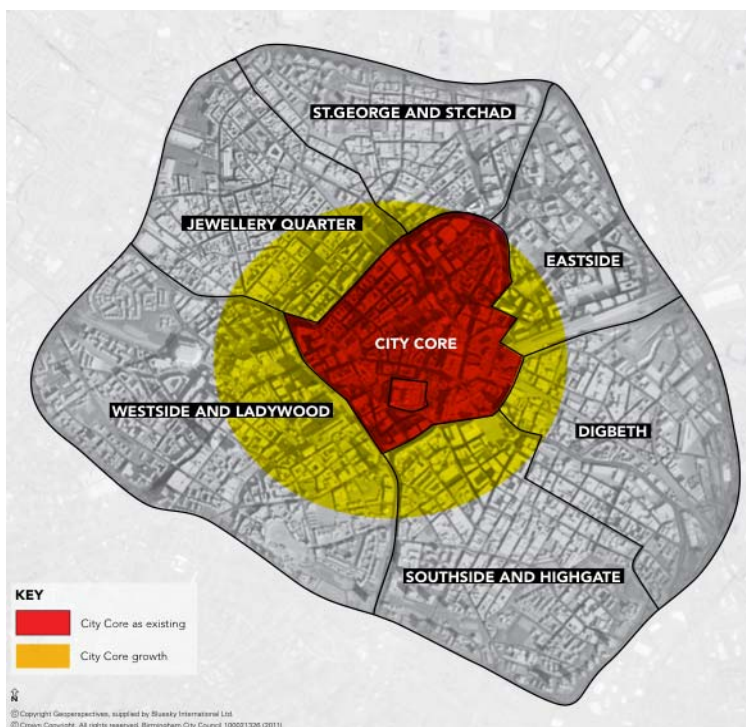
The Jewellery quarter is already home to a number of small businesses, mostly the service sector, such as legal, architects and accountancy, and BCC has plans to increase the number of families living in the area which currently has areas of underused and derelict buildings. Section 106 funding is being used to develop the Birmingham and Fazeley canal into an attractive walkway connecting the area.

Our commitments to regeneration of these areas are underpinned with a comprehensive transport policy. Birmingham will be one of the most walkable and public transport user friendly cities. Plans include a new interchange in the city at Moor Street which will radically improve the public transport experience. BCC has invested £129m in the new metro line from Snow Hill station to New Street Station which will be complete in 2015, and BCC has invested £650m in the New Street Station upgrade. A further £25m has been invested in re-routing of the A45 trunk road with potential for a new metro extension to improve connections to the NEC and Birmingham Airport.

These developments are complemented by the government's investment in HS2.

These strategic investments will lay the foundations for a reinvigorated Birmingham however; they must be complimented by a 21<sup>st</sup> century communications network.

The **Birmingham Digital Districts Programme** is designed to deliver world-class digital infrastructure, a critical component for economic growth and will in itself create 368 new jobs alongside £134m additional GVA. It will also be a key enabler, accelerating job creation and GVA growth within the Enterprise Zone.



### Figure 1: City Core and Location of Digital Districts

**We will transform these areas into thriving and vibrant environments for working, living and learning.**

Our medium term plans envisage the infrastructure will be expanded to other contiguous areas such as the Eastern Growth Corridor between the City centre and the NEC and Longbridge.



**Figure 2: City wide context with existing neighbourhoods and key growth areas**

The Digital Districts programme will act as a catalyst in encouraging growth in specific business sectors, notably the creative industries, which rely on high bandwidth to compete globally.

Birmingham faces a unique challenge in responding to the broadband agenda:

- The city will grow physically: the city's population of just over 1 million will rise by 10% by 2026 (compared to a national growth of only 2%) leading to more demands for connectivity
- Birmingham has the largest youth population of any city in Europe: 45% of residents are under the age of 30 (compared to a national average of 37%) the most significant area for technology use, business start-ups and connectivity demands
- And an elderly population which is projected to grow by 12% placing demands on the health sector increasing the importance for innovation in digital healthcare solutions

Long term regeneration plans recognise that Birmingham is well placed to develop the city but that growth is stifled by the current broadband marketplace. While much of the city centre is defined as being a 'black' broadband area, there are many pockets where there is low speed broadband availability and certainly not Ultrafast services. Higher speed services are only available through dedicated LAN extension services which are prohibitively expensive for SMEs and new start-ups needed to grow our economy. New businesses are increasingly reticent to locate in the area without the right infrastructure.

In summary our **economic** objectives are as follows:

- Stimulate economic growth by ensuring cost effective digital connectivity is available to support innovation.
- Encourage inward investment from larger digitally dependent businesses, e.g. data centres
- Encourage growth of new enterprises in digital and creative sectors
- Establish Digital Districts as a priority destination for public and private sector innovation

## **A1.2 Take-up of broadband services**

Our objectives for the **take up of broadband services** are:

- To build and operate a truly open access broadband network infrastructure covering Digbeth/Eastside and the Jewellery Quarter by 2015 and across wider parts of Birmingham (Eastern Corridor) and the Greater LEP area in the medium term. This infrastructure will be built and operated in partnership with the private sector
- Provide businesses with access to Ultrafast broadband connectivity (minimum 100Mbit/s symmetrical services up to 40Gbit/s)
- Lower the costs of connection and rental to end user businesses
- Provide a platform to encourage competition and innovation in the IT and telecoms services
- Stimulate investment from media and knowledge based industries
- Lower the cost of entry to retail service providers & system integrators allowing better support for SMEs (e.g. bundled email and hosting services)
- Attract a minimum of one major data centre into the area
- Deliver world class next generation wireless connectivity to all businesses and consumers across the city area by 2014
- Undertake extensive demand stimulation through workshops, education programmes and working closely with local Chamber of Commerce and industry bodies
- Support businesses to invest in new digital technologies and the processes which can drive their global competitiveness.

### A1.3 Social impacts

Our case for investment rests primarily on the economic benefits which will accrue to businesses taking up the services. However we also recognise that a series of more **social impacts** will occur such as residents being able to access online learning, education and training opportunities and to enhance their earning potential by applying for jobs and accessing new services. In addition to the fibre based programme, we are seeking to drive the deployment of next generation wireless infrastructure into areas of social housing to ensure that social objectives in areas such as education and health can be delivered and tenants have access to the full range of public and private sector facilities. Birmingham is a strong and proactive supporter of the Digital Inclusion Task Force led by Martha Lane Fox.

