London Super-Connected Cities

Urban Broadband Fund Phase 1

3 August 2012

Greater London Authority

APPLICANT INFORMATION

Project Name:

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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

Not applicable.

Proposed start date of project: *(6th August 2012)*

Proposed end date of project: *(3rd April 2015)*

List of acronyms

ALMO	Arms Length Management Organisation
API	Application Programming Interface
APM	Association of Project Management
ARPU	Average Revenue Per User
BID	Business Improvement District
BIS	Department for Business, Innovation and Skills
BT	British Telecommunications plc
CCTV	Closed-Circuit Television
CFL	Community Fibre Limited
CV	Curriculum vitae
CWG	Canary Wharf Group
CWH	City West Homes
DCMS	Department of Culture, Media and Sport
DLR	Docklands Light Railway
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EC	European Commission
EDS	Economic Development Strategy
ELBA	East London Business Alliance
ELSBC	East London Small Business Centre
ELBP	East London Business Place
EMEA	Europe, Middle-East and Africa
ERDF	European Regional Development Fund
ETDE	Enterprise de Transport et de Distribution d'Electricité Infrastructure Limited
EU	European Union
EZ	Enterprise Zone
FTTC	Fibre-To-The-Cabinet
FTTP	Fibre-To-The-Premise
GaWC	Globalization and World Cities Research Network
GBP	Great British Pound
GLA	Greater London Authority
GVA	Gross Value Added
HCD	Hackney Co-operative Developments
HEN	Hackney Enterprise Network
ICT	Information and Communication Technology
IT	Information Technology
L&P	London and Partners
LB	London Borough
LEP	London Enterprise Panel
LFEPA	London Fire and Emergency Planning Authority

LIP	Local Implementation Plan
LSC	Learning and Skills Council
LSOA	Lowest Super Output Area
LTGDC	London Thames Gateway Development Corporation
MPA	Metropolitan Police Authority
MPS	Metropolitan Police Service
NCC	Newham Chamber of Commerce
NGA	Next-Generation Access
NHS	National Health Service
NVQ	National Vocational Qualification
OJEU	Official Journal of the European Union
PESTLE	Political, Economic, Social, Technological, Legal and Environmental
PID	Project Initiation Document
PIN	Prior Information Notice
SCCP	Super-Connected City Plan
SME	Small-Medium Enterprise
SPV	Special Purpose Vehicle
SRO	Senior Responsible Officer
SWOT	Strengths, Weaknesses, Opportunities and Threats
TCIO	Tech City Investment Organisation
TfL	Transport for London
TV	Television
UBF	Urban Broadband Fund
UDL	Urban Design London
UK	United Kingdom
UKTI	United Kingdom Trade and Investment (Government body)
URL	Uniform Resource Locator
USA	United States of America
VAT	Value Added Tax
WiFi	Wireless Fidelity

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Executive summary

London's Super Connected City Plan (SCCP) is ambitious and innovative. It will underpin the capital's aspiration for contiguous ultrafast connectivity, provide the digital infrastructure needed for the new economy and help East London to realise its full economic potential. Successful delivery of this plan will be critical to realising the Mayor of London's prime objective: economic growth for London, and job creation for Londoners.

This SCCP responds fully to the feedback provided by the Department for Culture, Media and Sport (DCMS) and represents a focussed digital connectivity plan for contiguous regions of central and East London, with a total funding requirement of GBP[redacted] derived from public and private sources.

London is unlike any other city in the UK, especially in light of its size and position in the global economy. London is a global city and one of only two 'alpha ++' cities, according to the Globalization and World Cities Research Network. To compete internationally, attract high-tech investment and support indigenous growth among small and medium-sized enterprises (SMEs), London must offer businesses (large and small) world-class digital infrastructure. International benchmarks reveal the capital underperforms on measures of digital connectivity, and yet excels on all other measures of business competitiveness. The SCCP will help to address this deficit where the market has failed to deliver.

The maximum Urban Broadband Fund (UBF) allocation for London (GBP25 million) is small when compared with other cities on a per-capita basis. This plan therefore focuses investment where the economic impact will be greatest, where the creation and expansion of bandwidth-hungry SMEs will occur. However, we have not overlooked consumers, particularly where SMEs and residences co-exist, where the boundary between work and home blurs (in Tech City), or where digital inclusion is a priority.

The Secretary of State and the Mayor of London have agreed in principle to focus London's SCCP on the below four pillars. This shared vision will be important in ensuring the Plan is successfully delivered.

Pillar 1: Tech City fibre: this pillar will ensure the provision of affordable ultrafast fibre broadband connectivity to 100% of SMEs and residents in Tech City, i.e. around 'Silicon Roundabout' in Shoreditch expanding east towards the Olympic Park then south via Canning Town to Victoria Docks. This pillar will showcase Tech City as having some of the best connectivity available globally for SMEs – enabling innovation and maintaining London's reputation as Europe's digital capital.

Pillar 2: East London wireless: this pillar will complement existing wireless provision in 'high footfall' areas across West and Central London by extending wireless connectivity east along the Docklands Light Railway. Wireless connectivity will be provided to business and leisure passengers travelling from east to west (London City Airport to Tower Gateway) and from north to

south (Stratford to Canary Wharf). This investment will augment the contiguous ultrafast broadband investment proposed by Pillars 1 and 3 in East London and builds on the Olympics legacy – further increasing the attractiveness of East London to investors.

Pillar 3: Royal Docks gigabit: this pillar will ensure the provision of affordable gigabit fibre broadband and gigabit connectivity to businesses and institutions in the Royal Docks, focussed on the 'Arc of Opportunity' in the London Borough of Newham. This will underpin new science and tech investment and enable the area to realise its full economic potential.

Pillar 4: Digital inclusion: this pillar will develop a model to enable digitally excluded Londoners living in high-density social housing estates to gain access to ultrafast fibre broadband and online services. Initially, this will take place across the most deprived areas in the City of Westminster and builds upon a project by Westminster City Council – which is in an advanced planning stage and can therefore be delivered within the SCCP delivery timeframe (to March 2015). Once the concept has been piloted, the Greater London Authority (GLA) will work with boroughs to encourage roll out across the most derived parts of London, prioritising East London to accelerate convergence – that within 20 years the host borough communities will have the same socio-economic life chances as the rest of London.

We have estimated the total funding requirement for all four pillars to be GBP[redacted] We anticipate being able to generate a significant amount of private-sector investment (circa GBP[redacted] for the project, with GBP25 million from the UBF, and circa GBP[redacted] from the London boroughs and the GLA. To this end, we have successfully secured financial contributions 'in principal' from the GLA and the London Boroughs of Westminster and Tower Hamlets; discussions are on-going with the remaining boroughs of Hackney and Newham to secure their financial contributions.

For the first three pillars we are planning to use a grant-funded, 'design, build and operate' model, transferring much of the risk to private-sector partners, whilst also requiring them to invest themselves, ensuring excellent leverage of public-sector funds. We plan to manage the procurement of Pillars 1 and 3 together using competitive dialogue procedure (on a non-mandatory basis; our proposals concern the award of grant funding to successful bidders rather than the procurement of a service provider or concessionaire) due to the complexities involved. Whilst this procedure can be more involved than other options it provides flexibility, engagement with partners to refine requirements, and ensures they are fully deliverable by the market. For the fourth pillar we will build on an existing project for which Westminster City Council has selected a preferred bidder through an open competitive dialogue procedure. The funding will be provided to a technology partner as either 'grant funding' or 'commercial loan'.

Our approach is ambitious in order to realise the Mayor's aim to have a world-class, future-proofed, showcase for contiguous ultrafast connectivity. We have considered less ambitious schemes that would, for example, simply focus on delivering FTTC infill across geographically dispersed pockets. However we do not believe that a modest scheme would be appropriate for

London. London must push the boundaries, whilst also managing as far as possible the risks inherent in being a trailblazing city.

London has no desire to create a public-sector telecoms operator: our approach is to work with private-sector partners to design, build and operate solutions under the four pillars, and encourage suppliers of all kinds, large and small, to participate in the procurement. This will use as much private-sector capital as possible; ensuring competitive procurement that will drive innovative solutions and value for money for the public sector; and most importantly, maximise the likelihood of a long-term sustainable solution for London. The approach being taken by this SCCP is in line with the state-aid principles accepted by the EC, and as such the approach is one that will not be novel to the EC. The funding will be applied in a manner consistent with the 'balancing test' applied by the EC to interventions in the form of broadband measures.

Our proposed use of a grant-funded model incentivises the private sector in stimulating the demand for broadband services. The GLA will also take a proactive role in coordinating demand stimulation activities across the boroughs, including promoting the availability and benefits of ultrafast broadband to end users on council websites, email stationery, through workshops and the use of social media. The GLA will also promote the use of high-bandwidth applications through the London Datastore, iCity and the planned Future Cities Demonstrator in East London to stimulate the take-up of ultrafast broadband amongst end users.

We are confident that this SCCP can be delivered by the end of the 2014/15 financial year, with a decision from DCMS in September 2012. We will prepare for procurement through to the end of 2012, commence procurement in January 2013 and close the procurement to award the contract in December 2013. The state-aid notification process is expected to run in parallel with the procurement through 2013 and enable contract award in December 2013. The selected private-sector partners would mobilise in early 2014 and have 15 months to deploy, a period which we believe to be reasonable to enable successful delivery of London's SCCP.

Section A – Strategic Outline Case – Vision and Objectives

A1 Strategic Outline Case

A1.1 Background of this proposal

This Plan builds upon and refines London's initial SCCP. The investment will ensure London has the digital connectivity worthy of a world city, to support economic diversification and job creation.

Following the submission of London's initial proposal to the Department of Culture, Media and Sport (DCMS), the Greater London Authority (GLA) was awarded a range of GBP10–25 million. London's final allocation is subject to addressing the feedback received from DCMS in this plan. This has been addressed as follows:

- **Funding:** ambitions have been expanded and the project size [redacted] based on an independently modelled costing analysis. We are confident we can secure a significant level of private-sector funding to support this (at least GBP[redacted] and we have secured financial contributions 'in principal' from the GLA, Westminster and Tower Hamlets. We continue to liaise with the London boroughs of Newham and Hackney at the highest levels to secure their financial contributions to this SCCP.
- **Delivery:** a project team and governance structure has been established to ensure successful project delivery from award to completion, including a detailed delivery timetable to March 2015.
- **Planning**: we have consulted with Councils and operator planning teams and devised a plan to mitigate delays in planning street works and placing street furniture with assurances secured from individual boroughs that they will comply.
- **State aid**: we have been careful to consider the evolving situation with regards to EU state aid thinking. London's case is built on delivering a 'step change' that is commensurate with the Mayor's ambitions for the city and consistent with state-aid being demonstrated through application of the balancing test (as applied by the EC). London will lead the notification process.
- **Demand stimulation**: we outline a number of demand building initiatives that will be put in place by the GLA and boroughs to increase ultrafast broadband take-up, particularly in areas where the demand for fibre services is expected to outstrip the supply of fibre, as well as new plans to engage the private sector to increase take-up.
- **Costings**: we have consulted with private-sector suppliers to inform our cost estimates and we have undertaken independent modelling and verification of those costs.
- **Growth plans**: we provide detailed plans for how the SCCP will support the growth of London's tech sector, enabling innovation, creating jobs and helping east London realise its full economic potential.

A1.2 Strategic policy context and fit with wider public policy

The London Plan

The London Plan[i] 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:

1. London must retain and build upon its world city status as one of three business centres of global reach.
2. 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'.

The plan also states the importance of making the most of the 2012 Olympic and Paralympic Games to secure and accelerate the regeneration of East London – the Mayor's highest regeneration priority. The Mayor of London and the elected mayors and leaders of the six Olympic host boroughs are committed to achieving socio-economic convergence between the host boroughs and the rest of London over the period to 2030 to bring growth, economic and fiscal benefits to the region[ii].

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 – the plan builds on the post Games legacy, 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.

Convergence Action Plan

The common theme which runs through the London Plan and the Economic Development Strategy is to create an Olympic legacy in the communities of the host boroughs. The Convergence Action Plan, signed by the Mayor of London and the elected Mayor and Leaders of the six Host Boroughs, sets the basis to realise the economic potential of the host boroughs as a result of the investment made in the London 2012 Games.

A key convergence objective is to 'create wealth and reduce poverty' by maximising inward investment in the host boroughs. London's SCCP proposal objectives are cognisant of the Convergence Action Plan and the need to maximise the Olympic legacy whilst achieving socio-

economic convergence with the rest of London. The intervention area for London's SCCP spans across three of the six host boroughs – namely Hackney, Tower Hamlets and Newham.

London Borough of Newham

In July 2010 the Mayor of London and the Mayor of Newham announced their intention to bring a focus to the Royal Docks, enabling a transformation that would turn the area into "a world class business centre, a world leader in high technology, green enterprise and research and an international forum for the exchange of knowledge and ideas".

Significant infrastructure investment has already taken place in the Royal Docks over the last few decades[iii] [iv], raising its profile to prospective developers and investors. This was boosted by the award of Enterprise Zone status in 2011[v] bringing with it benefits including business rate relief, enhanced capital allowances for companies locating to the Royal Albert Dock, and a simplified planning approach.

London Borough of Tower Hamlets

Tower Hamlets, given its strategic location, is functionally part of the central London economy. The profound shift to financial services has created additional jobs in associated sectors and this business cluster will continue to be vital to the development of the borough. Nevertheless the economy would benefit from diversifying into other sectors, and generating employment opportunities more compatible with skill levels across the borough.

The Tower Hamlets Council Enterprise Strategy[vi] places particular emphasis on supporting small business growth. There is significant potential for further growth across the tech and creative sectors. The Council is fully supportive of 'Tech City' and aims to reap the benefits that can emerge from developing a concentration of businesses and networks in terms of innovation, firm growth and job creation.

London Borough of Hackney

Hackney Borough's Development Plan[vii] highlights the 2012 Olympic and Paralympic Games as the catalyst for attracting investment and creating jobs as the global spotlight turns to Hackney and east London. There are numerous creative and tech clusters across the borough from South Shoreditch, Dalston to Hackney Central. The more affordable workspaces compared with central London locations, with the creative and 'edgy' urban feel, have facilitated this growth trajectory. Hackney aims to build on existing cluster growth, including Tech City, to increase employment opportunities in the borough. Investment in ultrafast digital connectivity through this SCCP will be critical to facilitating this.

City of Westminster

Digital inclusion is a priority in the City of Westminster to ensure low-income residents have improved life chances. To achieve this, Westminster's Digital Inclusion Framework aims to get all Westminster residents online by end of 2012. Initiatives include:

- A community computers scheme providing reconditioned computers to low-income households.
- An IT support forum to support information exchange, provide workshops and training from IT organisations.
- Westminster's InTouch Website providing a central information point.

Pillar 4 of this SCCP directly supports the Digital Inclusion Framework through enabling the provision of affordable ultrafast broadband to high density social housing estates in the borough's most deprived wards.

A1.3 The case for change

London is Europe's digital capital. This has been built around the capital's role as the gateway to Europe, well established creative clusters, a cultural 'buzz', world class universities and developer talent, access to finance and affordable workspace. London has not, however, gained this title through its reputation for easy access to high bandwidth. Reflecting rising international competition, London is unlikely to retain this title without a step change in digital connectivity.

