

REQUEST FOR DIRECTOR DECISION – DD1200

Title: Superconnected Cities programme – approval for external Consultant

Executive Summary:

The purpose of this paper is to seek approval to release funds from the Superconnected Cities Fund to appoint Analysys Mason as requested below:

To approve the spend of up to £170,000 for Analysys Mason (project Telecom Consultant) in 2014-15 from the GPF revenue budget approved through MD1084 to assist in the specialist telecoms advice and support during the project delivery phase of the programme.

Decision:

That the Director (acting under authority delegated under MD1084) approves, in relation to the Superconnected Cities Fund, the:

- Expenditure of up to £170,000 (from the GPF revenue budget approved under MD1084) for expert, technical, analytical and project management services in 2014-15 ; and
- An exemption from the requirements from section 3.6 of the Contracts and Funding Code to undertake an OJEU tender or call off from an accessible framework.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Fiona Fletcher-Smith

Position: Executive Director, Development & Environment

Signature:

Date: 19 May 2014

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

In 2011, Government set aside £100 million for an Urban Broadband Fund (UBF) to create up to ten Superconnected Cities across the UK. This was followed in 2012 by more funding of up to £50 million for a second wave of cities to benefit from this programme bringing the total to 22 cities.

The UBF is designed to maximise the availability of broadband speed and city-wide high-speed wireless connectivity, with a particular focus on SMEs and strategic employment zones to support economic growth.

The GLA's £25million Super-Connected Cities Programme (SCCP) is at a stage where it requires technical expertise to assist in the delivery of its two SCCP projects: a connection voucher scheme providing up to £3,000 grants to small-and-medium-enterprises (SME) for the installation of high-speed broadband; and a public building Wi-Fi scheme providing wireless hotspot infrastructure to free-entry museums and libraries in the capital. Expert advice is required across a multitude of disciplines: fixed and wireless technologies, demand stimulation, project governance, project management and stakeholder management.

As part of the competitive tendering process to appoint consultant services with the help of TfL procurement team, three consultancies were approached to submit quotes to deliver the above programme. Formal submissions have been received and evaluated in line with the procurement framework. The successful candidate is Analysys Mason based on established price and quality assessment criteria.

Accordingly, approval is sought to release funds from the 2014-15 SCCP budget as per MD1084 for expenditure of up to £170,000 in the 2014-15 financial year for Analysys Mason's services.

Section 3.6 of the GLA's Contracts and Funding Code ("Code") requires estimated contracts with a value greater than £125,000 should be advertised in the Official Journal of the European Union ("OJEU") or called off from a framework. However, section 5 of the Code provides that exemptions from that requirement may be approved where the benefits of approving the exemption outweigh (in the reasonable opinion of the relevant decision-maker in light of all circumstances) the risks associated with approving the exemption.

In these circumstances an exemption is applicable on the grounds that, in terms of specialist skills in the digital telecommunications sector as well as familiarity with the BDUK Super-Connected Cities Programme, a limited number of suitable suppliers exist. The consultants from which the bids have been sought have been identified as having suitable knowledge and experience with delivery of BDUK digital connectivity programmes for cities, as well as large and complex capital investment programmes.

To achieve value for money, all work will be undertaken by Analysys Mason on a time-and-materials basis to a maximum project cap. Finally we have instigated a rigorous fortnightly budget reporting and project management schedule that will allow the GLA to track fees against budget and monitor and audit Analysys Mason's activities.

The consultant will assist in the delivery of London's super connected cities programme that will maintain the capital's world city status and reputation as a global innovation and technology hub. The expert team of consultants will include technical expertise in telecommunications, experience of delivering digital connectivity programmes for cities, and experience of delivering large and complex capital investment programmes. The services include (Voucher scheme initiative & WIFI scheme):

Voucher Scheme

- Provision of a telecom technical project manager
- High level management of voucher scheme key issues including tracking & monitoring voucher payment process in accordance with the BDUK requirements
- Coordinate delivery of infrastructure issues between London boroughs, BDUK and SME's
- Ensure the GLA delivery milestones and Broadband delivery UK (BDUK) assurance process are adhered to
- Assist the GLA team on the BDUK assurance process for voucher scheme and help prepare all necessary reporting and documentations
- Assist the GLA team on stakeholder consultation process (engaging boroughs, a diverse range of private sector providers, infrastructure players, working collaboratively with other cities to share learning)
- Help GLA team in co-ordinating the execution of the planned demand stimulation activities across the London boroughs and other relevant channels