### A1.4 Local objectives

Other **local objectives** are centred on:

- **Birmingham Enterprise Zone:** Eastside, Jewellery Quarter and Digbeth creative areas lie within the Enterprise Zone which will secure 1.3m sq metres of new floorspace, of which 700,000 sq metres is for business and financial services, digital media, ICT and creative industries. Creation of 40,000 new private sector jobs will contribute £2.8 billion to the economy in GVA per annum once the above growth is delivered.
- **HS2:** The proposed HS2 terminal in Birmingham will sit within Eastside and act as a major transport and employment hub. The proposed HS2 is set to deliver journey times of 49 minutes between Birmingham and London could be worth £1.5 billion a year to the West Midlands

**Access to world class, Ultrafast digital infrastructure is intrinsically linked to the success of these local projects and is key to economic regeneration and job creation.**

Traditionally the Digital Districts were centres for skilled crafts, metal processing, jewellery design and manufacturing. In recent years these areas have become the focus of a creative, knowledge based community such as games developers, video production companies, software developers and creative media companies. The growth in turnover, employment and profitability will manifest itself in overall growth of Economic Output (GVA).

Based on research undertaken of fibre investments elsewhere, and using local knowledge of the business composition we believe Ultrafast broadband could generate £135M of GVA for the Eastside/Digbeth & Jewellery Quarter locations alone.



**Figure 3: Artist's Impression: Eastside aerial view including High Speed 2**

## **Environmental impacts**

Finally Birmingham believes that the proposed digital infrastructure will deliver **environmental** impacts including:

- Reduced Congestion – through encouragement of home-working and remote services with the emergence of high definition video conferencing facilities, enabling global business opportunities
- Reduced Waste – a comprehensive cost effective infrastructure enables monitoring on a large scale e.g. smart buildings.
- CO<sub>2</sub> Emissions Saved – for example, a Telecare programme throughout Birmingham could greatly reduce unnecessary journeys both by patients and NHS staff

The procurement exercise will require potential partners to demonstrate their strategies for CO<sub>2</sub> minimisation

We will monitor and evaluate how our network is being used in order to identify the value of vital resources saved.

## **A2 Set out the rationale for public investment:**

### **A2.1 What are the specific needs you are addressing?**

The Digital Districts are constrained by the absence of affordable Ultrafast broadband services and commercial communications operators do not wish to deploy Ultrafast infrastructure in regeneration areas where a commercial return is some years away. This is an inner city / urban area with very limited operator presence and demonstrable market failure. The market failure case for investing in the Digital Districts rests on the following critical factors:

- There is limited access to the fibre infrastructure needed to harness the agglomeration of collaboration and competition among businesses which rely on Ultrafast broadband
- There are currently insufficient numbers of local households and residents to attract fibre providers in pursuit of leisure-users.
- Competition, innovation and choice are extremely limited in the retail supply market and so costs of accessing Ultrafast broadband speeds are unaffordable to the SMEs upon whose competitive growth the city depends.
- There are substantial co-ordination challenges involved in aggregating demand from SMEs to encourage a step-change investment in the long-term high speed solution needed.

Unless these failures are tackled the Digital District and wider Birmingham economy will miss out on the positive spill-over externalities which competitor areas in the UK and European cities will be able to capitalise upon.

### **A2.2 Have all options to meet these needs by the stimulation and encouragement of private sector investment been explored?**

Birmingham has taken a holistic approach to digital infrastructure and has tried to create an environment that is attractive for the deployment of broadband technologies in an attempt to encourage investment and stimulate competition. As a local authority, Birmingham has responsibility for granting planning consent to developers and infrastructure providers. To strengthen its commitment towards attracting investment in digital infrastructure, Birmingham has ensured that all key departments /functions within the City that can facilitate deployments are aligned and plugged into the Digital Districts Management Board.

In addition all of the leading operators sit on the advisory board of Digital Birmingham. This forum updates communications operators of BCC's plans and persuade them to increase their investment and commitment to the regeneration areas.

The fact remains that given the nature of the target areas (former industrial area, high regenerative need, poor legacy infrastructure, high level of SME's, telecommunications providers remain reluctant to commit resources and investment to the area without some form of public subsidy.

BCC also runs Eastside Developers' Forum and is in the process of setting up Digbeth Developers' Forum which supports the exchange of information and co-ordination that can ease a network roll-out.

### **A2.3 What resources and skills are you uniquely placed to contribute to the project?**

Birmingham has developed a strategic package of investment, intervention and regeneration plans that taken together will create an environment that will stimulate growth. We will deliver in partnership with the Local Enterprise Partnership, 100,000 new jobs by 2020 with an additional £2.8bn of GVA.

As a Local Authority, we are taking positive steps to ease wayleaves and simplify planning approval procedures, removing barriers to redevelopment and growth by developing tools and a working culture that is supportive of these aims. The creation of the new Local Development Order (LDO) will play a critical role in simplifying planning consent. We have also built a requirement for high quality digital infrastructure to be installed by developers to enable future broadband deployments into the city's Core Strategy.

As the single biggest landlord in Birmingham, BCC is creating an environment that is attractive to mobile operators for the rollout of high speed wireless networks. BCC is open to commercial negotiations for access to City assets. Birmingham currently has 220 tower blocks, 95,000+ lampposts as well as other City Council owned assets, the use of which could provide a valuable source of rental income that could be used to reinvest in extending connectivity coverage.

BCC has skills in urban regeneration and management and is proactively using these skills and its ability to oversee and co-ordinate a large number of programmes to the benefit of this project. It is also in a unique position to leverage its relationship with Amey PLC, partners in the 25 year PFI contract for the maintenance of the city's highways, to ensure a cost effective and efficient rollout of the infrastructure.

Digital Birmingham leads on the promotion of the city's reputation as a leading global digital city. It develops projects that promote the city as a centre for investment and growth, as well as a great place to live, learn and work. The flagship Birmingham Digital Districts Programme is aimed at making available Ultrafast broadband in key areas of Birmingham and also with delivering ubiquitous and high speed wireless connectivity across the city.

A dedicated and experienced project team is in place.

### **A3 Outline the information, education and demand-stimulation (consumers, business, public sector and third sector) activities to be undertaken (more detail should be given in Section D).**

The City of Birmingham has worked closely with local user organisations (e.g. Digital media Cluster, Business Birmingham, Chamber of Commerce) to ensure that their views and requirements are captured. In 2011 an extensive programme of in depth qualitative market research was undertaken which revealed a clear requirement for Ultrafast symmetrical broadband services and a failure of the market to deliver such services in a cost effective manner. A summary is provided in Appendix 2.