East London will be the locus of the capital's future growth and will play an important role in driving London's future competitiveness. Significant work is under way to support East London convergence – to ensure that within 20 years the host borough communities will have the same life chances as their neighbours across the rest of London – ensuring that residents are in a better position to benefit from the economic opportunities presented by the major development projects in the area. This includes the development opportunities catalysed by the 2012 Olympics. Together, with the investment from the SCCP, this will achieve a step change in the growth trajectory of the area.

London's funding allocation is significantly lower than other UK capital cities. Belfast for example has been earmarked a maximum funding allocation of circa GBP24 per person[viii]; similarly, for Edinburgh, the figure is GBP25 per person[ix]. This compares to Greater London's maximum funding allocation of circa GBP3 per person. London's funding allocation falls significantly short of equivalent sums for other UK cities and it cannot be expected that the funding will be applied uniformly across London. London's SCCP will therefore be aimed at areas where economic impact and value for money will be maximised, and where the need for intervention is greatest.

London's case for change is based on a set of geographically targeted interventions that ensure London's SCCP will be achievable at low risk while presenting an innovative approach to stimulating economic growth.

London is unlike any other city in the UK given its sheer size and scale – London is a global city

As the host city for the 2012 Olympics and Paralympic Games, around GBP9.3 billion[x] has been invested in key transport and telecommunications infrastructure around East London at specific sites, providing a platform from which to expand. There is a **time-critical window of opportunity to capitalise upon the investment made in the Olympic host boroughs**[xi] and the boroughs' plans to transform Olympic investment into economic growth opportunities. In addition, tourism accounts for GBP20 billion each year[xii] and creates a significant visitor footfall across Central and West London - where high expectations of digital connectivity are expected of such a global city.

London is significantly larger in size and population than any other UK city and competes globally to attract inward investment. London is consistently ranked number one European capital of business. The capital's digital connectivity must be raised to match this number one status. In international terms, London's economy is bigger than that of Sweden or Austria and larger than Denmark's and Portugal's combined[xiii]. The city is home to 7.6 million people and acts as the heart of a wider South East region of around 21 million[xiv]. Around 750 000 people commute into London every day[xv]. This places substantive pressure on the city's existing digital infrastructure.

To date, London's position has been maintained through its rich mix of micro, small and medium-sized businesses, which are the seedbeds of future innovation. By 2050, China is expected to be the largest economy in the world and India's economy will be a similar size to that of the USA[xvi]. London will only secure its leading position if its businesses fully exploit the opportunities and vast markets developing in the emerging powers of the new world economy.

London is underperforming as a globally competitive super-connected city

Despite the need to compete globally, London ranks below global peer cities in terms of the provision and take-up of broadband. For example, one recent report into broadband connection speeds[xvii] does not list London (or any UK city) in the top 100 cities; the list is dominated by cities in South Korea, Japan and USA. Another survey undertaken to evaluate broadband quality (and not just speed) ranks London as 30th in the world[xviii].

In comparing London with the rest of the UK, an Ofcom survey[xix] considered Londoners to be the least satisfied with broadband services, with 79% of those asked being very or fairly satisfied. This compares to a national average of 86% satisfaction. The same survey suggests that only 76% of Londoners are satisfied with their fixed broadband connection speeds compared to a national average of 80%.

London needs to be a globally competitive super connected city, but the market is not delivering; this is creating a necessity for market intervention.

SMEs in London cannot access the kind of connectivity they need to compete in a global marketplace

BT plans to provide ubiquitous coverage of fibre to the cabinet (FTTC) at speeds of up to 80Mbit/s across most of London. In state-aid terms much of London can therefore be considered as 'Grey Areas' in terms of next-generation access (NGA) or 'Superfast Broadband' services. However feedback from SMEs in East London (via London and Partners) suggests that the current provision of broadband services is expensive and slow, and there is little or no competition to BT. It is also suggested that alternative infrastructure provision required for business continuity and disaster recovery purposes is limited.

A step change in connectivity to fibre (FTTP) is required to address the issue of slow broadband provision; FTTP based service can also 'future-proof' the network ensuring that speeds of hundreds of Mbit/s can be provided to SMEs in particular into the foreseeable future.

***Note on state aid**: The current EC Broadband Guidelines expressly state that aid for the roll-out of broadband infrastructure in predominately grey areas may be declared compatible provided that:*

"(i) no affordable or adequate services are offered to satisfy the needs of citizens or business users and (ii) that there are no less distortive measures (including ex ante regulations) to reach the same goals,"

The GLA, in taking forward its proposals to stimulate the provision of affordable and competitive ultrafast broadband in the areas described by this proposal, will take all necessary steps to ensure the measures to be adopted meet the key requirements of the guidelines and are state-aid compatible. However it should be recognised that London can be considered a 'white area' in the context of FTTP based ultrafast broadband provision and according to the EC's current draft consultation on state-aid.

London's SCCP objectives

The GLA's vision is for London to become a world-class super-connected city, maintaining its title as Europe's digital capital. This is being driven by the Mayor of London's agenda to:

- Stimulate economic growth supporting the growth of small businesses and creating jobs for Londoners; and
- Helping East London reach its economic potential, fully leveraging the Olympics legacy and accelerating socio-economic convergence between East London and the rest of the capital.

This proposal reflects the Mayor's ambition for London to have the most competitive business environment in the world. In particular, if London is to remain globally competitive there needs to be a step change in broadband provision.

To help the Mayor realise these ambitions the SCCP focuses on four pillars:

Pillar 1: Tech City fibre: this pillar will ensure the provision of affordable ultrafast fibre broadband connectivity to 100% of SMEs and residents in Tech City, i.e. around 'Silicon Roundabout' in Shoreditch expanding east towards the Olympic Park then south via Canning Town to Victoria Docks. This pillar will showcase Tech City as having some of the best connectivity available globally for SMEs – enabling innovation and maintaining London's reputation as Europe's digital capital.

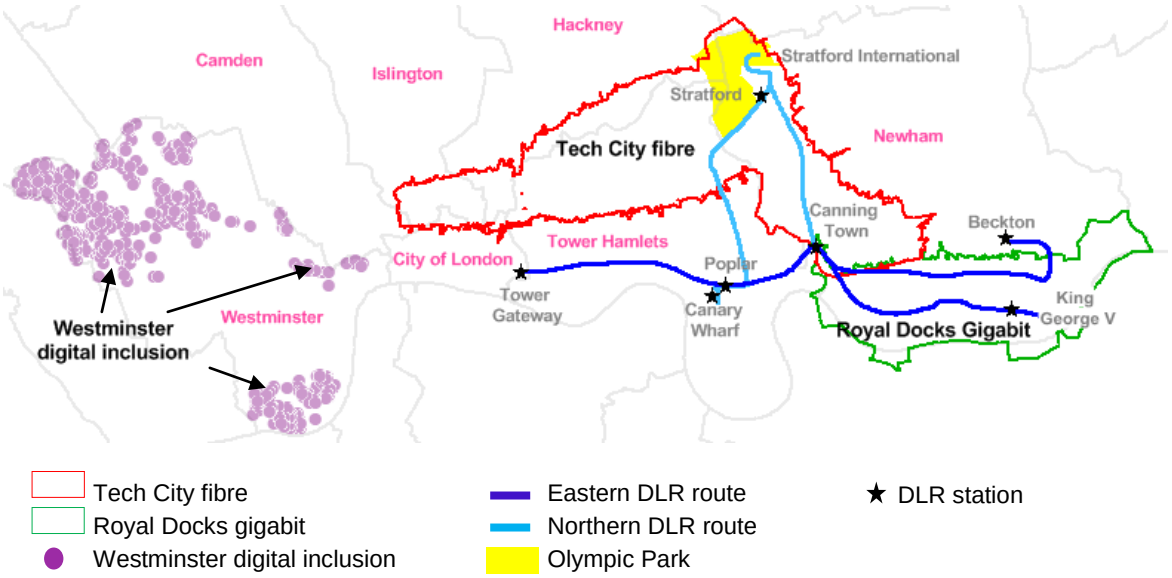
Pillar 2: East London wireless: this pillar will complement existing wireless provision in 'high footfall' areas across West and Central London by extending wireless connectivity east along the Docklands Light Railway. Wireless connectivity will be provided to business and leisure passengers travelling from east to west (London City Airport to Tower Gateway) and from north to south (Stratford to Canary Wharf). This investment will augment the contiguous ultrafast broadband investment proposed by Pillars 1 and 3 in East London and builds on the Olympics legacy - further increasing the attractiveness of East London to investors.

Pillar 3: Royal Docks gigabit: this pillar will ensure the provision of affordable gigabit fibre broadband and gigabit connectivity to businesses and institutions in the Royal Docks, focussed on the 'Arc of Opportunity' in the London Borough of Newham. This will underpin new science and tech investment and enable the area to realise its full economic potential.

Pillar 4: Digital inclusion: this pillar will develop a model to enable digitally excluded Londoners living in high-density social housing estates to gain access to ultrafast fibre broadband and online services. Initially, this will take place across the most deprived areas in the City of Westminster and builds upon a project in an advanced planning stage; it can therefore be delivered within the SCCP delivery timeframe (to March 2015). Once the concept has been piloted, the Greater London Authority (GLA) will work with the boroughs to encourage roll out across London's most deprived wards, prioritising East London to accelerate convergence – that within 20 years the host borough communities will have the same socio-economic life chances as the rest of London. Westminster will work with the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham to extend the digital inclusion concept across central London.

The map below shows the geographic extent and contiguous nature of the four pillars.

Figure A.1: Map showing the four pillars of London's SCCP [Source: Analysys Mason, 2012[1]]



Initial commentary of the nature of supply in the four pillar areas, and the basis for SCCP

[redacted] is not present in most of the target areas. [redacted] or is expected to deploy, FTTC across large parts of the target areas, potentially providing up to 80Mbit/s. However, we understand [redacted] plans for FTTP deployment in the target areas of the four pillars where we expect demand to outstrip the current provision of FTTC services.

There are other suppliers with core network fibre across London (e.g. Geo) but there are few if any suppliers who have any significant deployments of access network fibre in the target areas. Hence, there is a high reliance on BT for the access network in the target areas. BT does offer regulated access to its network (through Openreach), but the nature of the products available is driven, first and foremost, by BT. Our SCCP procurement will be 'supplier-neutral' and will encourage infrastructure competition at a wholesale level in areas where it is economical for such competition to exist.

We have initiated a market consultation process and some suppliers have responded with data of varying levels of detail. We will continue to engage with the market to improve the quality of the data throughout the pre-procurement planning and procurement stages.

Pillar 1: Tech City fibre

Since the late 1990s, a high-tech cluster has been growing in inner East London, focused around the Shoreditch and Clerkenwell boundaries. In recognition of this sector's growth potential, the

[1] Westminster digital inclusion focussed around most deprived areas and is hence not contiguous with East London. The geographical analysis in this section is based on data provided by Virgin Media and BT. The former's data is more detailed where for the latter we have had to make some interpretations to produce the maps. We have asked BT to provide additional information but at the time of writing this proposal they have declined to provide this until the procurement stage. This analysis should be considered with this in mind. Detailed information will be obtained at procurement stage.

Mayor of London's inward investment agency, London & Partners, together with the Tech City Investment Organisation (TCIO) have been working hard to support small business growth and attract inward investment.

> "Today London is at the forefront of the high tech revolution. But we can and must do more to cement our position as a global magnet for the new talent that meets the needs and harnesses the opportunities of the 21st century. We must do everything we can to support its development as one of the UK's leading hubs for businesses exploiting the digital and creative markets." *Mayor Boris Johnson*

Due to the predominance of small businesses in Tech City, it is critical that these businesses have access to a variety of affordable and competitively priced broadband services, which is not currently the case[xx]. Anecdotal evidence gathered by London and Partners from entrepreneurs located in Tech City highlights the need for improvement in broadband connectivity. Problems include physical infrastructure issues such as broadband outages. The established trend for Tech City occupants and workers is demand for residences to be equipped with affordable and reliable high-speed connectivity that also allows them to work at home in the same way as they would in their workplace.

Tech City currently comprises around 4000 businesses and 9000 residences, totalling around 13 000 sites. Growth pressures have led to the Tech City boundary expanding east from Silicon Roundabout in Shoreditch (old Tech City) towards the Olympic Park then south via Canning Town to Victoria Docks (new Tech City boundary) (see Annex B and Annex K). This SCCP aims to provide the broadband infrastructure to facilitate this major expansion. The expanded boundary covers around 83 000 sites, of which 13 000 are business and 70 000 are residential.

Information provided by [redacted] within the Tech City boundary will be covered by [redacted] and that [redacted] provision will be made across London by [redacted] and that these premises will also gradually have access to ultrafast broadband (up to 80 Mbit/s) services. [redacted]

Information provided by [redacted] indicates that [redacted] within the Tech City boundary (i.e. [redacted] of the total) will be covered by ultrafast broadband, with speeds of up to [redacted] being available by [redacted]

Analysys Mason has studied future residential broadband access speed requirements based on the applications that end-users are likely to use on their broadband connections. Within the next 15 years it could be envisaged that the kind of SMEs that GLA wishes to attract to key strategic locations will require very high speed links (downstream and upstream) to facilitate online collaboration with partners, suppliers and customers; and that some residential end-users will require speeds beyond 100Mbit/s, due especially to increasing use of ultra-HDTV, possibly in association with 3DTV and possibly new technologies requiring greater bandwidth, and also to

meet the demand of multiple simultaneous users. It is reasonable to consider that some end-users in Tech City may require speeds of several hundred Mbit/s which can only be delivered by fibre.

This SCCP recognises the need for a future-proof investment in fibre infrastructure in Tech City. Given the absence of FTTP within Tech City and the increasing business and consumer demand for higher connectivity speeds, our aim is to secure a private-sector partner to deliver a 'step change' in the wholesale provision of duct and fibre connectivity services (FTTP) to all business and residential premises. Service providers will have regulated access to the wholesale duct and fibre services to provide retail fibre services to end users.

The total cost of providing FTTP to all business and residential sites in Tech City is estimated to be **GBP**[redacted] This costing includes assumptions for the re-use of existing duct infrastructure where possible, and the deployment of new duct infrastructure elsewhere to meet expected demand.

Pillar 2: East London wireless

Our East London wireless strategy will provide 'wireless' connectivity to business and leisure travellers at overground stations along the following segments of the DLR route:

- **Eastwards**: *From Tower Gateway to Beckton and from Canning Town to King George V*. This will be consistent with the wider policy strategy of investing in East London and most importantly provides wireless connectivity to business and leisure travellers from London City Airport to Central London.
- **Northwards**: *From Canning Town to Stratford International and from Canary Wharf to Stratford International*. This will address the growing needs that will result from the Tech City expansion in and around the Olympic Park and southwards to the Royal Docks. In addition, incorporating the route from Poplar to Canary Wharf ensures that the business traffic associated with Canary Wharf is addressed.

This wireless strategy will create a wireless area from the City of London (which is served by a number of wireless suppliers including BT, BSkyB, and O2) towards London City Airport and will augment the fixed investment proposed by Pillars 1 and 3 in the establishment of a contiguous ultrafast broadband investment area in East London

It is evident from the map of BT Openzone's WiFi hotspot availability (see Annex D) that the network has been concentrated in Central London where the commercial case for wireless deployment is strongest, i.e. areas of high footfall. The commercial case for investment outside Central London's high footfall areas is limited therefore wireless providers such as BSkyB and O2 don't have plans to invest along the proposed routes of the DLR.