Museums Wi-Fi scheme

- Monitor Museums programme of installation works under the agreed terms of grants conditions and report to the GLA project Manager accordingly
- Assist the GLA team on the BDUK assurance process for Museums and prepare all necessary reporting and documentations for BDUK assurance check points
- Ensure the GLA delivery milestones and Broadband delivery UK (BDUK) assurance process is adhered to.

The consultant will liaise with BDUK on the GLA's behalf to support implementation of the voucher scheme and work with the voucher system suppliers and broadband service providers to design the interfaces and interactions required between the GLA, service providers and SMEs. They will also provide guidance on including remote workers and landlords, and pooling vouchers from SMEs in multi-dwelling units. They will co-ordinate a test run of the voucher scheme with selected SMEs and suppliers to resolve any glitches in the system identified during testing period. They will provide guidance on the voucher administrative staffing resource profile, contract lengths and operating costs to manage and run the voucher scheme. They will devise and implement an integrated marketing communications programme and demand stimulation activities for the period of full launch that outlines activities, timings, stakeholder responsibilities, communications strategy, governance and reporting mechanisms. They will support activities such as business networking events, workshops, digital hubs, identifying 'digital champions', direct marketing, online and social media campaigns, press releases, case studies etc.

To ensure value for money was being achieved by consultant's engagement, the GLA and TfL have ensured that their day rates have been discounted across all team members who has been reviewed and verified by the GLA and TfL. Further, all work will be undertaken by the consultant on a time-and-materials basis to a maximum project cap to mitigate project overspend yet allowing underspend should consultancy expertise no longer be required. Finally we have instigated a rigorous fortnightly budget reporting and project management schedule that will allow the GLA to track fees against budget and monitor and audit Consultant's activities.

2. Objectives and expected outcomes

The appointment of consultants will facilitate the successful delivery of the SCCP. The SCCP links to the Mayor's Economic Development Strategy: to ensure that London has the most competitive business environment in the world; to give all Londoners the opportunity to take part in London's economic success; and to ensure London has the investment in infrastructure it needs to support this.

By improving access to superfast broadband services, the voucher scheme will benefit London's Small and Medium Enterprises ("SMEs") through: enabling increased productivity due to faster and more reliable connections; business expansion and access to new markets; facilitating innovation; improved data security and resilience; cost savings and efficiencies through use of transformational services such as cloud computing and supply-chain integration; improved collaboration and cluster development.

The improved SME environment and improved productivity of SMEs will translate to economic growth in London, greater inward investment, increased business start-ups, new jobs and employment growth.

The provision of free Wi-Fi in London's free-entry museums represents a high-impact opportunity, as they are areas of extremely high footfall, and have a direct impact on the tourism economy and its indirect benefits. The scheme is likely to result in: (i) an enhanced customer experience in London's free-entry museums; (ii) an increase in visitors; (iii) an increase in related revenue generation; iv) economic benefits and job creation resulting from increased tourism; and v) indirect benefits to the creative industries which have close ties to galleries.

The direct and indirect benefits of tourism contributed 8.6% of London's gross domestic product in 2012, and one in 12 jobs in the UK is currently either directly or indirectly supported by tourism. Museums and art galleries are major drivers of the tourism economy, with all of the top five UK tourist attractions by admissions in 2012, being London museums.

3. Other considerations

a) Links to strategies and Mayoral and corporate priorities:

i) The London Plan

The London Plan is the overall strategic plan for London, setting out an integrated economic, environmental, transport and social framework for the development of London over the next 20–25 years. The plan outlines the Mayor's spatial development strategy – a keystone in realising his vision for London as the best big city in the world. As such, he sets two objectives:

- London must retain and build upon its world city status as one of three business centres of global reach.
- London must be among the best cities in the world to live.