The City of Birmingham has also sought to stimulate the take up and demand for broadband services through the organisation of conferences, workshops and other events for both public and private sector participants. Moving forward the proposed plan includes a detailed demand stimulation programme and will provide specific cross sector training activities designed to encourage new manufacturing and technology companies to fully exploit the opportunities available. To support this, an £8m ERDF funded GBSLEP Business Development will provide a package of support to existing businesses, including high growth ones, to stimulate private sector investment for business consolidation and growth.

## A4 What new infrastructure does your proposal require?

*In summary we propose a parallel next generation wireless and fibre deployment programme serving a large, contiguous area across the City (which is the largest local authority in the UK). This consists of:*

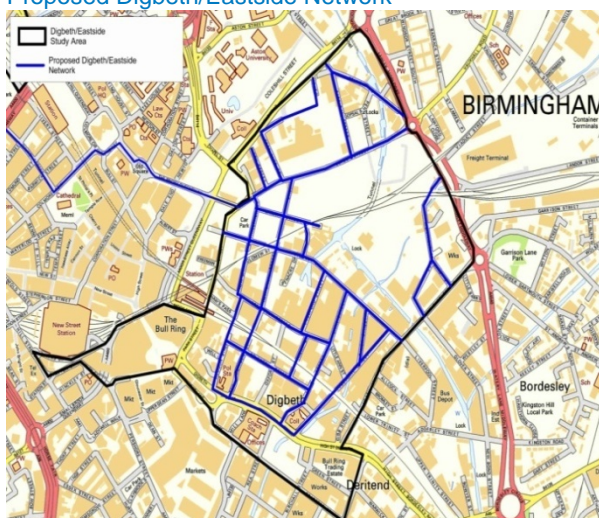
- **Phase 1 – Open Access Fibre Project: Deployment of Fibre to the Premise (FTTP) within the key inner city areas of Jewellery Quarter, Digbeth and Eastside. (2012 – 2015)**
- **Phase 2 – Open Access Fibre Project: Further deployment in neighbouring inner City Districts and expansion along the key redevelopment area along the Eastern Corridor from the City Centre to the NEC and Airport. (2014 – 2018)**
- **Next Generation Wireless Deployment: Delivery of world class wireless infrastructure across the entire City region serving both business and residential customers (2012 – 15).**

### A4.1 Fixed. (Fibre, cable, &c) :

Birmingham's goal is to drive **Ultrafast** broadband services across the City, with a particular emphasis on serving the SME market. We will do this in phases:

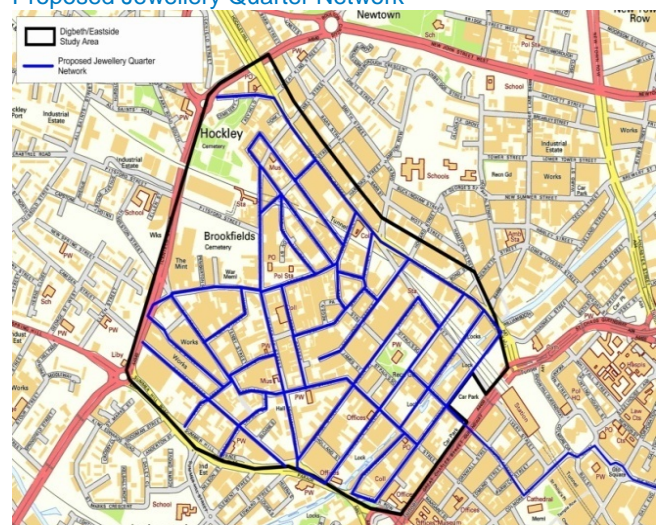
- an initial FTTP (Fibre to the Premises) project, known as Phase 1, comprising a ducting network of 37km in Jewellery Quarter and Digbeth/Eastside passing approximately 5000 businesses, with later expansion in Phase 2 to other Digital Districts and areas of regeneration highlighted in the Big City Plan, notably in the Eastern Corridor.
- longer term potential broad deployment across the LEP area.

Proposed Digbeth/Eastside Network



Source: Mott MacDonald

Proposed Jewellery Quarter Network



Source: Mott MacDonald

The initial proposition in Phase 1 is to establish and build an open access fibre network to all sites within Digbeth/Eastside and the Jewellery Quarter, linked by a ring and connected to BT and other private sector network operators. This will:

- address the market gap in Ultrafast service supply
- This will encourage innovation and competition at the supply level thereby lowering end user prices
- lower connectivity prices will drive economic growth and regeneration through enabling cost reduction and innovation within SMEs.

The City of Birmingham will work with a private sector partner to build and operate the open access fibre network. A range of national and local service providers will sell retail services to the end user market. Retail service providers will be able to procure the following wholesale services to deliver retail services across the Open Access Network:

- Dark fibre
- Wavelength services (40 Gbps, 10 Gbps, 2.5 Gbps)
- Ethernet services (1 Gbps, 100 Mbps) pt-pt, VLA
- Co-location services to enable service providers to locate equipment appropriately e.g. ADMs, wireless equipment/base station.

BCC will run a formal procurement programme to select its private sector partners. Initial 'Market Sounding' events have identified interested parties. It is envisaged that BCC will partner with a single private sector lead company that will design build and operate the network.

#### **A4.2 Wireless connectivity.**

The case for Ultrafast broadband is a compelling one and it will undoubtedly be a catalyst for innovation and economic growth. Birmingham has however also been quick to recognise that wireless technologies have an important and complementary role to play in delivering this growth, particularly in addressing the digital divide, and have developed exciting and ambitious plans in order to bring these technologies to the city.

BCC is currently working towards developing a partnership with a private sector organisation for the provision of a ubiquitous, citywide, wholesale, open access next generation wireless network for the city.

This project is at early stages of procurement but it is expected to enable:

- Increased broadband speeds offering up to 50Mbps download per sector initially and rising as technology levels mature
- Increased levels of accessibility to high speed mobile broadband services with a near 100 % coverage
- Innovative service and product delivery to help tackle digital exclusion and support job creation particularly amongst those most vulnerable in society

This network is expected to deliver high speed next generation wireless access to end users and will act as an important enabler for business and the public sector. It will act as a stimulant for the development of new service delivery models and provide the necessary connectivity for new flexible work styles; helping achieve the goals of the Green agenda.

This innovative project will see Birmingham maximising the use of its assets by utilising its portfolio of publicly owned buildings, high rise tower-blocks, street infrastructure and lampposts.