This wireless strategy will complement the wireless roll-out being undertaken by Transport for London (TfL) and Virgin Media at London's underground stations. It is currently assumed that the same state-aid rationale applied to wireless in tube stations will be applied here.

The total cost of providing wireless connectivity along this DLR route is estimated to be **GBP**[redacted] based on 440 new hotspots along 70km of the DLR. This cost includes an allocation for fixed backhaul[2]. We are mindful of the need to ensure that wireless requirements are presented to potential technology partners as being driven by outcomes and are 'technology-neutral'.

Pillar 3: Royal Docks gigabit

The Royal Docks lie within a stretch of land that runs from Stratford down the River Lea to the Thames and has been identified as having GBP22 billion of development potential. The Royal Docks have advantages in terms of the success of ExCeL, the proximity of the O2 arena, London City Airport, the University of East London, Crossrail, DLR and a concentration of land owned by the GLA and the London Borough of Newham which is ready for development. The Royal Docks currently includes around 7800 sites, with 330 businesses and around 7400 residences. However the focus of this pillar is on businesses sites.

In 2010, the Mayors of London and Newham set out their ten-point plan for the development of the Royal Docks into a world-class business destination for the knowledge economy and to become a world leader in scientific and technological innovation, research and development. In March 2011 the Government announced that the Royal Docks would become a 125ha Enterprise Zone comprising three key sites: Silvertown Quays, Royal Albert Dock and Royal Albert Basin, supporting East London's economic growth**.**

The science and technology based companies and institutions that are being approached to locate in the Royal Docks typically require resilient gigabit broadband connectivity, which suggests FTTP.[redacted] to provide[redacted] coverage to Royal Docks[redacted]but FTTC will not be able to deliver the gigabit connectivity that will be required by businesses locating in the Royal Docks science and technology cluster. Annex C shows that there are only limited plans by commercial operators to provide the FTTP coverage in the Royal Docks under current market conditions. It is also clear that there are no alternative networks to provide businesses with fibre resilience. This pillar seeks to redress these shortcomings.

Our delivery plan for Royal Docks is therefore to provide wholesale fibre gigabit services (FTTP) to businesses premises. We recognise given the early stage of development of the Royal Docks area, the deployment model may entail pre-building duct (and potentially fibre) in advance of businesses being located there. This pre-building is an important element in ensuring that the Royal Docks are 'ready for business', helping ensure higher and faster occupancy rates, and removing some cost barriers that SMEs, in particular, have typically faced in the past. In addition, we expect good opportunities to deploy infrastructure at lower cost than in other more established areas, particularly if works can be coordinated effectively.

[2] We have based our costing on industry-standard wireless planning assumptions, and provided some contingency for signal propagation issues (which can only be resolved with detailed radio frequency planning).

We estimate the total cost of this intervention to provide FTTP-based gigabit services to businesses in the Royal Docks to be GBP[redacted] This costing includes assumptions for the deployment of new duct infrastructure, at lower than normal unit cost assumptions due to the developmental stage of much of the Royal Docks area.

Pillar 4: Digital inclusion

The City of Westminster comprises areas of considerable deprivation where social housing is concentrated. This pillar focuses on installing fibre to the entire social housing stock in the borough and will connect the most socially and digitally excluded communities to a range of online services and opportunities helping them to access to jobs, advice and support in the community, and transforming the delivery of public services.

The rationale for selecting the City of Westminster is that the project can be completed within the delivery timescale available. A competitive dialogue procurement process has already concluded resulting in a preferred partner. A pilot project is planned which de-risks any concerns about delivery being completed by March 2015.

The Westminster project will provide valuable learning points and rapid validation of the assumptions regarding use of fibre technology, market (take-up and price), the commercial delivery model and the most suitable funding approach. These learning points can then gathered and applied across London's most deprived wards where high density social housing estates are concentrated, initially prioritising East London. The City of Westminster will work with the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham to extend the digital inclusion concept across central London.

The total cost of this project has been estimated by Westminster Council to be GBP[redacted] which covers the cost of installing fibre network across the City of Westminster, establishing distribution points at strategic locations and connecting 22 000 individual council housing properties.

Westminster's detailed plans show that private-sector investment is likely to account for 67% of the total cost, i.e. GBP[redacted]

A1.4 Constraints and dependencies

London's SCCP will be delivered through a mix of internal and external resources. External resources (legal, financial and technical advisers) will be used where there is either insufficient capacity or capability internally and value for money can be clearly demonstrated.

In delivering this project, a number of dependencies and stakeholders across London will need to be managed to ensure the project kick-off, management and implementation run as smoothly as possible. Stakeholder engagement has already begun with key contacts within suppliers and London boroughs. Key stakeholders are summarised at Annex E.

Figure A.2: Dependencies and approaches [Source: Analysys Mason, 2012]

Dependency	Approach
GLA and London boroughs strategic plans	The project team will liaise with key stakeholders from the London boroughs to ensure the plans objectives meet with their expectations. The project will be aligned with the principles and targets set out in key economic strategy and vision documents
Spatial planning	The project team will liaise with the technical partner to identify the priority sectors and regions as the basis to schedule investments to drive greatest benefits early
Operator roll-out plans for fixed and wireless infrastructure	The project team will maintain awareness of operator roll-out plans through formal consultation (via open market reviews) and on-going dialogue through quarterly meetings
Match funding from GLA and London boroughs	The GLA, Westminster and Tower Hamlets have outlined their initial commitment to support to the SCCP financially on the basis the other boroughs do the same. We are progressing discussions with Hackney and Newham at the highest levels to gain 'agreement in principle' to support the SCCP financially.
Obtaining planning permissions for street works and street furniture	Immediately following selecting a partner (s) for the provision of ultrafast broadband and wireless services, we will commence discussions with borough planning teams to establish requirements to expedite any unforeseen issues with e.g. the planning of street furniture.
Geographical territories may change through detailed supplier consultation	Suppliers (BT in particular) have limited the amount of fibre coverage data they are willing to provide prior to the procurement phase. For this reason it is likely that some of the geographical boundaries will shift once detailed mapping information is made available through the procurement process.
State-aid	This SCCP acknowledges that much of London is considered an NGA grey area. Therefore the case for compatibility of aid has been based on increasing competition, providing supplier choice and providing a step change in connectivity (to fibre). We believe this approach to be compatible with and the detailed delivery models continue to be developed in accordance with the key requirements of the published EC state aid guidelines and the draft guidelines which have been issued for consultation.

A2 Connectivity table

The table below shows the current and planned roll-out to premises by commercial providers for calendar years from 2012-16. The timings for roll-out to business and residential sites are shown. The table shows that in 2013-14, for example, 67% of new residential premises (4131 out of a total of 6195 total new residential premises) will be connected.

Figure A.3: Current and planned roll-out to premises [Source: Analysys Mason, 2012]

Approximate no. of premises connected	2012-2013 (existing)	2013-2014	2014-2015	2015-2016	Future
Existing and planned roll-out by commercial providers					
Fixed broadband – total no. of dwellings:	93,000*	6,195**	0	0	0
Fixed broadband – dwellings %of total:	64%	67%	0	0	0
Fixed broadband – total no. of businesses:	7,500*	726**	0	0	0
Fixed broadband – businesses % of total:	89%	54%	0	0	0
Cumulative additional connectivity to be achieved with UBF investment					
Fixed broadband – no. of dwellings passed:		27,030***	81,085	0	0
Fixed broadband – dwellings %of total:		25%	75%	0	0
Fixed broadband –no. of businesses passed:		4,300	12,976	0	0
Fixed broadband – businesses % of total:		25%	75%	0	0

Figure A.4: Cumulative total wireless connectivity to be achieved with UBF investment [Source: Analysys Mason, 2012]

	2012-2013 (existing)	2013-2014	2014-2015	2015-2016	Future
WiFi hotspots	0	100	340	0	0
% hotspots deployed of total:	0	23%	77%	0	0

A3 Business and job creation

GVA uplift

GVA benefit to the London economy is a key rationale for the SCCP intervention. Evidence from studies undertaken by Regeneris on the impact of broadband in the UK suggests a GVA uplift of around 0.4% per annum for 15 years where there is a shift from basic broadband to superfast broadband[xxi]. The same study indicates that the equivalent GVA uplift for London is expected to be 0.5% per annum over 15 years. There is very little documented, time-series data that shows the impact of ultrafast broadband, mainly as these kinds of networks have not been deployed at scale in many markets for a sufficiently long period to enable robust analysis.

However, it seems reasonable to assume that the benefits of one generation of broadband can be projected forward to the next generation – at least in order of magnitude terms – particularly as the counterfactual case, where SMEs in East London are disadvantaged relative to their European and global peers. The counterfactual case has multiple negative impacts, including placing limits on innovation, making it harder to attract and retain the best talent, to work with suppliers and customers in an increasingly high speed digital value chain, and the loss of inward investment. Firms have reported they will move abroad if they cannot access the speeds they require in London.

The job estimates forecast below assume the counterfactual case explained above; it is more reasonable to accept that this intervention to provide affordable ultrafast broadband infrastructure will complement the provision of other infrastructure required of businesses to invest in Tech City and Royal Docks.

Jobs created in Tech City and Royal Docks

The provision of ultrafast and gigabit broadband is a hygiene factor in retaining existing businesses, enabling business growth and attracting future investment.

Growth in jobs over the period 2007–31 is expected to be 21%, 46% and 30% respectively across London boroughs of Hackney, Tower Hamlets and Newham responsible for generating some of the highest growth in jobs around London with business services driving much of that growth.

The London Borough of Hackney estimates that an additional 1900 jobs will be created throughout the borough as a result of ultrafast broadband, although not all these jobs will be created within Tech City.

Key developments that have been proposed within the Royal Docks are expected to create an additional 9,347 full time equivalent jobs by 2037, equivalent to a GVA contribution of GBP328 million[xxii]. Investment in broadband and wireless connectivity will be critical to realising this investment potential.

Digital Inclusion

The City of Westminster's plans are to support social and digital inclusion by providing 22,000 social housing tenants, who cannot afford broadband or a computer, with the opportunity to access the internet through their television. This intervention is aimed at allowing socially and economically deprived social housing tenants to access public services, job opportunities, to increase ICT and education literacy levels and to achieve costs savings through accessing lower cost products and services sourced over the internet.

In the City of Westminster 86% of residents are connected to the internet at home which is above the national average. However, it is estimated that this figure falls to approximately 65% among residents on the City of Westminster's housing estates which means a large proportion are digitally excluded.

Westminster Council estimates the provision of ultrafast broadband to create up to 92 business start-ups and up to 175 local jobs in the future particularly around social housing estates where small businesses can benefit from the availability of ultrafast broadband services. This ignores the impact of 'infill' as the provision of fibre is rolled out to businesses across the borough.

Residents with access to ultrafast broadband can benefit from access to online education and employment (online jobs sites) and reap the benefits of social media. Broadband also provides an additional means by which the council and the housing association can communicate with and provide services to tenants resulting in an increased number of on-line transactions thereby reducing costs and creating efficiencies and a platform to facilitate local news channels for residents to communicate with each other. A report commissioned by Race Online suggests that consumers can save circa GBP500 per annum by buying goods and services over the internet and by using the Internet to compare the best utility deals.

*Figure A.5: Business growth to be achieved with UBF investment [Source: Analysys Mason, 2012]**

	2013-2014	2014-2015	2015-2016	Future	Totals
Business start-ups resulting from UBF funding[xxiii]	782	809	309	753	2,652
Jobs created as a result of UBF funding	4,313	4,363	1,363	4,355	14,395
Anticipated extra Gross Value Added (GVA) due to UBF	151,078,813	152,830,113	47,752,113	152,549,905	504,210,945

**We are revising the above economic forecasts, including the business and job creation figures, as part of ongoing work with stakeholders during the delivery phase of this project*

Section B – Project management structure and governance

B1 Project governance structure and terms of reference

The GLA uses project methodology and risk management techniques that are approved by the UK Association of Project Management to provide control of progress, expenditure and risk, as well as agreed governance and management reporting mechanisms for this project.

The baseline for the project will be a project initiation document (PID) which will be developed following the award of the funding and prior to commencing with procurement activities.

A project board has been established and has met twice during the development of London's SCCP. The role of the board is to provide project governance and assurance and to ensure the project delivers the required outputs of the appropriate quality, on time and within budget. The project will be managed in line with best practice methodologies and will report to the project board. The Executive Director of Development and Environment is the senior responsible officer (SRO).

In addition GLA adheres to the GLA Group Corporate Governance Framework Agreement which sets out roles and responsibilities of key agents within GLA and the ways in which those agents do and should relate to each other.

Figure B.1: London SCCP Project Board [Source: Analysys Mason, 2012]

Member	Role
Kit Malthouse	Deputy Mayor, Enterprise and Business
Fiona Fletcher-Smith	Executive Director of Development and Environment, GLA (SRO)
Stephen Hodgson	Head of Broadband, DCMS (Non-executive appointment)
Martin Clarke	Executive Director, Resources, GLA
Andrew Collinge	Assistance Director of Intelligence, GLA
Martin Osborne	Information Management Strategy Manager, TFL
Mark Kleinman	Assistance Director Economics and Business Policy Unit, GLA (policy lead director)
Catherine Glossop	Senior Policy Officer Innovation, GLA (economic policy lead)
Tim Griggs	Senior Manager Capital Projects, GLA (project director)
Amjad Mallik	Project Manager Capital Projects, GLA (project manager)

The project team has established the governance structure shown below to manage and oversee the project.

The terms of reference and roles and responsibilities for the Project Board are set out in Annex G.

B2 Project management team

Management of this project will require resources with the following skills and experience:

- Technical knowledge of ultrafast broadband networks
- Market analysis to ensure intervention is applied only in areas that are not expected to be served by the market
- Cost modelling to assess the cost of the intervention in areas not served by the market
- Knowledge of state-aid and its application to broadband networks
- Procurement and negotiation capability
- Understanding of the potential risks and issues involved in a complex infrastructure project involving deployment of core and access infrastructure which will include review and challenge of upfront design, build and test activities for different areas and fixed and wireless technologies
- An understanding of London's economic strategy, and key investment priorities across the boroughs, and in particular across the Olympic host boroughs and the areas targeted for socio-economic convergence and East London regeneration.

As such, the project team comprises of representatives from GLA and Transport for London (TfL), Analysys Mason (telecoms consultants), and Eversheds (legal advisers on state aid). Sufficient GLA budget has been safeguarded to pay for the required external support to ensure successful implementation following this phase.