To support these objectives the plan highlights the importance of ensuring London has the physical infrastructure to 'facilitate the flow of information increasingly important to a modern city'.

ii) GLA Economic Development Strategy

The Mayor's Economic Development Strategy ("EDS") sets out to promote London as world capital of business; ensure London has the most competitive business environment in the world; aims to give all Londoners the opportunity to take part in London's economic success; and to ensure London has the investment in infrastructure it needs to support this, maximising the benefits from the Olympics legacy. The SCCP is clear in its direct support for each of these objectives – ensuring London has the digital connectivity to offer SMEs a competitive business environment that will maximise their growth, while providing the digitally excluded with the opportunity to also take part.

b) Impact assessments and Consultation

The objectives and outcomes of the project have been derived from previous Mayoral strategies which themselves have been subject to extensive consultation and impact assessment. Key public and private stakeholders have been engaged already during demand stimulation activities.

As part of the commission the consultants and the delivery partner will be required to liaise with relevant local authorities, planners and a diverse range of private sector stakeholders. A communication has been developed to ensure this project is promoted, which encompasses the broader range of project and initiatives for improving London's digital infrastructure.

c) Risk

The GLA's SCCP is at a critical stage; BDUK advised the SCCP Project Board that London's SME voucher scheme must be delivered by March 2015 which leaves 12 months for delivery. Given the criticality in meeting this timeline – meant there was significant emphasis on deliverability. This risk can be mitigated with an external advisor who is familiar with the telecom industry and stakeholders, and has the breadth and depth of resources required to assist the GLA in deliver the SCCP voucher scheme and public WiFi scheme.

If there is low take-up from SMEs for the CVS then there is a risk of the scheme not meeting its objectives. This risk can be mitigated from the external expert advice which will supplement the GLA on going demand stimulation and marketing activities.

There are reputational risks if GLA does not deliver project or fails to secure allocated £25m from BDUK. This risk will be mitigated by GLA assigned project team supported by TfL legal/procurement team and external specialist advisor during implementation phase, with experience in delivering digital connectivity plan, and familiarity with Telecom technical knowledge.

4. Financial comments

- 4.1 Approval is being sought to commission 'Analysys Mason' to provide expert, technical, analytical and project management services in 2014/15 during the project delivery phase of the Superconnected Cities project (seeking an exemption from the Contracts & Funding Code for this purpose).
- 4.2 The estimated cost of this contract is up to £170,000. It is expected the commission will be wholly undertaken in 2014/15.
- 4.3 The revenue cost of £170,000 will be funded from the Growing Places Fund (GPF) Superconnected Cities budget referenced in MD1084 and DD993.
- 4.4 All appropriate budget adjustments will be made.
- 4.5 As this contract is consultancy based, officers also have to ensure that the requirements relating to consultancy services within the Authority's Financial Regulations and Expenses & Benefits Framework are adhered to.
- 4.6 Any changes to this proposal must be subject to further approval via the Authority's decision-making process.
- 4.7 The Regeneration Team within the Development, Enterprise & Environment Directorate will be responsible for managing this project.

5. Legal comments

Sections 1 – 4 of this report indicate that the decisions requested of the Mayor in accordance with the GLA's Contracts and Funding Code fall within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people;
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- consult with appropriate bodies.

Three or more quotes were sought as part of the tender process. However, Section 3 of the Contracts and Funding Code (the 'Code') requires the GLA to call off the services required from an accessible framework/conduct an advertised tender. The director may approve an exemption from this requirement under section 5 of the Code upon certain specified grounds. One of those grounds is that the approval of the exemption is required as there are a limited number of suitable suppliers. Officers have indicated at paragraph 1 of this report that this ground applies and that the proposed contracts affords value for money.

On this basis the director may approve the proposed exemption if satisfied with the content of this report.

Officers must ensure that appropriate contract documentation is put in place.

6. Planned delivery approach and next steps

<u>Tasks</u>	<u>Dates</u>
Voucher scheme deployment work	March 2014 to March 2015
Museum Scheme Deployment	June 2014 to March 2015

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date. N/A

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring) N/A

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting of

Amjad Malik has drafted this report in accordance with GLA procedures and confirms that the following have been consulted on the final decision:

✓

Head of Service:

Tim Griggs has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date