### **A5.3 By new networks**

The City of Birmingham proposes building a new FTTP open access network across the Jewellery Quarter, Digbeth and Eastside in Phase 1. These contiguous areas will be the first to benefit from Ultrafast Broadband before the network is expanded in later phases. We have plans to extend along the Eastern Corridor and beyond in line with the strategic objectives of the Local Enterprise Partnership and The City Council.

This is effectively an 'in-fill' network as it provides depth of coverage in a focussed geographic areas.

This will primarily focus on provision for SMEs through channel partners.

### **A5.4 Wireless connectivity**

Birmingham has only a 64% uptake of broadband services across the city and 22% of its population have never accessed the internet. Birmingham recognises the importance of digital inclusion and intends to use wireless technologies to encourage its citizens to be able to benefit from the digital revolution. The broadband wireless network will cover the whole of Birmingham city and not just the city centre.

This solution is separate and complementary to the FTTP infrastructure and primarily focus on services for residents and visitors.

This project is well developed and currently progressing through a formal OJEU procurement exercise. At present roll-out plans are being developed. However it is expected that a phased approach will take place over an eighteen month period with completion targeted for Autumn 2014.

## **A6 What funding from the Ultrafast Broadband Fund are you requesting? (Details in Section G.)**

**£10 million** is requested from the Urban Broadband Fund as a contribution to the programme of work described in this proposal

## **A7 Briefly set out what additional funds will be contributed to the project (more detail to be given in Section G):**

The funding details described below set out an exciting and comprehensive package of measures developed by Birmingham which are designed to kick start development and enable the regeneration of key parts of the city. These measures, whilst in many cases not directly delivering digital infrastructure themselves, are critical components in ensuring that businesses can fully exploit the benefits of Ultrafast connectivity in order to deliver economic growth.

### **A7.1 by Local Authorities**

The City of Birmingham has developed an extensive programme of investment in infrastructure and regeneration across the region and investment in digital infrastructure is acknowledged as a critical component of these plans. Birmingham intends to fully exploit all the opportunities available to it and is actively exploring new financial opportunities and mechanisms.

With the creation of the Enterprise Zone, BCC will take the opportunity to use prudential borrowing in order to secure £50m of funding for investment in a range of infrastructure projects in the area in the first 5 years.

The Community Infrastructure Levy (CIL) is currently being developed within the council and the fund is expected to be up and running by 2014. This replaces the 'section 106' funding and will give

communities much greater control over how the money is spent. BCC anticipate being able to use this for demand stimulation activities as well as capital projects.

Through the Growing Places initiative a fund will be available of £15.2 m for the GBSLEP. £14.9m of which will be available for capital projects, for funding projects likely to lead to economic regeneration and new jobs. This is a revolving fund starting in 2012/2013. Payback of the loans will allow continued investment.

The £8m ERDF funded GBSLEP Business Development Programme is a comprehensive financial assistance scheme providing a package of support to existing businesses, including high growth ones, to stimulate private sector investment for business consolidation and growth. This package will be critical for ensuring that businesses within the area are fully able to understand and exploit the benefits of Ultrafast connectivity and will involve a range of components including; business advisor support, financial assistance scheme and a high growth coaching and mentoring programme.

**NB: Any additional funds that could be contributed in support by BCC are identified as 'Other Funding' in the financial model at G1 and Appendix 1.**

### **A7.2 from the EU**

Birmingham has held discussions with the EU regarding the new EU Connecting Europe Facility. This new fund is actively looking for projects and Birmingham is proactively positioning itself as a pilot.

In parallel BCC has worked with the EU to develop the £40m JESSICA fund, £20m of which will be funded by BCC and £20m from the EU. This fund is for sustainable urban development and will help the development of business accommodation, sustainable office and industrial projects, and specialist facilities from which organisations can operate.

JESSICA targets projects that would not usually proceed because they could not attract the finance they require from the open market and is seen helping to pump prime and kick start projects that need a little bit of extra support.

BCC has also secured ERDF funding to support demand stimulation and business support activities to encourage the uptake of high speed digital connectivity.

### **A7.3 by other partners.**

The City of Birmingham has held a wide range of market consultations with the telecommunications industry including open days and briefings. There has been a range of operators, service providers and vendors who have expressed an interest in investing in the Digital Districts infrastructure.

We expect that up to £5m of capital investment will be provided by a private sector partner in order to deliver Phase 1 of the Open Access Fibre project. In parallel it is expected that next generation wireless operators will invest in the order of £20-£30million the City in the period up to 2015.

## **A8 Any physical resources the city or its partners are contributing to the project. (Details in Section C.)**

BCC is investing heavily in the areas covered by the Digital Districts Programme including new parks, roads, buildings etc. At all stages of this investment programme we are looking to accommodate the deployment of digital infrastructure. For example during the City Park development in Eastside, BCC has had the foresight to install telecommunications ducting and this will be contributed to the project. Similarly the Cardigan Street and Bradford Street projects taking

place in the Digbeth and Eastside redevelopment work will have ducting installed removing the cost and inconvenience caused by retrospective civil works.

Across the wider city, BCC owned rooftops and lampposts will be used to support speedy and effective roll-out of wireless base-stations enabling greater coverage to be achieved more quickly.

Finally BCC will re-use any existing City owned ducting wherever possible in its implementation programmes.

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## SECTION B – DIGITAL-LED ECONOMIC GROWTH

Demonstrate an ambitious vision for growth. In particular:

### **B1 What job creation initiatives and strategies for attracting new businesses into the city are in your proposal including, where relevant, linkage to the delivery of a successful Enterprise Zone?**

The Greater Birmingham and Solihull Local Enterprise Partnership will be the driving force behind plans to create and support a globally competitive knowledge economy; ensuring the area is seen as a natural home for Europe's entrepreneurs and wealth creators. The LEP has ambitious plans to create 100,000 new private sector jobs and increase GVA by £8bn by 2020.

40,000 of those new jobs will come from the creation of the GBSLEP Enterprise Zone. The Enterprise Zone forms part of the growth plans detailed in the award winning Big City Plan: the most ambitious, far-reaching development project ever undertaken in the UK which will see more than £1bn invested to reinvigorate Birmingham.

### **B2 How will the proposed development enhance the capability of businesses, particularly SMEs, to increase efficiency and revenues?**

Many of the SMEs in the Digital Districts are in the creative sector. This is undergoing significant transformational change and integrated communications is expected across the supply chain. Many production companies expect that content is now transferred digitally, with some even refusing to accept content supplied on DVD's. Ultrafast broadband will allow SME's to meet these requirements, its huge bandwidth enabling completed films to be uploaded to public data centres and shared with, for example, production companies in Soho in a matter of minutes rather than hours that a courier would take to dispatch a tape between the two businesses.