Figure B.2: Project team [Source: Analysys Mason, 2012]

Team member	Role
Tim Griggs	Project Director, GLA
Amjad Mallik	Project Manager, GLA
Catherine Glossop	Economic policy lead, GLA
Hina Dabasia	Accountant / Finance lead, GLA
TBA	Project Officer Capital Projects, GLA
Stephen Fernandes-Owen	Principal Lawyer – Commercial Law and Major Projects TfL
Justine Curry	Head of Commercial Law, TfL
Tim London	State-aid adviser, Eversheds
Matt Yardley	Project Director, Analysys Mason
Iqbal Singh Bedi	Project Manager, Analysys Mason
Tricia Ragoobar-Prescod	Analyst, Analysys Mason

B3 Risk management strategy and key risks

The GLA proposes to use a four-stage process for managing risk. In summary it involves:

- identifying what could happen. There are two things in particular to identify at the outset of a given project, work-stream or when implementing risk management afresh. The first is the context within which the activity is taking place; the second is the risks themselves – i.e. the uncertain threats and opportunities.
- assessing the probability of a given event happening and the extent of its potential impact. This involves assessing risks against i) the likelihood of a particular threat or opportunity actually occurring; and ii) the estimated effect on one or more objectives of a particular threat or opportunity actually occurring.
- addressing the risk by taking steps to reduce its probability or constrain its impact. Putting in place controls that are proportionate, economical, efficient, effective, timely, straightforward and practical.
- reviewing and reporting on the efficacy of risk controls and mitigations. This ensures risks are reviewed and reported on a periodic basis drawing on input from risk and risk action owners and from others involved in the project or work area.

Figure B.3: Risk management strategy [Source: Analysys Mason, 2012]

Key risks

An outline of some of the immediate risks to the delivery of London's SCCP is provided in Figure B.4. A separate risk management document will be created and maintained by the GLA Project Manager for managing and directing the risks associated with London's SCCP.

Figure B.4: Key risks and mitigation [Source: Analysys Mason, 2012]

Risk	Description	Mitigation
State aid	Operators may be fundamentally opposed to the state aid case (i.e. provision of a 'step change') Change of state-aid position after consultation period (1 September 2012) Lack of data from suppliers at sufficiently high resolution to enable accurate definition of the intervention area boundaries EC is not convinced as to the justification for roll-out of an ultrafast network in the areas covered by the proposal (e.g. there is a lack of evidence of actual demand for the same and/or its pro-competitive effects due to the effect of commercial investments in NGA that have already taken place as well as future plans of commercial operators).	Work with operators to understand how these issues may be addressed Continue collaboration with key stakeholders (BIS, DCMS, EC, Birmingham and other cities) Continue dialogue with suppliers Conduct an open market review (although we note that BT may not provide any more data until a formal procurement has started) Seek support from DCMS on influencing BT in particular in relation to provision of data Sufficient evidence should be available to demonstrate to the EC that the additional requirements re ultrafast broadband will be met, such as: • The new infrastructure would have significantly enhanced technological characteristics compared to existing networks thereby making it future proof • There is expected demand for such qualitative improvements (taking into account what is already planned by private-sector operators) The funding would (taking in to account any major commercial investments in NGA that has already taken place in the relevant areas as well as future plans) lead to a significant, sustainable, pro-competitive and non-temporary technological advancement.
Planning	Planning barriers in relation to the placing of street cabinets, use of street furniture and digging streets and pavements to lay new fibre can be prohibitive	Planned meetings with operators and councils to understand key issues and prevent future occurrence. Use Mayor's influence.
Borough engagement	Not all boroughs have engaged in Stage 2. Key growth programmes may lose out from UBF investment.	The target boroughs have shown an interest, with growth plans in place and areas identified as a priority for regeneration.
Public-sector funding (in addition to the UBF)	Limited availability of public-sector capital funding	Continuous engagement with the host boroughs to state intent to ring-fence capital contribution to this SCCP. The GLA, Tower Hamlets and Westminster have agreed in principle to provide capital funding to support this SCCP. BT has declined to use Newham's fibre network.
Private-sector funding	Total private-sector contribution is expected to be GBP65% but this is likely to require participation of established operators	Design project so as established operators are not alienated Mayor to meet operators to encourage investment
Change in project scope	Central or local government may alter the focus of the project or cause project delay	The boroughs, the Mayor and the Secretary of State have agreed an outline strategy.

B4 Indicators and monitoring effectiveness

There is a wide range of potential benefits that this project could generate directly or enable indirectly and which could therefore be measured. The principles of this proposal are founded on economic growth driven by job creation amongst SMEs and to achieve socio-economic convergence across London, as so these principles will inform the indicators that will be measured:

- GVA uplift
- Jobs created
- Broadband uptake and provision
- New businesses investment
- Improvement in wellbeing and digital inclusion.

The project outcomes and benefits to be measured are discussed in more detail in Section D.

Section C – Funding and resources

C1 Matching funding and resources

The total project cost is estimated to be GBP[redacted] We are confident that this SCCP can generate a significant amount of private-sector investment, at circa GBP[redacted] with just under GBP25 million funding from the UBF, and the remaining (GBP[redacted] from the GLA and the London boroughs of Hackney, Newham, Tower Hamlets and Westminster.

Funding discussions with the boroughs are at an early stage. A proposal has been made to the boroughs that the GLA funds 50% of the GBP[redacted] public-sector contribution and the boroughs split the remainder proportionately (according to the investment need). The GLA and has agreed 'in principle' to provide a capital contribution to this SCCP based upon the presumption that the four London Boroughs benefiting from the UBF will collectively match that contribution. To this end, the London Boroughs of Westminster and Tower Hamlets have agreed 'in principle' to provide a capital contribution to this SCCP; positive discussions are on-going with the remaining boroughs of Hackney and Newham to secure their financial contributions.

[redacted] indicated that in principle it would provide match-funding of [redacted]. Other suppliers have not yet confirmed their investment intentions although we would expect them to invest on a similar basis to [redacted] This ratio is broadly consistent with what we have seen in rural broadband projects in the UK and is a reasonable but conservative basis for planning. It is our intention, however, to maximise the amount of private-sector capital in the project and we believe we can exceed 50% in reality to 65%, not least because of the strategic value we would expect suppliers to place on delivering the London SCCP. The City of Westminster's digital inclusion project for example, aims to be 67% funded by the private sector.

For London's SCCP we have assumed[redacted] private-sector contribution, with the GLA and boroughs combined contributing [redacted] and the UBF contributing [redacted] We believe that these principles will be reflected in the bids that will be submitted via the proposed competitive process.

C2 Modelling used for funding estimate

The fundamental basis of the funding estimate presented above is the cost of deployment for fibre and wireless technologies based on today's prices. Unit costs for deployment of fibre and wireless physical infrastructure have been estimated by Analysys Mason, based on their modelling and experience gained from next generation broadband procurements. The high-level approach and assumptions for pillars 1, 2, 3 and 4 are as follows[xxiv]:

Pillar 1: Tech City fibre

- Existing FTTC premises (commercial and residential) are upgraded to FTTP
- Existing "NGA white" premises and new sites (commercial and residential) are deployed with FTTP
- Premises are passed and connected to the fibre network
- Some re-use of existing duct infrastructure

Pillar 2: East London wireless

- Industry-standard wireless planning approach
- Contingency (that is, additional hotspots) for signal propagation issues has been included
- Backhaul costs are included

Pillar 3: Royal Docks gigabit

- All "NGA white" commercial premises (existing sites and new sites) are deployed with FTTP
- Premises are passed and connected to the fibre network
- No re-use of duct infrastructure, but lower unit costs of deployment used

Pillar 4: Digital inclusion

- Roll out to 22,000 homes
- Premises are passed and connected to the fibre network

We have not taken account of VAT in these figures.

More specific assumptions relating to backhaul allowance and figures for unit costs can be found in Annex F. The underlying detail of the cost model, such as the derivation of unit costs, can be provided upon request.

C3 Capital and revenue spending

At present we have assumed that only capital spending will apply in the latter part of 2013/2014 and in 2014/2015 as the delivery programme gets under way.

The capital funding of GBP[redacted] will be allocated as follows:

- **Pillar 1** (Tech City fibre): GBP[redacted]
- **Pillar 2** (East London wireless): GBP[redacted]
- **Pillar 3** (Royal Docks gigabit): GBP[redacted]
- **Pillar 4** (Digital Inclusion): GBP[redacted]

A detailed spread sheet with a breakdown of costs, sources and assumptions is included in Annex F.

This SCCP anticipates that the GLA and the boroughs will redeploy internal resources and utilise existing working relationships with key agencies to assist in the project deployment and in the demand stimulation phases of this project with a nil impact upon revenue spend. However, it is recognised by the GLA that revenue spend will be incurred in the use of professional services during the procurement and deployment phases of this project. Therefore, the GLA will initiate an internal process to secure revenue funding for professional services upon confirmation of its SCCP funding allocation.

C4 Commercial model(s) to be used

Pillars 1, 2 and 3: Tech City fibre, East London wireless and Royal Docks gigabit

For the first three pillars, we plan to use a grant-funded model which will contribute to covering the costs of the initial deployment of the physical infrastructure. The need and levels of intervention been based upon the application of the balancing test (as used by the EC in assessing broadband intervention measures in both the current and proposed revised broadband guidelines).

The private-sector partner(s) will design, build and operate the networks. We are therefore transferring risk to the private-sector partner(s) whilst also requiring them to invest themselves, hence ensuring good leverage of public-sector funds.

We have considered joint ventures, similar structures and concession-based contracts for these 3 pillars but it is our view they significantly increase complexity and potentially present problems for some suppliers to participate, in particular the more established operators. We believe the selection of a grant-funded commercial model maximises the amount of private-sector capital that the London SCCP can generate, and is therefore preferable to the alternatives.

Specifically on wireless services, we looked at the concession-based contract that O2 has to provide areas of Westminster and Kensington and Chelsea with wireless services. This project has been limited to several high streets and areas of high footfall and we therefore do not believe it is suitable for SCCP East London wireless objective. O2 also stated that it was unlikely to repeat this approach across other areas of London. A more sustainable approach in our opinion is one being proposed by [redacted] by which it plans to provide a wholesale wireless network for wireless service providers to attach their hardware and offer wireless services in return for rent for antenna space, backhaul and power. A grant-funded approach would be compatible with [redacted] plans. The case for intervention is based on the fact that wireless operators do not have plans to extend wireless coverage across the East London DLR route.

Pillar 4: Digital inclusion

Delivery of Pillar 4 envisages the making of a loan on commercial terms or provision of grant funding to Westminster City Council for use in meeting the costs of their digital inclusion project.

The City Council has gone to considerable lengths to attract a partner organisation with the right capabilities to deliver a wholesale open access ultra-fast broadband network for the City of Westminster's social housing premises. A procurement process was commenced in Q4 2008 with the issue of a notice in the supplement to the OJEU requesting expressions of interest in providing wholesale open access ultrafast fibre broadband services. The scope of the procurement was designed to ensure the provision of ultrafast broadband to residence in the pilot project and beyond.

A subsequent competitive dialogue process resulted in the City Council looking to work in partnership [redacted] Westminster City Council and CityWest Homes (the City Council's ALMO responsible for the management of council-owned properties). The benefit of an SPV to the City of Westminster is that they stand to benefit commercially from the deployment of the ultrafast broadband services.

It is expected that a service concession will be granted to [redacted] to design, build, operate and maintain a fibre network on behalf of the City of Westminster for a period of 10 years together with leases for ducting through which [redacted] will deploy fibre to individual homes. This model is therefore different to the one for the other 3 pillars, reflecting its well progressed status and the different commercial considerations involved in social housing projects. The financial model is based upon residents contracting to purchase digital services from [redacted] which will provide the revenue stream against which the scheme will be funded.

In 2012 an extensive options appraisal and due diligence was undertaken by the City of Westminster to establish a business model to ensure services to residents will be of a high and consistent quality, and so that the council's financial and reputational interests are protected. The council will not enter into a contract unless it is sufficiently satisfied as to the commercial viability of the [redacted] venture.

C5 Details of infrastructure ownership

The GLA does not have any strategic intentions to own or operate telecoms assets itself, nor does it wish to create any new telecoms operators for the purpose of this project.

Our approach is to transfer as much risk as possible to private-sector partners. We have therefore designed the SCCP in a way that GLA (as the contracting authority) will not own any of the new infrastructure deployed (fibre and wireless). Instead, the selected private-sector partner(s) will own and operate the infrastructure.

We believe this approach, which allows the private-sector partners to maintain ownership, and to exploit their own assets as far as possible, will ensure a more competitive procurement, deliver high private-sector funding contribution, and ultimately, lead to a more sustainable delivery model.

C6 Benefits realisation strategy and value for money

In our experience, value for money is best established through best practice planning for procurement. Furthermore, given the nature (and especially the complexity) of the SCCP, we anticipate that a competitive dialogue procedure will allow us to work closely with the private sector to ensure that the specifications develop in a way that the market is able to respond to.

This SCCP will deliver a number of strategic outcomes. The project manager will introduce performance monitoring and evaluation schemes to work with the broadband providers, residents and businesses, to ensure the performance of the broadband network is maintained and sustained. These expected outcomes align with our broadband infrastructure's vision and our strategic context. The expected outcomes are listed below:

- **Outcome 1 – Prime locations**: the four pillars will create highly attractive, well-connected prime locations for businesses to thrive, and more families will choose these areas as a place to live and work. The boroughs will monitor the general level of satisfaction of residents and businesses through online surveys.

- **Outcome 2 – New jobs**: three of the four pillars will indirectly secure new jobs, e.g.

  – 175 new jobs in the City of Westminster by 2015/16,
  – 9347 jobs in Royal Docks (of which 6000 will be created by 2015/15),
  – 4873 jobs in Tech City (of which 3940 will be created by 2015/16).

  The boroughs and the GLA will monitor the performance of the local labour market and residents' ability to access employment; the employment rate, economic activity and levels of youth unemployment.

  **We are revising the economic forecasts, including the business and job creation figures, as part of ongoing work with stakeholders during the delivery phase of this project*

- **Outcome 3 – Skilled people**: the number of skilled people in the investment areas will increase, particularly in the City of Westminster's social housing estates. The City of Westminster will monitor the growth in skills, and the local opportunities for residents to develop their skills, such as the percentage of social housing residents who have received online-training.

- **Outcome 4 –Tech-based companies**: increased numbers of technology-based, high-growth innovative companies. The boroughs will monitor the annual GVA, the growth rate, and GVA per head to ensure they meet the GBP504 million target set out earlier in this SCCP. London & Partners will also monitor levels of science and tech investment into SCCP areas post-delivery, such as in the Royal Docks.

- **Outcome 5 – Low-carbon economy**: reduced reliance on transport by residents and businesses, and the development of a low-carbon economy. We will monitor levels of home or flexible working where this is available through national data sets.

- **Outcome 6 – Take-up and provision**: the provision of and take-up of ultrafast broadband services will be measured. These indicators underpin the basis for business investment which create jobs and generate GVA. The level of take-up will be monitored through continuous engagement with local residents and businesses, and through on-going consultation with the broadband providers as part of our efforts to maximise competition in the market and choice for Londoners. Therefore the following aspects will also be measured:

– provision of ultrafast broadband services to all regions encompassed by the four pillars by 2015

– take-up of ultrafast broadband services across to all regions encompassed by the four pillars by 2015

Note – Analysys Mason has tracked the early take-up of FTTP services globally and estimates it to be around 5% and 10% for the first 2 and 3 years (respectively) following deployment of FTTP infrastructure. We have used these assumptions to develop this SCCPs take-up targets, see Figure C.1.

