

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report	Digital Infrastructure Update
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Governance	City Region Deal Joint Committee

1:	Purpose of the Report
i.	To update the Joint Committee on the progress around the Digital Infrastructure projects within the Innovation theme of the Aberdeen City Region Deal.

2:	Recommendations for Action
i.	It is recommended that the Joint Committee notes the content of the report.

3:	Summary of Key Information
i.	<p>Background</p> <p>The Aberdeen City Region Deal (CRD) recognised the market failure in the City Region where demand for digital connectivity by businesses is not matched by supply of connectivity and competition. To address this, the Aberdeen CRD plans to provide affordable ultrafast connectivity for business premises and, in the process, lay the vital spines for residential superfast connections in the Aberdeen CRD area (effectively the Aberdeen Housing Market Area).</p> <p>World class digital infrastructure is also fundamental to the Aberdeen CRD in supporting the delivery of the objectives of the Oil and Gas Technology Centre and the export and internationalisation aspirations of the sector, as well as facilitating the effectiveness of the Hubs for Innovation in Life Sciences and Food & Drink.</p>

3:	Summary of Key Information
ii.	<p>The Digital Infrastructure Business Case was brought to the Joint Committee for approval on 20th January 2017. The business case included details of two projects:</p> <ul style="list-style-type: none"> • White Area In-Fill - To address the above gaps in the market by procuring ultrafast connectivity to serve businesses and residential premises within the Aberdeen housing market area. • Duct Network - To extend and enhance the existing Council owned duct network to enable to facilitate the efficient delivery of services and ensure economic and social gains. This will support applications such as traffic management and a region wide sensor network. This investment will feed a regional data platform from which business, residential and public services can develop innovative applications.
iii.	<p>Current Position</p> <p>The Duct Network has already begun with implementation due to begin in August 2018.</p> <p>The initial timescales for the White Area In-Fill were dependent on agreement with Scottish Government and the development of new national broadband initiative called R100. The R100 national connectivity project, managed by the Scottish Government seeks to provide a minimum of 30Mbps connectivity to every premise in Scotland has, and will continue to have, an impact on the delivery schedule of the White Area In-Fill project.</p> <p>It seemed sensible to partner with the programme as it would be more cost effective for the Scottish Government to undertake an open market review and a procurement strategy. The Scottish Government completed their open market review in April and have presented their procurement approach to the Aberdeen City Region team. This approach is to include ultrafast for business in the requirements and to procure through three regional lots. It is not anticipated that delivery would start until December 2018 and there are no guarantees that the Aberdeen City Region would be prioritised.</p>
iv.	<p>Risks</p> <p>With regards to the Aberdeen City Region ambitions there now no guarantees around timescales for delivery if a national approach were to be taken. Part of the Aberdeen City Region ambition was to attract a mixed market of suppliers. With the proposed larger lots it seems unlikely that the national programme will attract multiple suppliers.</p>

3:	Summary of Key Information
v.	<p>Proposed Approach</p> <p>It is proposed to take a two strand approach:</p> <ul style="list-style-type: none"> • Commit to a proportion of the City Regional Deal funds to the R100 programme and seek agreement that Aberdeen City Region is placed in the phase one role out. • Undertake a separate and complementary procurement for full fibre (Gigabit FTTP) connectivity based on public sector aggregation. This follows Aberdeen City Council's model of acting as an anchor tenant to make it more cost effective for suppliers to roll out connections to households and businesses.
vi.	<p>Next Steps</p> <ol style="list-style-type: none"> 1. Liaise with Scottish Government to express our opinion on proposed strategy 2. Request an intervention cost estimate from the Scottish Government to determine the 'ask' out of the CRD funds 3. Write to DCMS and explore funding possibilities 4. Clarify public sector aggregation partners and define scope of possible procurement.

4:	Finance and Risk
i.	<p>Financial Considerations</p> <p>The R100 schedule will have a significant impact on the planned expenditure stated in the Digital Infrastructure Business Case. Discussions are currently ongoing to identify the extent of this impact, and the UK and Scottish Governments CRD contacts are being kept informed.</p>
ii.	<p>Risk</p> <p>There are no risks to either Council beyond those schedule and financial forecast risks already stated.</p>