Similar changes are happening in the software industry and local developers will require Ultrafast access enabling them to collaborate in real time with partners around the globe.

The addition of a data centre would support Birmingham to become a supplier of Cloud services with a potentially global user base and BCC is actively developing a data centre strategy with Digbeth at its heart. Digbeth is uniquely positioned for green data centres due to its very high water table. This means that data centre operators migrating there would benefit from reduced cooling and electricity costs as well as making less of an impact on the environment.

Data centre availability has a proven effect on economic growth. Areas with quality data storage solutions find businesses choosing to move and cluster together in that area.

### **B3 What proposals are included for leveraging innovation and new broadband connectivity for the development and delivery of public services?**

BCC is advanced in its thinking in this area. Over the last 5 years one of the largest transformational programmes the public sector has ever seen has been underway in Birmingham. A flagship programme within that is the Customer First initiative, a programme aimed at revolutionising customer service and critically, driving channel shift towards online transactions. This has been a huge success story and by improving broadband connectivity, particularly to those most vulnerable in our society, even more residents will be able to benefit from improved public services.

As part of its transformational programme BCC has introduced the concept of agile working to 20,000 of its staff. The ability for staff to work wherever it is most appropriate and to deliver improved services to citizens all hinge on being connected to the tools and systems they require. As part of the Digital Districts programme we will see better quality connectivity available across the city supporting the drive for improved and more efficient service delivery.

Looking to the future of service delivery, various workshops have been held with key stakeholders to help them identify areas where a ubiquitous broadband infrastructure may enable improvements. The workshops were attended by key BCC Heads of Services as well as developers of leading edge applications (health and wellbeing, energy, security), local transportation and educational chiefs and internet service providers.

**B4 How do you propose to stimulate additional private sector investment in order to generate greater accessibility to faster broadband services by businesses and consumers?**

BCC has undertaken an extensive programme of market consultation with the telecommunications industry during the planning of the open access fibre and next generation wireless projects. A market testing event was held with private sector organisations who expressed strong interest in our proposals. Plans for Phase 1 of the open access fibre network were presented and subsequent discussion has seen industry indicating a willingness to match capital investment.

**B5 What commitments to raise skills levels in the local population, providing greater accessibility to educational programmes to equip more people with better knowledge-based skills, will accompany this investment in faster broadband?**

As described in question 7, BCC has a number of funded initiatives that will enable businesses to fully exploit the potential of Ultrafast broadband connectivity. The £8m GBSLEP Business Development Programme will provide a package of support to existing businesses and this is likely to be further enhanced by a programme of support activities funded by ERDF and endorsed by the Birmingham Chamber.

The wider reaching wireless network will be supported by industry with appropriate marketing campaigns. It is a requirement of the procurement that innovation in service offering is encouraged, ensuring that all who require access, irrespective of personal circumstance, can receive it.

**B6 Describe, where appropriate, how the project will dovetail with existing Local Broadband Plans (for projects in England with allocations from BDUK's £530m superfast broadband programme) or with national plans for broadband rollout in Scotland and Wales.**

BCC developed a Local Broadband Plan in early 2011 which formed the basis of its BDUK funding application. The West Midlands Authorities received a relatively small allocation of funds £630,000 of which BCC was entitled to £130,000. This will be used to address the small pockets of 'white' broadband areas across the city and BCC is working with neighbouring authorities across the West Midlands to run a shared procurement. This is likely to be led by Sandwell that has the largest funding allocation in the region.

## SECTION C – COMMITMENT OF RESOURCES

### **C1 Detail those physical and administrative resources that will be committed to the achievement of objectives in this proposal**

(show financial resources in Section G – Funding):

#### **C1.1 from the city**

##### Administrative resources

Digital Birmingham is an existing team, made up of a number of individual projects and workstreams that sits within the Development Directorate of Birmingham City Council, forming part of the portfolio of The Deputy Leader of the Council, Councillor Paul Tilsley.

The Digital Districts programme has the full political backing of the City and is of the highest interest to the Greater Birmingham and Solihull LEP. The project team is in place and funded in readiness to deliver the capital projects.

BCC is 'joined' up in its determination to deliver this project. The Local Development Order will make the rollout of networks much easier and departmental functions are aligned to the strategic importance of the project.

##### Physical Resources

As part of the wireless procurement, Birmingham City assets will be made available to a network provider for the installation of transmission equipment. Birmingham currently has 220 high rise tower-blocks and 95,000 lampposts.

In addition utilisation of existing and planned ducting will be undertaken throughout the project.

#### **C1.2 from the private sector.**

We anticipate that private sector partners shall provide:

- A contribution of £5m to capex to the Phase1 fibre project and over £20 million to next generation wireless infrastructure
- A network planning and implementation team. This will include all technical, operational and programme management skills.
- Funding for industrial advisors to oversee the process on behalf of BCC.
- Funding to legal advisors to realise an appropriate SPV as a distinct legal entity.
- Channel marketing skills
- Ongoing operational and strategic management of the SPV In partnership with BCC.

### **C2 Provide evidence that the City Authority has access to the project management capability and strengths in programme governance to deliver the programme of work.**

The Digital Districts Programme is fully supported at the highest levels of the organisation. Strong political leadership is provided by the Deputy Leader of Birmingham City Council – Cllr Paul Tilsley and the programme's Senior Responsible Officer is the Strategic Director for Development – Mark Barrow.

The project team is led by Richard Williams a qualified practitioner in MSP and Prince2 and will be managed using well established project management techniques. Richard also leads a working group managing day to day activities. This group includes (as required) representatives from Planning and Regeneration, ERDF co-ordination, finance, legal and a special projects procurement manager. The project to date has also been supported by special advisors: Mott MacDonald, Technical and Financial: Regeneris, Economic: Taylor Wessing Legal and this support will continue throughout phase 1 of the project.

A management board has been established which oversees the Digital Districts Programme. Robust governance arrangements are in place. All key decisions and milestones reviews are reported to the board with performance updates regularly presented. Key procurement and legal decisions are presented to full Cabinet.

As the project progresses the commercial model will be finalised. This may be gap funding or the establishment of a SPV with a private sector partner. If the latter route is taken the SPV will have six senior management staff (CEO, two technical, one sales and marketing, one legal and admin and one support) seconded from Birmingham City Council and the private sector partner. The SPV will also have a formal Board consisting of the SPV CEO; representatives from both parties and this in turn will report into the Digital Districts Board of Birmingham City Council.