Figure C.1: Benefits realisation [Source: Analysys Mason, 2012]

Desired benefit	Stakeholders affected	Outcomes displayed if benefit	Current baseline measure	Person responsible	Target date
Provision of ultrafast broadband to Westminster social housing	[redacted]	100% availability across all social housing	No provision at present	Daniel McCarthy (Westminster)	Q4 2013/14
Take-up of ultrafast broadband to Westminster social housing	[redacted]	70% take-up	No take-up at present	Daniel McCarthy (Westminster)	2018/19
Provision of ultrafast broadband fibre to Tech City	Commercial service providers, London boroughs	100% availability across all premises	No provision at present	Duncan Ray (Hackney) James Collier (Newham) Huw Morgan Thomas (Tower Hamlets)	Q1 2014/15

Desired benefit	Stakeholders affected	Outcomes displayed if benefit	Current baseline measure	Person responsible	Target date
Take-up of ultrafast broadband services in Tech City	Commercial service providers, London boroughs	5% and 10% take-up across all premises	No take-up at present	Duncan Ray (Hackney) James Collier (Newham) Huw Morgan Thomas (Tower Hamlets)	Q1 2016/17 and Q1 2017/18 respectively
Provision of gigabit fibre to Royal Docks	Commercial service providers, Newham	100% availability across business premises	No provision at present	James Collier (Newham)	Q1 2014/15
Take-up of gigabit fibre services in Tech City	Commercial service providers, Newham	5% and 10% take-up across all premises	No take-up at present	James Collier (Newham)	Q1 2016/17 and Q1 2017/18 respectively
Provision of Wireless to DLR stations	Commercial service providers, Newham	100% availability across earmarked stations	No provision at present	James Collier (Newham)	Q1 2014/15
Take-up of wireless connectivity across DLR stations	Commercial service providers, Newham	10% and 20% take-up across travellers	No take-up at present	James Collier (Newham)	Q1 2016/17 and Q1 2017/18 respectively

C7 Funding table

[redacted]

Section D –Delivery and procurement plans

D1 Scope of project and procurement routes

D1.1 Scope of services for Tech City fibre, Royal Docks gigabit and Digital inclusion

The selected partner(s) will be awarded grant funding (although in the case of Westminster investment may be made by way of loan on commercial terms) as a contribution to the costs of designing, building and operating the fibre networks in Tech City, the Royal Docks and Digital Inclusion pillars. This will enable their provision of:

- passive duct network
- core backbone network (where applicable)
- middle mile (distribution) network (where applicable)
- access network to customer premises (in all cases)
- upgrades of exchanges and street cabinets (where applicable)
- the necessary systems are in process to enable wholesale services to be provided to the market.

As a condition of the funding the selected partner(s) will be required to provide wholesale access services to enable retail service provider to offer services to:

- businesses, in particular SMEs
- public-sector and education institutes
- third-sector organisations
- residential premises.

The selected partner(s) will also be responsible for submitting early-stage planning applications to the London boroughs to ensure they are aware of the planned street works and placing of cabinets or other street furniture.

D1.1.1 Tech City fibre

The selected partner(s) will be required to upgrade business and residential premises within the existing old Tech City boundary to FTTP connections in order to enable speeds of up hundreds of Mbit/s to be achieved. Subsequently the partner will also be required to extend provision of these FTTP services across the evolving Tech City boundary which extends from ‘old Tech City’ from Silicon Roundabout in Shoreditch towards the Olympic Park to ‘new Tech City’, i.e. from the Olympic Park south via Canning Town towards Victoria Docks.

D1.1.2 Royal Docks gigabit

The selected partner(s) will be awarded grant funding as a contribution to its costs of designing, building and operating the fibre gigabit network in East London. This will enable the provision of:

- Silvertown Quays – commercial and leisure space
- Royal Albert Dock – commercial and mixed land use
- Siemens Crystal – exhibition space
- Royals Business Park Phase 2 – hotel complex

D1.1.2 Digital Inclusion

The funding (by way of grant funding or commercial loan) will enable the partner to undertake an initial pilot roll-out to a limited number of social housing properties that will be identified by Westminster Council. This initial pilot will be used to verify the technical and commercial feasibility of the delivery model. Following the pilot and incorporating any changes as a result of the pilot, the selected partner will be required to roll out the duct and fibre network across The City of Westminster's social housing stock in several phases.

D1.2 Scope of services for East London wireless provision

The selected partner will be required to design, build and operate the wireless network in East London. This will include the provision of:

- passive infrastructure (where none available) for mounting of wireless hardware
- wireless equipment and associated ancillaries
- backhaul infrastructure (where applicable)
- the necessary systems are process to enable wholesale services to be provided to the market.

The selected partner(s) will be required to provide wholesale access services to enable retail service provider to offer services to:

- business or leisure tourists
- local workers
- local residents.

The suppliers will be responsible for submitting early-stage planning applications to the London boroughs to ensure they are aware of the planned street works and placing of cabinets or other street furniture.

At this stage the supplier will also be required to attract interest from wireless ISPs to deploy wireless infrastructure onto its wholesale network.

D1.3 Procurement approach

The key procurement activities to be completed in this project are as follows:

Pre-procurement planning and selection of procurement procedure

Our proposal adopts a grant funding approach not covered by the Public Contracts Regulations 2006 ('Regulations'). However, in order to stimulate competition in the relevant markets and to achieve value for money we have chosen to procure Pillar 1,2 and 3 partner(s) using procedures outlined in the Regulations (albeit on a non-mandatory basis).

The regulations provide four main procurement procedures*:*

- open procedure
- restricted procedure
- competitive dialogue
- competitive negotiated.

The factors involved in the decision include overall value, affordability, flexibility, control, competition, continuity, complexity, scalability and speed of implementation. The appropriate procedure depends on a number of issues including the scope of the work under consideration and the expected complexity of the contracts. We considered use of the open and restricted procedures but have decided on the use of the competitive dialogue process. The procurement in question can be considered particularly complex given the complexity of the potential solutions, financial model for delivery (including the leveraging by bidders of private- and public-sector support and funding), issues surrounding state-aid and ultrafast broadband provision and the current uncertainty of BT fibre provision at a street level across London. Accordingly use of competitive dialogue will enable the establishment of key facts that can be used to refine the solution, achieve value for money for the GLA and the optimum benefit for London.

It should be noted that the City of Westminster has already concluded its competitive dialogue process to secure a technology partner for the delivery of its fibre networks. A contract is likely to be signed with the preferred partner, [redacted] once the UBF has been awarded. The optimal commercial agreement with [redacted] is still being investigated by the GLA but it is likely to be either a grant fund or a commercial loan and will be finalised once the UBF has been awarded.

We are also mindful of the Cabinet Office's programme of streamlining public-sector procurement to reduce procurement timescales and costs, and to remove the sometimes lengthy dialogue phase of competitive dialogue procurements.

For the first three pillars, it is envisaged at this stage that two sets of procurement documents will be issued, i.e. one for wireless services (Pillar 2) and one for fixed services (Pillars 1 and 3). This approach will allow the maximum number of responses to be received from fixed and wireless operators as not all operators have the capability to provide fixed and wireless services. It is possible however that the larger service providers will respond to both fixed and wireless procurements in which case a single technology partner may be appointed for the provision of Royal Docks gigabit, Tech City fibre and East London Wireless.

External legal, technical and commercial expertise will be sourced where required to assist the GLA with the undertaking of the competitive dialogue in conjunction with commercial advice from TfL (GLA's adviser). Professional fees for this cannot be determined at this stage, however, engagement with professional advisers is likely to be for several months at a time across the duration of approximately two years. The GLA will initiate an internal process to secure revenue funding for professional services upon confirmation of its SCCP funding allocation.

Acquisition stage

A detailed procurement strategy will be developed in conjunction with TfL's procurement function (who discharge the GLA's procurement function) and the main acquisition / procurement may include the following activities:

- issue PIN and OJEU notice
- funding engagement
- supplier communication of the plan
- supplier briefings
- dialogue meetings
- evaluation and selection stages.

Through-life management stage

This stage includes the following activities

- oversight and management of funding and commissioning
- intelligent client functions of customer management, delivery management, service evaluation and acceptance, service management and contract administration
- managing strategic issues and supplier relationship management
- overseeing renewal and termination.

D2 Project plan and dependencies

A programme plan is set out in Annex L.

The following activities are planned immediately following the submission of the SCCP:

- Detailed market consultation with key suppliers: this will help refine the boundaries of the intervention. We note that BT has stated that it will not offer any additional information until the procurement commences formally.
- Demand survey: GLA will embark on a demand survey amongst the targeted areas to gather detailed information on the specific needs of users, particularly SMEs in Tech City and Royal Docks.
- State aid notification: GLA and TfL will initiate development of the outline state-aid notification process and engage with BIS to discuss the basis for the case.

We are confident that this SCCP can be delivered by the end of the 2014/15 financial year: with a decision from DCMS in September 2012, we will prepare for procurement through to the end of 2012 (including raising market awareness of the opportunity via a PIN notice), commence procurement in January 2013 and close the procurement with contract award in December 2013. The state aid notification process is expected to run in parallel with the procurement through 2013 and enable contract award in December 2013. The selected private-sector partners would mobilise in early 2014 and have 15 months to deploy, a period which we believe to be reasonable will enable successful delivery of London's SCCP.

Our plans for Tech City fibre and Royal Docks gigabit will require extensive technical design and planning permissions and will be expected to take the longest to complete. Preparation work that can assist this will be prioritised by GLA - such as coordinating planning for streetworks.

D3 Expedited planning, wayleaves, streetworks and other permission

The issues associated with planning permissions for placing street cabinets in particular and obtaining planning for street works are complex and varied. For this reason the GLA will designate a role for a planning coordinator to oversee the planning application process and to liaise between the borough planning authorities and the operator planning teams.

The issues can be classified relating to two groups, i.e. planning authorities and service providers.

Planning authorities are concerned about the behavioural aspects of service providers when placing street cabinets[xxv]:

- placing them without planning permission and applying for planning permission retrospectively
- using them for advertising purposes to bypass planning restrictions.

The boroughs are also concerned that the street cabinets being placed beside old street cabinets (used for telephony) are unsightly particularly in conservation areas. This was the basis upon which Kensington and Chelsea Council refused BT planning permission to place street cabinets.

Openreach has confirmed that it is conducting trials of smaller and combined telephony and FTTC/FTTP street cabinets in Cornwall which will negate the need for an additional street cabinets. It also is likely that over time, as the technology evolves, street cabinets will reduce in size and that BT will commence a replacement programme. This is likely to overcome at least some of the concerns about the aesthetics of street cabinets.

Openreach has made the following statement:

"[We] will engage with all Local Authorities as required and follow all required planning legislation when delivering an NGA network. Openreach's network of local planners is likely to have worked with planners in the Local Authority historically and may have built up informal relationships. Where NGA deployment is part of a bid, the Programme Team would be expected to

engage with the Local Authority to keep them informed of the likely submission of planning applications."

Service providers are concerned that planning authorities spend too long approving planning permissions, which may give rise to the behaviours being demonstrated by the service providers.

In response, London boroughs which will be impacted by this SCCP have been consulted in order to ensure that the installation of infrastructure will not delay delivery plans. Feedback from consultations confirms that the Councils are committed to delivering London's SCCP and that early engagement will ensure a positive outcome.

Additionally, the Utility Senior Directors Group (which includes BT) meets quarterly to ensure that any disruption to Londoners as a result of roadworks is kept to a minimum. They will work with all London boroughs to support a more consistent approach to providing information and meeting environmental health requirements. Work has also begun to update the Mayor's Voluntary Code of Conduct for Roadworks, which looks to promote good practice and encourage more coordinated working between utilities and highway authorities.

D3.1 London Borough of Tower Hamlets

The London Borough of Tower Hamlets planning policy documents require a process of public consultation. However, the Council and its partners have stated they have a positive and collaborative approach to development management and encourage anyone considering making an application for planning permission to undertake pre-application advice from them. Structured pre-application discussions help to provide certainty over the likelihood of planning permission being granted and help to iron out difficult planning issues at an early stage in the development design process.

D3.2 London Borough of Newham

Newham Council has clear procedures set out through the London Permitting scheme for road and street works. The highway authorities would need to work within these procedures in order to facilitate upgrading of digital infrastructure. A key element of this is planning and collaboration of the work. This borough, and others, would seek to engage those wishing to upgrade the apparatus at an early stage so that the works can be planned and delivered to the necessary timescales taking into account other planned works and the need to manage the impact of the road works on traffic etc. This planning would also allow the timely processing of any necessary road closures or parking restrictions to accommodate these works.

D3.3 London Borough of Hackney

There would be no intention to work outside the London Permitting scheme and this should not be necessary if work promoters fully engage with Highway Authority elements of the councils at an early planning stage. Hackney Council has a well-rounded appreciation of the local economy and

the key drivers of growth. In particular that means recognising the importance of Tech City (for example) and the need to prioritise processing of applications related to upgrading of our digital infrastructure.

D3.4 City of Westminster

Westminster Council would use an agreed expedited transactions procedure of which comparable situations have been used previously. Through the City of Westminster's legal contractors we would use the streamlined system already in place for public street work licences with instructions taken on line enabling milestones to be tracked.

Finally, to coordinate planning activities, the GLA is taking steps to create a code of conduct for service providers to adhere to. Service providers will be asked as part of the pre-procurement to ensure they abide by this code of conduct to ensure planning issues are mitigated at an early stage of the process.

D4 Engagement with private land and property owners

D4.1 London Borough of Newham

One of the most significant landowners in the Royal Docks is the GLA. 80% of GLA's available land holdings are in Newham, supplemented by the borough's own land at Canning Town and Custom House.

The London Borough of Newham has a good working relationship at operational, senior and political levels of the GLA. Through this link it is possible to facilitate site access for the deployment of digital infrastructure.

The London Borough of Newham has a proactive regeneration and inward investment agenda that involves various forms of engagement with land and property owners within Royal Docks and across the borough. This includes a Developer Group Forum which brings together landholders and developers and meets once a month to support delivery of individual projects. The forum would seek to support this bid.

D4.2 City of Westminster

The pilot phase of the digital inclusion project will be used to confirm the concept, verify demand levels and demonstrate the successes and benefits which this SCCP will deliver from improved access to digital connectivity. This will include reductions to the costs of providing landlord services. Westminster and the other councils will use this evidence base to demonstrate to its network of both private and social landlords the benefits of installing the ultrafast broadband services in their own properties.

D4.3 London Borough of Hackney

The London Borough of Hackney is working closely with developers to ensure that they build into their schemes the provision for high-speed broadband across their developments. This is done at an early stage by the Regeneration Delivery team via the 'Invest in Hackney' service that helps new businesses move into the borough, providing a 'one stop shop' for everything from licensing, planning to helping with infrastructure provision.

D4.4 London Borough of Tower Hamlets

Engagement with the large commercial landlords in the London Borough of Tower Hamlets is vital to success in a number of objectives of the Enterprise Strategy which has recently been adopted by the Council.

The Council has recently been awarded GBP100 000 by the Government under the High Street Innovation Fund to support town centres in the borough. The engagement of commercial landlords is a vital part of this work, and the Council therefore intends to identify the large commercial landowners in the borough later this year with a view to engaging them in work relevant to Tech City and town centre initiatives. This work can be done in parallel with planning for an extension in ultrafast broadband.

D5 Fit with government's SME strategy[xxvi]

SMEs are a critical source of future job creation. The Department of Business Innovation and Skills has been focusing recent efforts on building a more entrepreneurial culture (such as inspiring people to start a business, through for example 'Business In You'); enhancing access to finance and mentoring (such as through the GrowthAccelerator) and maximising the availability of public data (such as the establishment of the Open Data Institute in East London – to incubate new businesses that exploit open data, led by the Cabinet Office) and public-sector contracts.

The Mayor's activity has been in line with this. During his second term the Mayor will increase the focus on supporting small business growth. Both the Mayor of London and the Prime Minister, for example, endorse Tech City and will ensure its continued growth.

This SCCP holds SME growth as central to its investment plan, reflected in the focus on affordable and accessible connectivity, up to gigabit bandwidth to meet the needs of the most demanding SMEs, acknowledging the blurring of the boundary between home and work – all to ensure East London offers a complete innovation ecosystem to nurture firm growth.

Section E – Digital-led economic growth and innovation

E1 Job creation initiatives and strategy

This SCCP will be critical to realising the Mayor's objectives for job creation – through supporting growth among new and existing firms, and attracting additional investment. London needs to diversify the economic base away from a reliance on financial services towards growth in science and technology. This SCCP provides the critical underpinning infrastructure to achieve this. This ambition is strategically supported by:

- **The London Plan** (2011): plans for a diverse economy, aims to support clusters of research, innovation and entrepreneurship – and the emergence of new economic sectors. The Plan supports regeneration and growth east, supported by investment in infrastructure to optimise opportunity areas (such as the Royal Docks, Lower and Upper Lee Valley and Croydon) and intensification areas (such as Holborn and Dalston). This includes facilitating the delivery of ICT and competitive broadband access to meet business need. More specifically the Implementation Plan (for consultation, 2012) promotes the expansion of superfast broadband to support the growth of high-tech firms, and identifies white areas that need to be addressed.

- **The Mayor's Cultural Strategy** (2011): aims to maintain London's position as creative and cultural capital (of which digital is a core part), which makes a vital contribution to London's economy (turnover of GBP18 billion) and job creation (employing over half a million [check number] people and growing), as well as an important driver of regeneration.

- **The Mayor's approach to supporting the digital economy** (in development, 2012): London is Europe's digital capital. During the Mayor's second term the GLA will work closely with the Office of the Prime Minister, Tech City Investment Organisation and London & Partners to step up support to small businesses and maximise inward investment opportunities - attracting global talent, creating jobs and spurring innovation. The Mayor will ensure London offers entrepreneurs the most nurturing environment (from ensuring the provision of accelerator spaces to skills and access to finance); will provide leadership in open data (enabling entrepreneurs to exploit data and innovate through smart phone app development, accelerating the development of smart cities infrastructure); and will help young people access future employment opportunities.

- **The Mayor's life science strategy** (in progress, 2012): aims for London to be a global biotech hub that will rival more established centres such as Boston and San Francisco. The Mayor is supporting this activity by facilitating coordination between London's three Academic Health Science Centres, maximising the opportunities for London in health informatics, and working with London & Partners to promote London's strengths internationally to attract inward investment.

- **Royal Docks Enterprise Zone:** the Royal Docks present an opportunity to maximise long-term job creation, supporting the Mayor's priority for growth in East London and building on 30 years of regeneration in the wider area. Regeneration of the Royal Docks will support the economic convergence of East London with the rest of the capital. Enterprise Zone (EZ) status provides an opportunity to help address market failures caused by derelict land, poor connections, poor quality environment and high local unemployment which have left the area under-developed. Recent and future investment provides the backdrop to a much improved offer at the Royal Docks. However, EZ status, the package of incentives on offer and focused leadership towards achieving the vision are required to ensure that as significant levels of jobs and growth come to the area once again they support London's wider aspirations for economic growth and are a catalyst for change across the whole area. London today faces opportunities and challenges in a new breed of fast growing sectors that require the commercialisation of knowledge and the deepening of innovation systems. Investing in digital connectivity in the Royal Docks presents an opportunity to help the area realise its economic potential. Despite having EZ status operators do not have plans to provide affordable gigabit fibre connections or alternative fibre networks that are conducive to the needs of hi-tech organisations.

- **Olympic Park and surrounding area:** the legacy of the London 2012 Olympic and Paralympic Games for East London is 'London's single most important regeneration project for the next 25 years'. This is because the East London boroughs around the Olympic Park combine some of the capital's most deprived communities with one of the most significant opportunities for investment and enhanced profile that London has ever seen. In April 2012, long-term responsibility for what will become the Queen Elizabeth Olympic Park passed to the Mayor with the creation of a mayoral development corporation covering the park and surrounding 'Olympic fringe' areas. The London Legacy Development Corporation has taken on the programmes and assets of the Olympic Park Legacy Company, which has laid the foundations for a world-class city district in and around the park. Since 2009, the Legacy Company has laid outstanding foundations for the long term, by settling its master plan for the park, securing a funding settlement from government to complete its post-games transformation and staying on track to secure long-term tenants or operators for the permanent venues and facilities in the park – something no previous host city has achieved. The economic strategy for the park builds on the unrivalled transport connections at Stratford regional and international stations, and is designed to complement the Westfield Stratford City retail and commercial development and the proposed development by Lend Lease in the International Quarter. Its centrepiece employment generator will be the International Broadcast Centre and Main Press Centre, located in the park's north-west corner, at which the Legacy Company is seeking to create a vibrant new commercial district with a wide range of sustainable employment opportunities. The facility is uniquely placed to benefit from its own inherited cutting-edge technological assets, its position neighbouring Tech City and the existing creative industry cluster in neighbouring Hackney Wick. In 2011, the Legacy Company invited bids for legacy uses of the Broadcast and Press Centres. iCITY has been announced as sole preferred bidder. iCITY aims to create a leading centre for technology, design and research with the

potential to generate more than 4000 jobs in the Olympic Park. The digital hub would harness innovation and creativity in East London.

Aligned with the above the relevant London boroughs also have their own strategies for creating new jobs and attracting businesses – such as Tower Hamlets Fish Island Area Action Plan, which supports the growth of SMEs in creative and tech sectors, capitalising on the established clusters nearby. Some of these are described in the sections below.

E1.1 London Borough of Newham

The London Borough of Newham intends to build on the Royal Docks' existing assets to create a world-class business destination. With the University of East London, City Airport, ExCeL and strong links to Canary Wharf, the O2 and the City, the Royal Docks is already an attractive location for international businesses. The opening of the Siemens Pavilion will consolidate the Royal Docks on the national and international stage as a place for supporting new technology and innovation. The GLA and the London Borough of Newham will work closely with Siemens, the University of East London and other research establishments and universities to identify opportunities for innovation and research, develop links between academia and high-tech manufacturing.

The GLA will work with the London Borough of Newham to encourage business headquarters, research and manufacturing to locate in the Royals Docks. The London Borough of Newham offers a significant element of inward investment aftercare provision, including business support officers to smooth the arrival of investors and a dedicated employment brokerage service, Workplace. A free recruitment service for new investors can also be provided, with each supplied with a dedicated Account Management Team. Pre-recruitment training designed in consultation with employers (John Lewis Partnership, Aspers and Marks and Spencer have been recent clients) has successfully placed 12 000 Newham residents into work in last 5 years.

E1.2 City of Westminster

The City of Westminster's economy contributes a huge amount to the wider London and national economy while at the same time contains some of the most deprived wards for employment, education and child poverty in the country. The council's role in supporting business is to be a business-friendly council, ensuring that the City of Westminster remains a highly supportive environment in which to do business; to assist businesses in getting their voices heard; and to provide entrepreneurial residents of all ages in disadvantaged communities clear routes to self-employment.

The City Council currently commissions and is seeking to expand a programme of Workplace Co-ordinators based in the West End. The Workplace Co-ordinator model has been developed by the City Council's regeneration partner Cross River Partnership. The co-ordinators are hosted by the Crown Estate and provide a single gateway for West End businesses to recruit local people. The workplace co-ordinator programme supports workless Westminster residents into sustained central

West End jobs. The City Council would look to expand this model and link with other commissioned employment programmes delivered by partners including City West Homes.

The City Council sees the opportunity to use the ultrafast broadband connectivity for encouraging an innovative and emerging new business model that has been termed 'hyperspecialization'. This method of crowd-resourcing micro tasks is already being used successfully in the computer programming and call centre industries. The e-wallet service which forms part of our proposal will facilitate the micro-payments required for completed tasks. It is envisaged that this type of model will be used to provide customer support for the proposed broadband service. We also see an opportunity to use this type of business model to carry out some of the tasks currently undertaken by the Council. It is anticipated many other businesses will be attracted by this new business model. It provides a new route to employment for people who have found it difficult to enter the traditional job markets such as carers and the disabled.

E1.3 London Borough of Hackney

The London Borough of Hackney has several on-going initiatives to attract businesses and create jobs, especially in the tech and creative sectors. The local authority works closely with London & Partners and UKTI on supply and demand pipelines. They have helped to relocate numerous technical businesses into the borough and are aware of upcoming properties to be leased directly from the developer, thus being able to prioritise businesses and give them a head start. The London Borough of Hackney is also working hard to link local residents to these new employment opportunities, for example through establishing links between Hackney Community College and Tech City businesses to develop a Tech City Apprenticeship programme.

E1.4 London Borough of Tower Hamlets

The London Borough of Tower Hamlets is not part of an Enterprise Zone, however, the High Street Innovation Fund initiative will provide conditions in some parts of the borough equivalent to many of the benefits conferred by Enterprise Zone status. It is hoped this will create business start-ups and relocations of existing businesses to the borough. The SCCP will complement the High Street Innovation Fund - further attracting new firms and the growth of existing businesses.

Other business support initiatives include a proactive strategy to help small businesses become part of the supply chain of larger enterprises in Canary Wharf and the City of London. The Bishops Square Procurement Support Project for example, managed by East London Business Place has resulted in over GBP1 million additional contracts awarded to local SMEs. East London Business Place will also be involved in the delivery of an ERDF funded SME procurement capacity-raising initiative 'Fit for Legacy' which will continue until 2014.

E2 Growing business capability

Ultrafast broadband will benefit London SMEs through enabling:

- **Business expansion** – Ultrafast broadband can provide businesses with an opportunity for greater innovation, increased access to new markets and greater consumer choice, compared to that experienced with the current generation of broadband technology.

- **Improved data security** – Faster connectivity, greater consistency, higher quality and improved reliability of service is very useful for backup arrangements as it will facilitate vital data back-up and multiple, real-time, high-definition data transmissions.

- **Improved resilience and business continuity** – businesses requiring resilient connections for business continuity purposes will have greater choice of broadband providers. Alternative broadband services can then be taken to safe guard against any network outages (as have been reported by businesses in Tech City) rather than relying on a single supplier for both connections.

- **Business transformation** – Business transformation is allowing many local authorities to automate manual processes, streamline customer operations and move towards an online culture to improve service delivery and efficiency targets. Government initiatives such as e-government and telehealth also require Governments and users to have access to fast and reliable broadband connections;

- **Lower cost base** – a competitive market will drive the price of broadband connections downwards, thus improving the fixed costs incurred by SMEs, particularly start-ups.

- **Cluster development** – in the R&D&I Guidelines the EC states that aid for innovation clusters aims at tackling market failures linked with coordination problems hampering the development of clusters, or limiting the interaction and knowledge flows within clusters. State aid could contribute in two ways to this problem: first by supporting the investment in open and shared infrastructures for innovation clusters, and secondly by supporting cluster animation, so that collaboration, networking and learning is enhanced.

E3 Proposals for innovation, public and on-line services

Over the past two years the GLA has been leading the way in its data release programme and ‘open data’ initiatives designed to drive innovation amongst businesses and encourage the take-up of broadband services. These are described below:

- **The London Datastore:** the London Datastore has stimulated innovation and economic activity through the creation of new apps and other imaginative uses of public data – including previously unavailable London overground rail data and real-time bus information.

    – Searching ‘London transport’ returns 468 apps

  - TfL launched live bus times on its website. There are already 14 apps on the Android market
  - Bus Checker was in the top three travel apps on iTunes for over six weeks

- **iCity:** The iCity project – a joint, EU-funded venture between London, Barcelona, Geneva and Bologna – is taking London's 'open data' agenda a stage further by opening up access to public infrastructure. iCity will create a platform that links the APIs of data streams from public infrastructure and make this available to enable the private sector to create apps that will improve the lives of Londoners, and facilitate the development of smart cities. This will also help create an EU wide market place for the private sector. Please note this is a different initiative to the iCity project that will be located on the Olympic Park

- **Future Cities Demonstrator:** London has submitted plans for a future cities demonstrator to be located on the Royal Docks and surrounds in East London – building on London's higher education and business expertise in this area. The centre will demonstrate the interface between city systems in health, transport, IT and energy, and (if successful) will position London at the forefront of smart cities innovation. London has been awarded GBP50 000 from the Technology Strategy Board to undertake a full feasibility study.

- **Dot London:** The Mayor is also creating a top level domain for London, 'Dot London' to build London's position as a centre for digital innovation encouraging the use of London domains in 'smart cities' technologies, location based services and personalised URLs.

The boroughs, too, have been engaging in similar activities, as described below:

E3.1 London Borough of Newham

Newham Council has already made large numbers of its services accessible online and is in the process of encouraging further channel switching amongst residents who are accessing services. Take-up of online services amongst those with online access has increased strongly over the last year, approaching half of all Newham's customer services are now transacted online or via automated telephony channels. The London Borough of Newham also has an excellent track record through schemes such as 'Wired Up Communities' for exploiting Council ICT assets such as dark fibre and working alongside community groups. This has allowed the London Borough of Newham to get some of its lower income residents in council housing online and able to access a variety of ICT services such as the Internet, training, software licences and video creation and publishing opportunities.

E3.2 City of Westminster

The digital inclusion initiative will deliver a range of online services to all the City of Westminster's social tenants and leaseholders at no cost to the recipient (rather than the current scenario where online services are only available to households who are able to pay a market rate for Internet access). By not having access to online services residents are disadvantaged and this

will increase as society becomes increasingly dependent on connectivity. The City of Westminster is exploring the development of a whole range of additional services including the following:

- healthcare benefits, such as virtual surgeries, warden call systems
- virtual resident meetings, steering group meetings
- community news and radio channels estate-based webcam CCTV

By providing affordable ultrafast broadband services, the City of Westminster will enable residents to:

- access community news and information on events and services
- access a wider range of consumer goods and services at lower prices. This will also save time and money on transport
- create better education and employment outcomes, in turn improving earning
- helping residents stay in touch with friends and family, reducing isolation and loneliness.

As demonstrated elsewhere the City Council wants to continue to be a business-friendly council, ensuring that the City of Westminster remains a highly supportive environment in which to do business. They will use this initiative to enhance the council's relationship with businesses to ensure that all transactions with the council are simple, efficient and speedy.

The Council is investing significant change resource over the next two years in its Customer Programme. This programme is reviewing every service the Council provides to residents, visitors and businesses and re-designing the customer interfaces so that all appropriate services are available on-line.

E3.3. London Borough of Tower Hamlets

As part of the delivery of a newly-approved Enterprise Strategy, Tower Hamlets Council is creating a new set of enterprise pages which will deal with a range of issues. There will be improvements in information given about the benefits of ecommerce and use of improved ICT infrastructure, more interactivity and better information about available business premises. Ideas for interactive business networking forums will be considered, and online surveys of business opinion conducted to receive opinions about how the service can be further improved.