### **C3 How will value for money be assured?**

BCC proposes to use a Competitive Dialogue process to assure best value for money during the procurement process

A reverse payment mechanism will be included in the contract with the appointed supplier to address over-compensation if demand grows beyond anticipated levels. Until such time as the preferred solution is crystallised via the proposed competitive dialogue process it is not possible to provide details of when, how and on what basis calculations will be made and how and when amounts will be repaid. This mechanism will be subject to continued scrutiny and a benchmarking regime as well as being subject to best practice in respect of governance.

The use of BCC assets require that 'best consideration' is achieved and this will provide a further safeguard of VFM.

### **C4 Broadband investment will lead to both quantifiable and non-quantifiable benefits. Outline how you propose to measure and monitor the delivery of such benefits that are quantifiable.**

We propose to monitor:

- the number of new start-ups / jobs created within Birmingham over the first 5 years from the project going live.
- the GVA for the Digital Districts against the Enterprise Zone Business Plan

More specifically we will require the wholesale partner(s) to provide a number of KPIs that will allow BCC to ascertain if its broad objectives are being met:

- Net connections per quarter
- Average speed per site/customer (by product)
- Maximum speed (and coverage for wireless deployment)
- Average connection & rental prices by quarter (by product & speed)

The network KPIs will help us to determine if the take-up is in line with forecast targets, e.g. 10% more broadband users. If actuals fall short of expectation the SPV management board will agree on the relevant remedies required.

## SECTION D –STIMULATING TAKE UP AND DEMAND

### **D1 Detail your proposals for education, information and demand building activities generating greater demand by businesses (including SMEs) and residences for Ultrafast broadband services, aiming for 50% take-up across all sectors.**

The selected wholesale partners shall be required to provide channel marketing services. This will include white label collateral, guides for use of services and promotions which will support the Retail service providers in their own direct marketing activities.

Our research has explored the price points that companies are able to afford to adopt a 100Mbit/s symmetrical service. We concluded that key segments (i.e. the constrained and bandwidth hungry companies) would be willing to pay between £200-£300 per month (75% less than current prices).

Our market testing has shown a deep pool of untapped demand for faster broadband connections among the area's business base. We have taken a conservative approach and modelled our finances and impacts on a central assumption of 30% take-up by business by the third year of the network's operation. We believe this is a cautious estimate of how demand will come forward if a competitive mix of retailer service providers is able to operate on our network

We recognise that driving up demand and encouraging businesses to fully exploit Ultrafast broadband services will require some additional assistance. As previously detailed, plans are being developed for activities that will assist eligible priority SME's to take maximise the benefits available to them by accessing Ultrafast broadband. Activities will consist of a mix of:

- One to one support: advising senior business decision-makers and entrepreneurs on implementing digital strategies on distribution, marketing, design and production.
- Seminars and workshops from digital leaders to share best practice and showcase new products and processes which can enhance business growth
- Web based support offering basic how to guides and sign-posting to industry resources
- Remote advice on practical support matters during the implementation phase.

### **D2 How will the proposed investment be utilised to transform the delivery of public sector services by making as many services as possible available online?**

BCC has a track record of developing programmes to encourage uptake of public services online. The 'Aston Pride – Computers in the home' programme focussed on enhancing fixed broadband uptake in homes through wireless/WiFi solutions. This helped more than 1500 residents to use online public services and where appropriate, they were supported with low cost IT equipment provided by SecureIT. This model worked well and is fully scalable. It will form the basis of support packages developed for our most vulnerable citizens in order to help them join the 'Race Online'

By use of the broadband wireless infrastructure BCC are attempting to provide near 100% coverage by population, albeit at less than Ultrafast speeds, in combination with cheap/free access devices available on PAYG or contract from mobile operators it expects to lift the take-up of online services within the Birmingham area.

A high speed and ubiquitous wireless network will enable public services to be delivered nearer to where they are needed and also support a channel shift in accessing more public services online in-line with BCC's key transformational programme objectives.

### **D3    Proposals for delivering social benefits, possibly including: online involvement in democratic processes; flexible working; more flexible local labour markets; changing patterns of work; more online commerce.**

With 25% of Birmingham residents living in social accommodation, many of whom are the most disadvantaged in society, digital and social inclusion is a key priority for the city. The wireless network element of this programme has digital inclusion at its heart and it is a specific requirement of the procurement exercise that coverage will be universal and that an innovative approach to service offerings is adopted. We anticipate that new types of free or low cost connectivity packages will be developed with pay as you go options being made available. These actions in themselves will enable those who wish to, get online.

It is also a requirement of the procurement exercise that potential partners articulate their commitment to local employment and training. The implementation project itself has the potential to address pockets of high unemployment and deprivation within the local area as we expect the partners to use local labour for many activities.

In using its real estate, BCC will expect a commercial rate of return. This income generated as a result will go straight back into improving public services.

BCC has led from the front in adopting agile working styles with transformational programmes enabling 20,000 staff to work in agile ways. It is actively engaged with Smarter Working West Midlands, an organisation specifically focussed on maximising the environmental benefits of smarter working for businesses across the West Midlands. A citywide, ubiquitous wireless network will help make flexibility a reality for many more people and will impact positively on worklife balance, unnecessary journeys and lost productivity.

### **Working with Core City Partners**

This transformational step change in infrastructure is acting as a real catalyst for closer working other core cities, notably Manchester, Bristol and Nottingham, building on the solid foundations that we established under the DC10 initiative. We share the ambition to use Ultrafast connectivity to drive the development of media services within their SME community. The proposition of each city seeks to improve the access connectivity within the cities and lower the costs to SMEs. In addition we are seeking to stimulate new service providers and creativity in service provision. Moving forward there is scope for further collaboration by creating an aggregation market place for SMEs across the four cities that would result in greater accessibility to higher bandwidths at potentially lower costs. This will be jointly explored by the four cities in the detailed planning phase of work'

## **SECTION E – STREAMLINING PLANNING PROCESSES TO SUPPORT INFRASTRUCTURE ROLLOUT**

### **E1 Demonstrate how the Local Authorities involved will expedite the installation of new infrastructure by ensuring that wayleaves, streetworks and other permissions required for access to public land and properties are made available in a timely fashion.**

In order to expedite the installation of new infrastructure and buildings in the enterprise zone some parts have been made the subject of a Local Development Order (LDO). In particular this will speed up the change of use applications which will be needed in Digbeth and Eastside and relax planning rules.