E4 Stimulation of additional private-sector investment

Private-sector investment is expected to be at around [redacted] of the total funding requirement. This is justified on two bases: Firstly private-sector investment in rural superfast broadband projects has been at around the 40-50% level. Therefore it is likely that they are able to invest beyond this in an urban context which is a significantly more attractive commercial proposition for operators.

Reflecting London's unique investment potential and profile, it is reasonable for this SCCP to secure significant private-sector support compared to other urban areas in the UK. The inclusion of residential premises in Tech City should further increase the attractiveness of the proposition to the private sector. Moreover, it provides an international showcase, and providers will want to be seen to be providing the platform for digital innovations that will be under way.

The level of investment being channelled into East London and the Olympics combined with the region's Enterprise Zone status will increase the attractiveness of the Royal Docks to the private sector. This presents suppliers with significant revenue potential thus increasing their propensity to invest in the Royal Docks.

E5 Raising the level of knowledge-based skills

E5.1 The GLA

The GLA has in place a number of employment and skills initiatives.

Through procurement of this project and other major investment projects the GLA group has stated its desire to lead by example in skills and employment practices to make opportunities available to young people in education, employment, training and to ex-offenders. In particular, the Mayor has pledged to achieve 250 000 apprenticeships across London by the end of his term and 200 000 new gross additional jobs due to GLA interventions in the same period.

In addition, the Mayor of London co-chairs the business-led London Enterprise Panel (LEP), established in February 2012, which advises the Mayor on a number of areas including on actions to promote the acquisition of skills for sustained employment in London. The only statutory sub-group of the LEP, the Skills and Employment Working Group, is focused on two areas, namely to:

- work to equip Londoners with the skills to enable them to compete for London's jobs
- increase the number of Londoners in sustained employment.

The Mayor is also committed to a legacy from the London 2012 Games that is focused on people and skills. The Mayor has established the London 2012 Employment and Skills Taskforce, the overall efforts of which have helped over 37 000 workless Londoners into jobs as a result of Games-related initiatives, and has directly funded programmes aimed at helping Londoners take advantage of employment and training opportunities linked to the Games including a multi-million programme focused on the East London host boroughs.

In addition, the Mayor supports bottom up initiatives to raise aspiration and develop tech-related skills, including 'DevCamp', which has provided 13-18 year olds with up-to-the-minute digital skills and exposure to role models from the tech sector. The Mayor is also supporting digital business engagement in the Mayoral academies with partners such as Cisco and hopes to extend this across schools in the Olympic host boroughs.

E5.2 London Borough of Newham

A multi-million pound investment by the borough as part of the Workplace initiative aims to uplift the employability skills of individual residents to meet the specific requirements of investors. This includes basic IT skills for the workplace.

Residents seeking higher IT literacy skills can engage in extra training delivered at the Centre for Innovation and Partnership, the Royal Docks Business School and the University of East London ranging from Microsoft Office through to programming techniques and software engineering.

Further the Council has experience in working with local community groups to provide both face to face and online training opportunities to improve ICT skills.

E5.3 City of Westminster

Westminster City Council will work with a range of partners to ensure that households are

- trained and supported in using the services on offer
- make use of these to achieve training and employment outcomes.

Through a range of media the City Council will seek to promote the opportunities afforded by broadband connectivity and exploit these to deliver a range of knowledge-enhancing outputs. Four examples below illustrate how the Council is already maximising contact with residents to develop skills and use what the new infrastructure can offer.

1. The City Council has worked with its Adult Education Service to deliver computer literacy classes for parents through children attending after-school homework clubs. The council capitalised on children's participation in homework clubs to draw parents into their children's learning and over a number of sessions enabled parents to improve their own IT skills.
2. The City Council currently commissions an organisation working with older people to deliver a virtual friendship network to similar minded isolated older people. They would look to integrate these activities with the expanded broadband connectivity of tenants. The bandwidth available on the fibre-optic network would enable these virtual friendship networks to make use of both audio and video conferencing services where appropriate.
3. The City Council commissions a number of employment and training programmes. They work with commissioned employment services to exploit the use of the internet to access job opportunities (complete job searches, enabling households to develop and upload their CVs) and to deliver virtual training and skills networks. The quantity and quality of on-line learning resources available on the Internet is growing all of the time with many schools, colleges and universities making their learning resources freely available.
4. [redacted] will work with organisations such as Go ON UK and the University of Westminster to create an e-learning application that teaches customers how to use the broadband service. At the end of the expert training there will be an online test that customers can

take to become a certified [redacted] expert. This certification will enable them to receive micro-payments to their e-wallets when they provide support to other customers who need help in using the service.

E5.4 London Borough of Tower Hamlets

The Council operates a number of 'Idea Stores' in the borough, launched by the Secretary of State of DCMS in April 1999. As well as the traditional library service, Idea Stores offer a wide range of adult education classes, along with career support, training, meeting areas, cafes and arts and leisure pursuits.

The Idea Stores have a wealth of material relevant to broadband use, both residential and commercial. They operate a number of learning courses, including web design and ecommerce. There are also online education modules available. Online facilities are available at all Idea Stores, and ensuring local residents can benefit from all the facilities that can be offered by online activity will be one of the main purposes of the service.

Section F –Strategy for achieving State Aid compliance

F1 Fit with State Aid Guidance

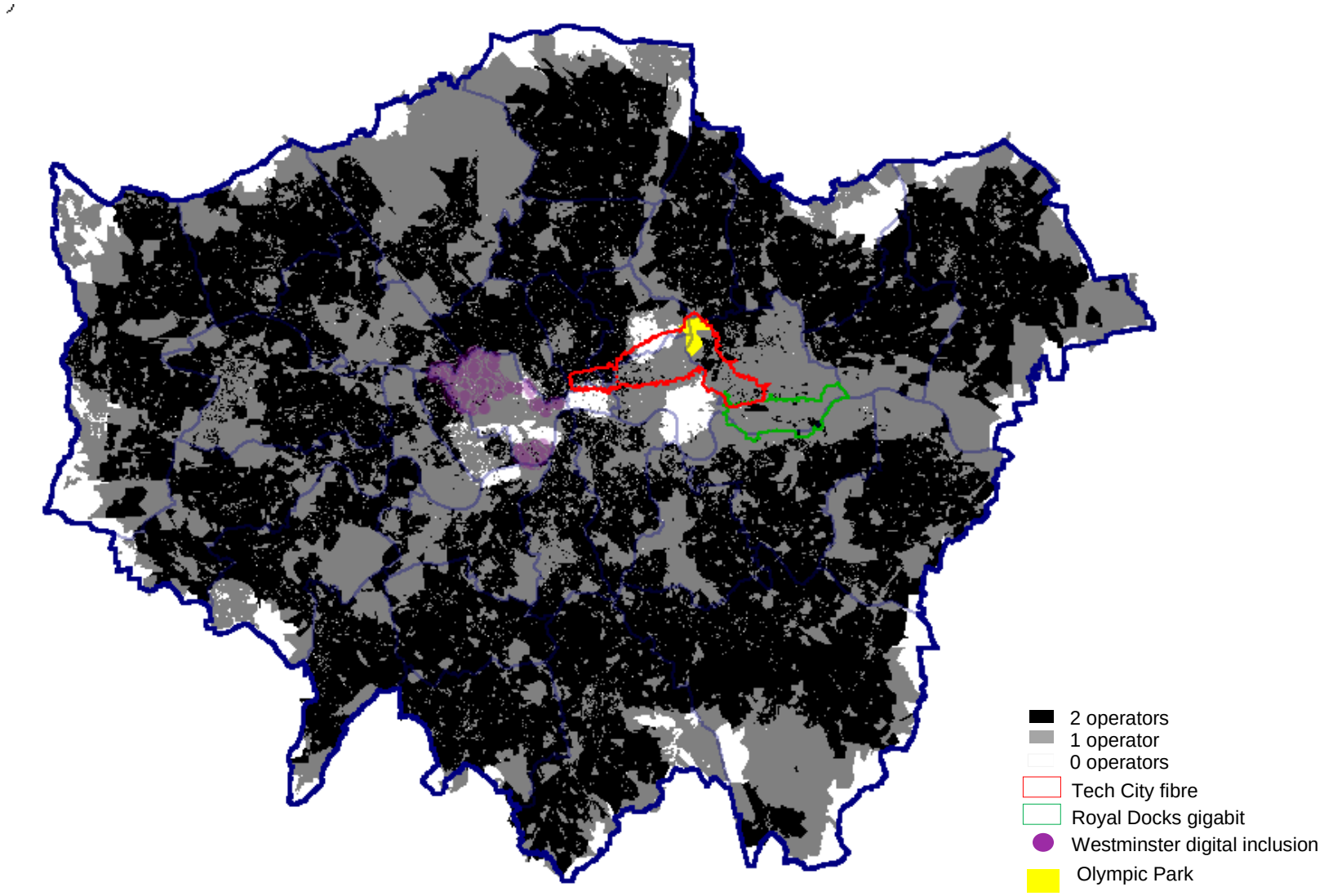
F1.1 State Aid Guidelines

Current and proposed new draft guidelines

We acknowledge that our approach to delivering ultrafast broadband, and gigabit connectivity to businesses is an ambitious one and, as with all such schemes, must be shaped to meet the key requirements of the EC's current Broadband Guidelines ("the Guidelines") and revisions to the same currently being proposed by the EC in the form of the new draft guidelines currently subject to consultation. However, we do not believe that a modest scheme, for example that simply focussed on delivering FTTC infill in geographically dispersed pockets across a city area would be appropriate for London, and would not be consistent with the Mayor's ambitions to have a world-class, pro-competitive, future-proofed, showcase for ultrafast connectivity (for which there is a clear expected demand). London should push the boundaries, whilst also managing as far as possible the risks inherent in being a trailblazing city in projects of this kind. Again, however we will ensure that our proposal can be delivered in a way that is consistent with the key requirements of the Guidelines (taking into account the draft new guidelines and the position understood to have been taken by the EC in its recent approval of a scheme in Birmingham) and which can be considered compatible aid.

In designing our approach, we have considered both the Guidelines, and its new draft new guidelines that are currently open for consultation. We believe much of our target areas would be classed as 'NGA grey areas', as shown in the map below. Any intervention will be structured on a basis that is consistent with the requirements in the Guidelines (and the where applicable the new draft guidelines) in terms of the more detailed assessment required to be undertaken for 'grey areas' and those relating to the design of the measure and the need to limit actual or potential distortions of competition (e.g. in addition to mapping and public consultation, a public procurement based on the most economically advantageous offer, technology neutrality unless this is not a feasible route on the basis of objectively justifiable grounds, wholesale access etc.).

Figure F.1: London ultrafast black/grey/white analysis [Source: Analysys Mason, 2012]



Under Guidelines, arguments can be made to support an intervention in such areas if the overall market conditions are not adequate; in the case of Tech City and Royal Docks, we believe the combination of the services available, and the pricing thereof, operates on a basis that an intervention could be justified under the current guidelines. In addition, we have also considered very carefully the EC's new draft guidelines, and the recent state aid approval it gave for the Birmingham Digital District project. These clearly indicate that the EC is minded to support projects the deliver a 'step change' in connectivity, and this would, in the EC's definitions, justify an upgrade from FTTC to FTTP, as we have proposed in our SCCP.

Whilst we accept that the EC is still consulting on its new draft guidelines, we believe the Birmingham decision suggests the direction of travel for future state aid decisions; we have therefore given some weight to this in our own state aid assessment and to the basis on which the EC has indicated, within the draft proposed Guidelines, it considers public support relating to ultrafast networks can be considered to be compatible with the state aid rules.

The relevance of the Birmingham decision

Whilst we see some commonality with the Birmingham project (high value-add SMEs key to economic growth in the area; limited Virgin Media coverage; insufficient FTTC), we have no desire to create a new telecoms operator: as outlined earlier, our approach is to work with private-sector partners to design, build and operate solutions under the four pillars, and it is our strongly held belief that we should be seeking to encourage suppliers of all kinds, large and small, to participate in the procurement. This will have numerous benefits including leveraging as much private-sector capital as possible and thus limiting the amount of public funding required; ensuring a competitive procurement that will drive innovation solutions and value-for-money for the public sector; and most importantly, maximising the likelihood of a long-term sustainable and pro-competitive solution for London.

We will enable this through careful design of the procurements, and in particular, not putting in place barriers that could restrict participation in the procurements, whilst also respecting the EC's key requirements, e.g. wholesale access obligations on the private-sector partners, and running open tender processes. Given the importance of London for many suppliers, and the kudos of being involved in a showcase initiative in Europe's digital capital, we believe that intervention will operate to encourage greater market participation and thus competition, and hence mitigate the state aid risks and limit the level of public intervention required, better than any other UK city.

Key principles of London's state aid case

In summary, the key principles of the state aid case are as follows:

- Providing a step change in connectivity, compared to existing networks, to SMEs and residences (Tech City, Royal Docks, Digital Inclusion) which will meet an expected demand for such qualitative improvements

- Addressing affordability issues of gigabit services for high-value-add SMEs (Tech City and Royal Docks with the added benefit of encouraging clustering of such entities)

- Addressing the lack of commercial roll-out by operators (e.g. East London wireless, Westminster Digital Inclusion)

- Encouraging the deployment of new infrastructure which may increase the level of infrastructure competition (Tech City and Royal Docks in particular).

The preferred route for intervention would be to rectify identified market failures, by supporting the provision of networks of the required speed at an affordable price (in particular to meet expected demand from hi-tech SME clusters) through the gap funding model, with the added benefit of encouraging clustering of such entities within the areas in question. In all cases such measures will be applied in a manner that is consistent with the requirements of the current broadband guidelines, taking into account the EC's position regarding ultrafast networks as set out in the new draft guidelines and our understanding of the basis on which the EC has accepted the public support provided towards such networks within its Birmingham decision can be regarded as being compatible State aid.

These principles are in line with the Guidelines referred to above and current EC thinking as set out new draft guidelines (in particular as regards ultrafast networks).

The GLA has made initial contact with the UK Department for Business, Innovation and Skills (BIS) and will continue to develop the state-aid case as and when information arrives from suppliers concerning their current and future investment plans in order to ensure that the requirements of both the Guidelines and new draft guidelines in terms of the crowding out of private-sector investment in the areas in question.

F2 Evidence of State Aid compatibility

This SCCP's interventions described by the four pillars will in all cases respect the key principles of both the current and the new draft Guidelines.

Any intervention will operate in a manner whereby it can be clearly demonstrated (on the basis of application of the balancing test) that the overall effect of such interventions will be positive in terms of it being shown to be:

- Aimed at a well-defined objective of common interest and as such address identified areas of market failure (e.g. lack of digital inclusion and affordability of access to services to business, in particular SMEs).

- Well designed to deliver the identified objectives of common interest, in that they will operate as a clear incentive (in allowing activities that would not take place in the absence of such measures) and will operate in a proportionate manner (with any measures being designed to

ensure that they are the most appropriate and cost effective – via the relevant procurements – mechanisms to meet the identified market failures).