During a period of extensive upgrade to the fixed and mobile telecommunication infrastructure there is a need for the local authority (BCC) to assist in this process by ensuring that the planning process is streamlined to avoid lengthy prevent delays which will increase project implementation costs. Key areas are:

- Planning and co-ordination of street works and way-leaves
- Facilitation of base station sites.

BCC has a 25 year private finance initiative arrangement with Amey PLC for the maintenance of its highways and street infrastructure. We recognise that approximately 80% of the cost of a network build is in the civil engineering costs and therefore we are working closely with Amey and with suppliers to ensure that any upgrade to streets is planned and timed in accordance with the 5 year rollout plan that has been developed, minimising cost and disruption.

### **E2 Indicate how engagement with large private owners of properties and land will be used to facilitate access for the deployment of infrastructure.**

BCC has established local 'Developers Forums' where leading property developers in the area meet BCC to share and co-ordinate development plans, standards and timescales.

Birmingham is also currently preparing its new Core Strategy which contains requirements for all developers to provide appropriate infrastructure to facilitate the rollout of broadband networks.

### **E3 Detail any other steps the Local Authorities will take to facilitate network deployment and up-grading.**

Other actions being undertaken by BCC to facilitate network upgrading include:

- Continued on-going dialogue with industry through Digital Birmingham to ensure that all initiatives by both BCC and the telecommunications industry is co-ordinated and planned to optimise the deployment of digital connectivity across the City and beyond
- Ensure all on-going capital and infrastructure programmes within the Authority have digital infrastructure enshrined in their planning and thinking. This includes transport policy, road building upgrades, environmental planning and property upgrades
- Continued on-going dialogue with private sector developers to maximise digital connectivity and co-ordinate its deployment
- Co-ordination and planning of next generation infrastructure across the wider LEP area.

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## SECTION F – COMPLIANCE WITH STATE AID RULES

### F1 Show how the proposed infrastructure investments and business models to be used will comply with State Aid rules.

BCC submitted its State Aid pre-notification to the EU for its Digital Districts Programme in August 2010. This was the first State Aid application of its kind from a major Urban Conurbation in Europe and BCC has shaped the thinking of the EU in its proposed revisions to the broadband guidelines.

Although individual aid measures are typically assessed and approved under the EU State aid rules once the project design is finalized: inter alia the funding is secured, the drafting of the tender documents are finalized and usually the prequalification phase has already taken place. However we applied for state aid approval for this measure PRIOR to embarking on the funding and procurement programmes. The reasons for this are:

- **Funding:** Digital Birmingham will be seeking funds from EU and the UK Government Urban Broadband Fund creating 'Super Connected Cities' that was recently announced. The ERDF application was written in August 2011. However we have been informed that the application will NOT progress until we have received state aid approval.
- **Procurement Costs:** Given the current economic climate the public sector should not undertake a costly and resource intensive procurement exercise while there remains uncertainty over State Aid approval. Although some Authorities took this approach they have now had to stall their projects whilst they revisit such issues. This is resulting in delays and added costs to both to the Authority and the bidders within the procurement process. Additionally, the current climate has coincided with the trend of more aggressive legal challenges by bidders under the Public Contracts Regulations 2006 and The Procurement Remedies Directive December 2009. Bidders are now more critical in observing how a contracting authority behaves, particularly in respect of large-scale procurements.
- **Industry Views:** The telecommunications industry is faced with a large number of similar procurements for which they have to tender. Given the extensive costs involved there is increasing 'bid fatigue'. Operators are being highly selective as the costs of bidding are too great. We have been told by industry that they will be far more receptive to the Digital Districts project if State Aid approval has been granted. In fact the approach being taken by Birmingham has been welcomed as unnecessary costs and risks with the project will be removed.

Over the period August 2011 to date the City of Birmingham has been in continued dialogue with EU to make the case for public sector intervention to deliver Ultrafast Service in Urban areas.

Extensive supplementary information has been provided across this period covering existing infrastructure, user requirements and the lack of private sector investment. In addition we have sought to reassure the Commission that our proposed intervention is to build a fully open access network that will actually stimulate competition at the service provider level.

It is our understanding that the EU is now satisfied with the responses to questions raised as part of our State Aid pre-notification for the Digital Districts project and that we will be asked to submit a formal notification, paving the way towards formal approval. Birmingham is leading the way in seeking EU approval for urban investment programmes and the information and argument made by Birmingham have been instrumental in shaping the proposed new EU guidelines for broadband projects that will be published later this year.

We have:

- raised the importance of Ultrafast service delivery within the EU and pointed out that existing guidelines do not recognise this
- highlighted that a distinction needs to be made between the quality of service delivered by FTTP over FTTC and projects that have the former focus should be permitted
- from an Ultrafast broadband perspective, UK urban areas are largely white with pockets of grey.

Summarise any information you have received from the Commission that supports the view in F1.

Full documentation of information received from the EU is provided in Appendix 5 of this submission.

## SECTION G – FUNDING

**G1. Please complete this funding table detailing proposed funding make up and profile.**

**Non-monetary resources to be contributed to the project should be set out in Section C.**

Please refer to appendix 1.

### **G2. Funding Structure:**

**G2.1 Describe any modelling that has been used to arrive at the funding estimate. (Full details not required at this stage.)**

A detailed and comprehensive business case has been developed for the Digital Districts project in compliance with OGC standards. The cost modelling has involved the use of industry benchmarks for civils, equipment, operations, systems and equipment costs. This has been based on a delivery of approx 37km of network (in Phase 1) covering the desired area and lighting a minimum number of fibres.

**G2.2 How will the capital funding be spent and who will own the infrastructure? For example, do you propose to lease equipment from a private sector contractor (cabinets) or own the capital investment (laying cable, installing wireless) or will the private sector contractor own the capital investment?**

The proposed solution delivers Fibre to the Premises (FTTP). There are broadly two options in this arena:

- Build it – as we propose
- Use Physical Infrastructure Access (PIA) (sharing BT ducts) or Virtual Unbundled Local Access – an active network equivalent service

BCC has opted to 'build it' because it will drive down costs and increase competition.

There remain regulatory constraints on the use of PIA which industry considers to be restrictive, for example it may not be used for the 'last mile' of leased lines or backhaul. This severely limits business applications. (See question G3 for ownership options).

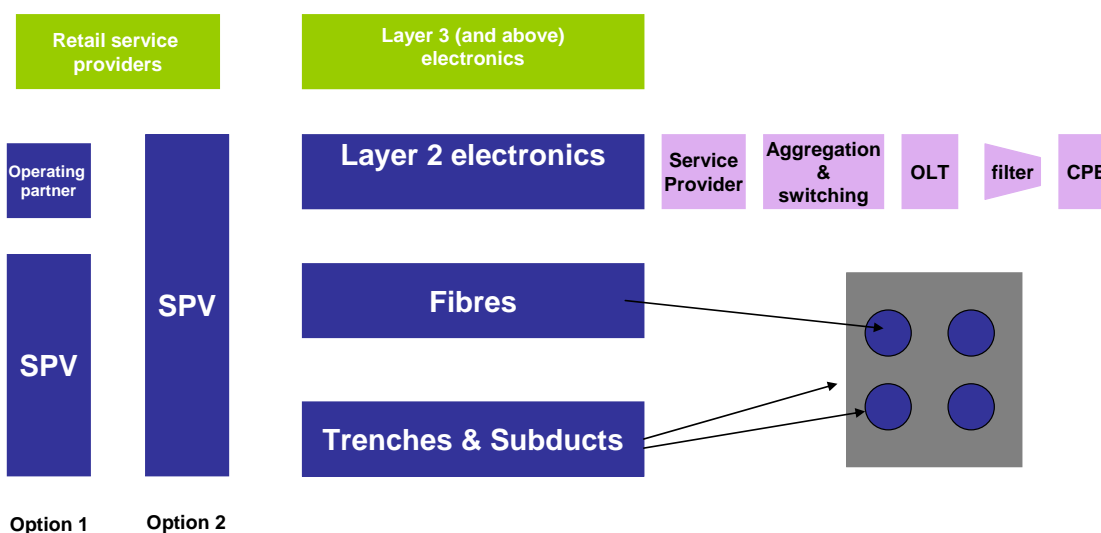
The owned infrastructure supports access to business premises in the areas of Digbeth, Eastside and the Jewellery Quarter. This allows retail service providers to interconnect at one of two points:

- Passively; by purchasing a dark fibre product
- Actively; by purchasing a 100 Mbps or 1 Gbps service from the point of interconnect to the business premises. Any IP services or applications must be provided by the Service provider and not the SPV.

**G3. Describe the commercial model that you propose to use. Give the reasons for your choice and, if it is a JV/PPP or alternative model, the nature and key principles of the risk bearing arrangements.**

Birmingham City Council is seeking to run a procurement for the Open Access Fibre Network that encourages as wide a participation as possible from industry. At this stage we would not wish to eliminate any possibilities and the final commercial model may be either gap funding or the establishment of a SPV with a private sector partner. Different players in the industry have different perspectives on this matter and favour different approaches.

## Example of Possible SPV Ownership Structure



If the SPV route is taken, the above Figure illustrates ownership options. The capital will be spent on building trenches, with sub-ducing and fibre. This will be owned by the SPV. The first layer of electronics (referred to here as Layer 2) may be owned by the SPV or could remain in the ownership of the operating partner. This layer will need to be upgraded within the lifetime of the project.

In summary, the elements in dark blue are owned and operated by the SPV. Elements in green are owned and operated by service providers. The SPV will own:

- Trenches and sub-ducts along highways and roads up to the boundaries of customer sites
- Fibre infrastructure
- Network management and billing systems
- Layer 2 electronics

The potential for risk transfer will become clearer once the operating partner has been identified and the SPV negotiated. There are two possible models:

Option 1: Public sector owns the passive infrastructure (i.e. ducts and fibres) and operating partner undertakes all operations and owns layer 2 equipment. This is the preferred option of major equipment vendors. Here the risk of the capital build and ownership lies exclusively with the public sector with the private sector partner bearing the operational costs

Option 2: Public and private sector partner share ownership and risks across the passive and active infrastructure. Utility partners and wholesale operators are more comfortable with such an approach as their mission is the ownership of core infrastructure. Under this scenario all risks are shared by the shareholders of the SPV.

We are keeping an open mind about all approaches to ensure maximum competition in the tendering process. In addition a key emphasis for BCC is to ensure that as many service providers are encouraged to enter the market in the Digital Region and these should include innovative local companies as well as national organisations. Our wholesale product portfolio is geared to encourage this.

## SECTION H – DELIVERY

**H1. Timely development, procurement and delivery timescales to ensure delivery is completed no later than March 2015**

**H2. Give the proposed timetable for procurement and demonstrate how cost effectiveness will be achieved.**

The high level timetable for the procurement of the Phase 1: FTTP network to be deployed in Jewellery Quarter and Digbeth/Eastside is shown in the figure below

In parallel a separate procurement is being undertaken for the next generation wireless infrastructure.

Phase 1: FTTP Network Indicative Timescale

Key milestone	Timescale
Project definition	May 2011
Initial Funding approval	April 2012
OJEU Procurement Commence)	May 2012
Prequalification complete	July/August 2012
Final tenders submitted	October/November 2012
Preferred bidder selected	January 2013
State Aid approval confirmed	Spring 2012
Funding approval confirmed	Spring 2012
Contract award	February 2013
Commencement of implementation	March 2013
Implementation complete	March 2015

### Next Generation Wireless Network: Indicative Timescale

Key milestone	Timescale
OJEU Procurement Commence	October 2011
Prequalification complete	January 2012
Final tenders submitted	Summer 2012
Preferred bidder selected	Winter 2012/13
Funding approval confirmed	Spring 2012
Contract award	Winter 2012
Commencement of implementation	January 2013
Implementation complete	September 2014

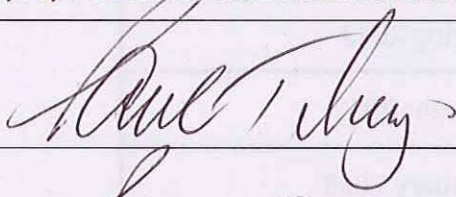
### **H3. The proposal should demonstrate its fit with the government's approach to using SMEs in delivery<sup>1</sup>.**

Birmingham intends to run a fully open procurement for all elements of its next generation broadband infrastructure. Responses will be encouraged from all companies and a series of market consultation and briefing days have already been held.

In addition it should be noted that the proposed open access architecture will encourage small and innovative retail service providers to emerge and offer services over the infrastructure. This is likely to include local ISPs, content providers, system integrators and IT developers. Our aim is to provide all of the elements to encourage the emergence of a local eco-system of SMEs offering world class knowledge based service to Birmingham and beyond.

Sign Off

Sign off by Local Authority CEO, Section 151 officer or Portfolio-Holding Executive Member

Name of proposal:	
I verify that this proposal to the Ultrafast Broadband Fund fits with corporate policy	
Signed: 	
Name: PAUL TILSLEY	
Job Title	Date:
DEPUTY LEADER.	9/2/12