In addition, interventions proposed will in all cases be based on fulfilment a number of prerequisites, which are as follows:

- a step change in connectivity in areas identified via detailed mapping and analysis of coverage as experiencing market failure;
- public consultation in terms of identifying demand;
- competitive tender processes, with the most economically advantageous offer chosen;
- technology neutrality;
- use of existing infrastructure wherever practically possible;
- effective third party wholesale access and pricing;
- use of measures to ensure that any funding does not operate to overcompensate; and full transparency in terms of information.

We believe the first three pillars will involve state aid and we therefore plan to initiative a formal notification procedure as soon as is practicable following confirmation of the UBF funding. We plan to submit Tech City fibre and Royal Docks gigabit together as a single notification, and East London wireless as a separate notification. It may be possible to fast-track the East London wireless notification if it can be demonstrated that intervention is consistent with a number of existing decisions relating to the roll-out of broadband issued by the EC.

The Westminster Digital Inclusion project is currently being considered for providing concessionary access to the council's housing stock, backed by property leases. The SCCP funding will be used to provide the venture with either a grant fund or capital funding loan (at commercial rates). Following consultation with the City of Westminster we believe this pillar would be exempt from state aid based on any intervention being on fully commercial terms, and thus not operating to confer the necessary selective benefit for the presence of state aid. This will, however, be investigated further by the GLA's state aid team (and if this is the case will be structured in order to ensure it operates in a manner consistent with the principle of compatibility, detailed above).

Section G – Education, profile-raising and demand stimulation

G1 Demand stimulation activities – consumers

This consumer focus for this bid is largely based around digital inclusion; the digital inclusion pillar supports the provision of ultrafast broadband to the City of Westminster's most deprived social housing tenants.

Once the project has been piloted, the GLA will encourage other London boroughs to roll out the digital inclusion programme, prioritising East London to accelerate convergence – that within 20 years the host borough communities will have the same socio-economic life chances as the rest of London. Westminster will work with adjacent boroughs to encourage take-up across central London's most deprived wards.

Demand take-up estimates that have been proposed by Westminster City Council are based on the results of a recent resident survey which indicated a potential take-up of 70% based on an average revenue per user of GBP35 per month[xxvii].

All residents will receive an e-wallet facility, Freeview TV channels and access to .gov.uk web-sites at no cost to them. Residents will then have the option to buy additional internet access, telephony calls, premium TV channels and film rental either on a 'pay as you go' basis or by subscribing to a competitive monthly package. By offering a pay as you go service we will remove the barriers which currently exist around an upfront payment and the credit vetting procedures carried out by current broadband suppliers.

Other activities that will be undertaken to educate and promote the benefits of broadband to social housing tenants will include:

- Creation of ICT training suites, interview rooms and office space to encourage engagement of social housing tenants in learning activities focusing on life skills, ICT and literacy and numeracy.
- Engaging with local colleges in the City of Westminster to provide ICT support, resources and training materials that can be used in delivering ICT training.
- Encouraging formal learning (using software packages, writing CVs and applying and searching for jobs) and more informal learning designed to encourage the use of interacting via social media, using price comparison sites and how to source low cost products using the internet.
- Offering a range of counselling and support services.
- Facilitating acquisition of low-cost internet devices through forming partnerships with local businesses and IT organisations.

The other area of consumer focus is Tech City; consumer demand for and the awareness of ultrafast broadband from those who work in and around the Tech City geography is already high.

It should be noted that the grant-funded delivery model we have proposed for the provision of ultrafast broadband transfer's the commercial risk onto the private partner. In other words, it is in the private partner's best interests to promote the take-up of ultrafast broadband services to its target market (consumers and other operators) ensuring its investment in fibre is commercially successful. This delivery approach in our view ensures that operators take on much of the demand stimulation activities.

The GLA's role will be in ensuring

- the delivery partner sets realistic take-up assumptions for ultrafast broadband
- the partner has a competitive wholesale pricing strategy for offering services to other operators
- the partner has a communications plan to inform other operators of the pricing strategy and the fibre roll out plans
- the partner has a communications plan to inform residents of the availability of ultrafast broadband in their region
- the partner has a mechanism to register demand for ultrafast broadband services
- the boroughs promote innovative usage and applications using ultrafast broadband, e.g. using London data store.
- the boroughs promote community awareness to educate users on the availability of and benefits of ultrafast broadband through a combination of
  - advertising on buses, bus stops etc.
  - advertising in local print media
  - leaflet drops to neighbourhoods
  - advertising on stationary
  - promoting ultrafast broadband on the Council website (offering assistance and links to service providers offering the broadband services etc.)

G2 Demand stimulation activities – businesses

Business investment focus for this SCCP is around Tech City and the Royal Docks. This section therefore outlines the activities that have been identified by the SCCP in order to promote the availability of ultrafast broadband to businesses located within or considering locating to Tech City and the Royal Docks.

The investment made as a result of ultrafast broadband funding is expected to act as a catalyst for investment across other areas of London where market failure has occurred. London's demand-building strategy therefore needs to include not just the current intervention area addressed by this proposal but one that is inclusive of Greater London to generate the scale and global interest expected for a city such as London.

The Mayor of London has set in place a number of demand-building initiatives across London such as the London Datastore, iCity, Future Cities Demonstrator and Dot London to stimulate and encourage broadband investment across the industry and to global audiences.

London and Partners is an instrumental vehicle in helping the Mayor of London to promote the capital's strengths to firms globally, including in the tech sector, and supporting existing firms in Tech City to grow. London & Partners for example promotes Tech City directly through their business development teams located around Europe, Asia and North America. The business development teams, London & Partners and the Mayor's press office, will now be able to promote Tech City as one of the best connected areas for SMEs globally, showcasing the investment in ultrafast broadband and fibre connectivity and further enhancing the case for business investment in the area.

London & Partners works closely with the Tech City Investment Organisation (TCIO), established by UKTI to support the growth of Tech City in East London. TCIO is particularly active in raising Tech City's profile at community-led events, such as the Start-Up Games, Entrepreneurs Festival, Silicon Milkroundabout and Digital Shoreditch, inviting media to attend and securing coverage for participating companies and entrepreneurs. They also engage with the community and international audiences through the TCIO Twitter feed. London & Partners and the Mayor will work with TCIO to promote the ultrafast broadband investment being made to technology and digital companies and investors.

Information on the availability of ultrafast broadband will also be promoted on borough websites and on email signatures. Talk London, a social media platform used to promote initiatives and gather real time opinion on the Mayor's of London's policies, will also be used.

The Royal Docks are already actively promoted on the GLA web site, which will be updated to reflect the availability of ultrafast gigabit broadband and the benefits that ultrafast gigabit broadband can bring to businesses locating to the Royal Docks.

The Royal Docks' own web sites (http://www.royaldockslondon.com and http://www.royalalbertdock.com) will also be used to promote the availability of ultrafast gigabit broadband to commercial property developers and potential enterprises considering locating to the area. Similar promotion will be undertaken on the Newham Council website.

Newham Council will ensure property firm Drivers Jonas Deloitte (responsible for marketing the Royal Docks) updates its collateral and marketing messages to prospective property developed and property clients on the potential availability of low-cost gigabit fibre to the regions.

G3 Educating SMEs

The GLA engages with London's business community through:

- The London Business Advisory Council (consisting of the London Federation of Small Businesses, the London Chamber of Commerce and Industry, London First and London

Confederation of British Industry) which meets on a regular basis with the Mayor and works closely with the GLA's Business engagement team.

- The Digital Advisory Board, which comprises digital entrepreneurs.
- London's Business Improvement Districts (BID), including hosting an annual meeting at City Hall.
- Engagement with public and private deliverers of face-to-face services to support businesses, including London Boroughs.
- The Mayor and his advisors also regularly meet with different businesses and speak at events to business audiences.

The GLA will utilise all of these opportunities to help encourage SME take-up of high-speed broadband. For example, the GLA will hold Super Connected Cities business workshops in partnership with these organisations in order to increase engagement amongst the business community.

In a letter to the Mayor, in May 2012, the London Federation of Small Businesses (which represents over 7000 small businesses in Greater London) stated "the importance of fast broadband connectivity as being of great importance to small businesses". Despite this need there can still be reluctance amongst SMEs to use broadband services due to misperceptions regarding the capital investment, fear of complexity, lack of understanding the potential benefits and the lack of technical resources. The GLA's engagement with businesses will seek to address this and ensure misperceptions are overcome.

G3.1 London Borough of Tower Hamlets

The London Borough of Tower Hamlets promotes ultrafast broadband through its Idea Store and its East End life weekly publication, and provides ICT training and signposting services as part of its Enterprise Strategy. In addition, the borough liaises with several organisations/groups in order to develop its business community:

- East London Business Alliance (ELBA)
- East London Small Business Centre (ELSBC)
- Tower Hamlets College
- Canary Wharf Group (CWG) – East London Business Place (ELBP)

These groups will continue to be used to create broadband awareness and ICT training sessions for SMEs in the borough.

G3.2 London Borough of Newham

The London Borough of Newham has been engaged, since 2004, in a Kick Start project[xxviii] that is targeted at educating and increasing the use of broadband amongst SMEs. The project provides information and training on broadband use and, more specifically, helps SMEs to understand the benefits of and establish e-commerce platforms for their businesses. The London Borough of Newham also regularly engages with SMEs through other business-oriented avenues:

- Newham Chamber of Commerce (NCC), with a membership of international, SMEs and single-person ventures. Regular breakfast meetings are held by the NCC.
- University of East London
- A joint initiative called Newham, Business Place among the East Thames Group, East London Small Business Centre and Newham borough
- Newham College's Centre for Innovation and Partnerships

The London Borough of Newham expects to continue the workshops that it has been running as part of its Kick Start project to impart knowledge about the benefits of ultrafast broadband and to increase the use of websites as a platform for commerce. In addition, through the avenues cited above, the London Borough of Newham will conduct campaigns and provide educational resources on their websites. It will also exploit the educational skills and facilities of the universities and colleges to provide training to SME staff.

G3.3 London Borough of Hackney

The London Borough of Hackney's engagement with SMEs has primarily been through the following:

- Its Invest in Hackney programme, where inward investment is managed by the Hackney Council Regeneration Delivery Team
- London Thames Gateway Development Corporation (LTGDC)
- East London Business Alliance
- Hackney Co-operative Developments (HCD)
- Hackney Enterprise Network (HEN)

Through a series of workshops, meetings and networking events, these initiatives provide support services (such as skills workshops, advice on business development, grants and contacts) to businesses in the borough. The London Borough of Hackney will maintain its relationships with these groups and exploit social events, meetings and workshops to educate SMEs on the use of broadband infrastructure. In addition, regular publications through the council, such as magazines, will be used to extend the knowledge to SMEs who may not be participants of these groups.

G4 Demand registration

The GLA recognises that demand registration is an important part of the demand stimulation process in raising awareness of the availability of ultrafast broadband. It also assists service providers in prioritising the geographical roll-out of the network.

Our approach is one that is simple and has been used to good effect before and is therefore pragmatic.

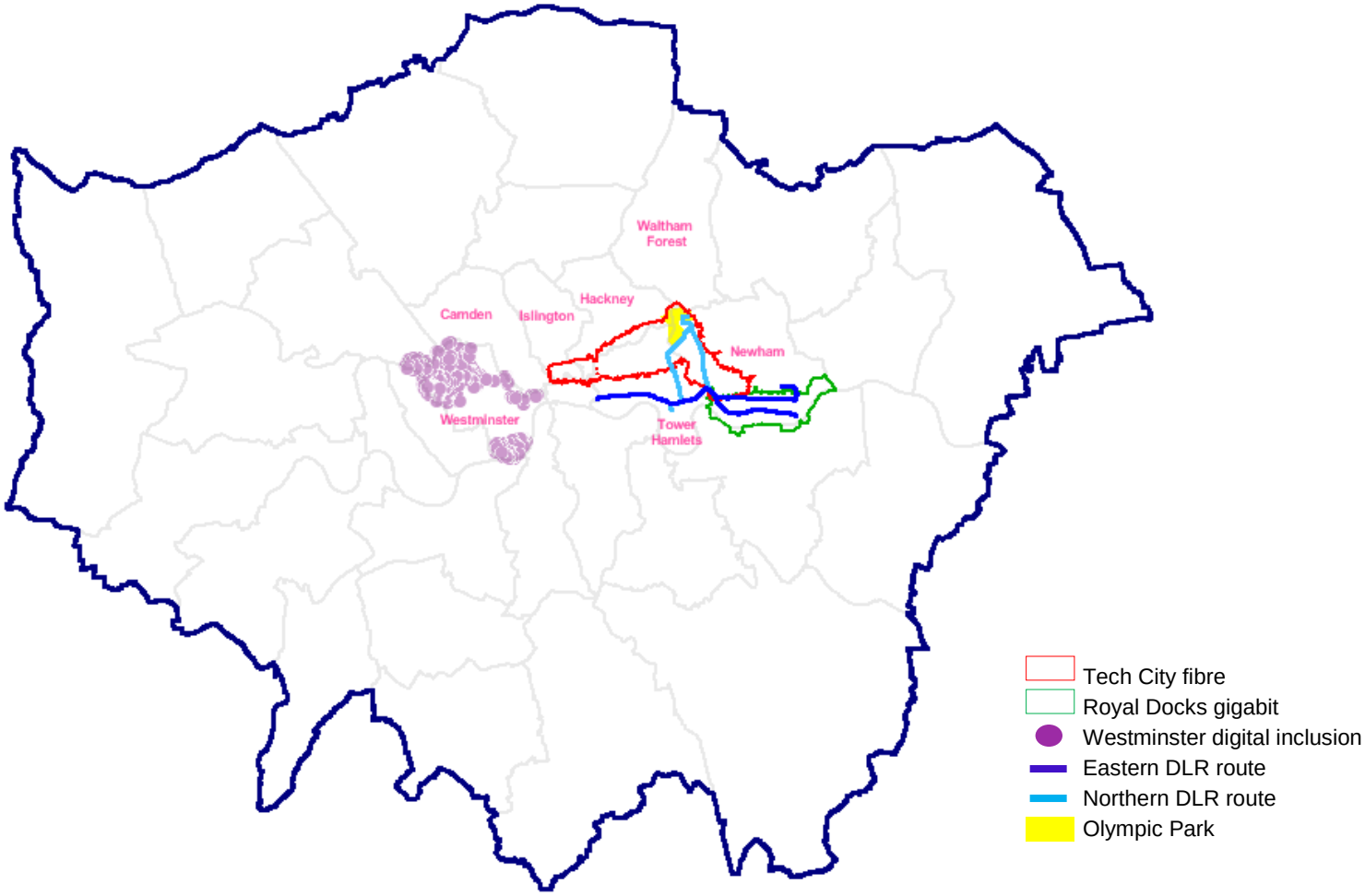
Demand for ultrafast broadband will be registered using a campaign that uses web sites, call centres and social media. The campaign will be managed by a third-party agency on behalf of the GLA and the boroughs; it will be advertised on the websites of the boroughs, the GLA, London and Partners, Royal Docks etc. ensuring both business and residential users are captured.

The campaign will advertise on the above mentioned websites, local radio, local press, Twitter and Facebook to encourage end users to register their interest in ultrafast broadband and will be invited to call or register their interest online via the above mentioned websites. End users will be asked to leave their postal details, whether they are a business or a residential premise, their future broadband needs and their current broadband provision.

Social media will be regularly updated with the status of the roll out of ultrafast broadband.

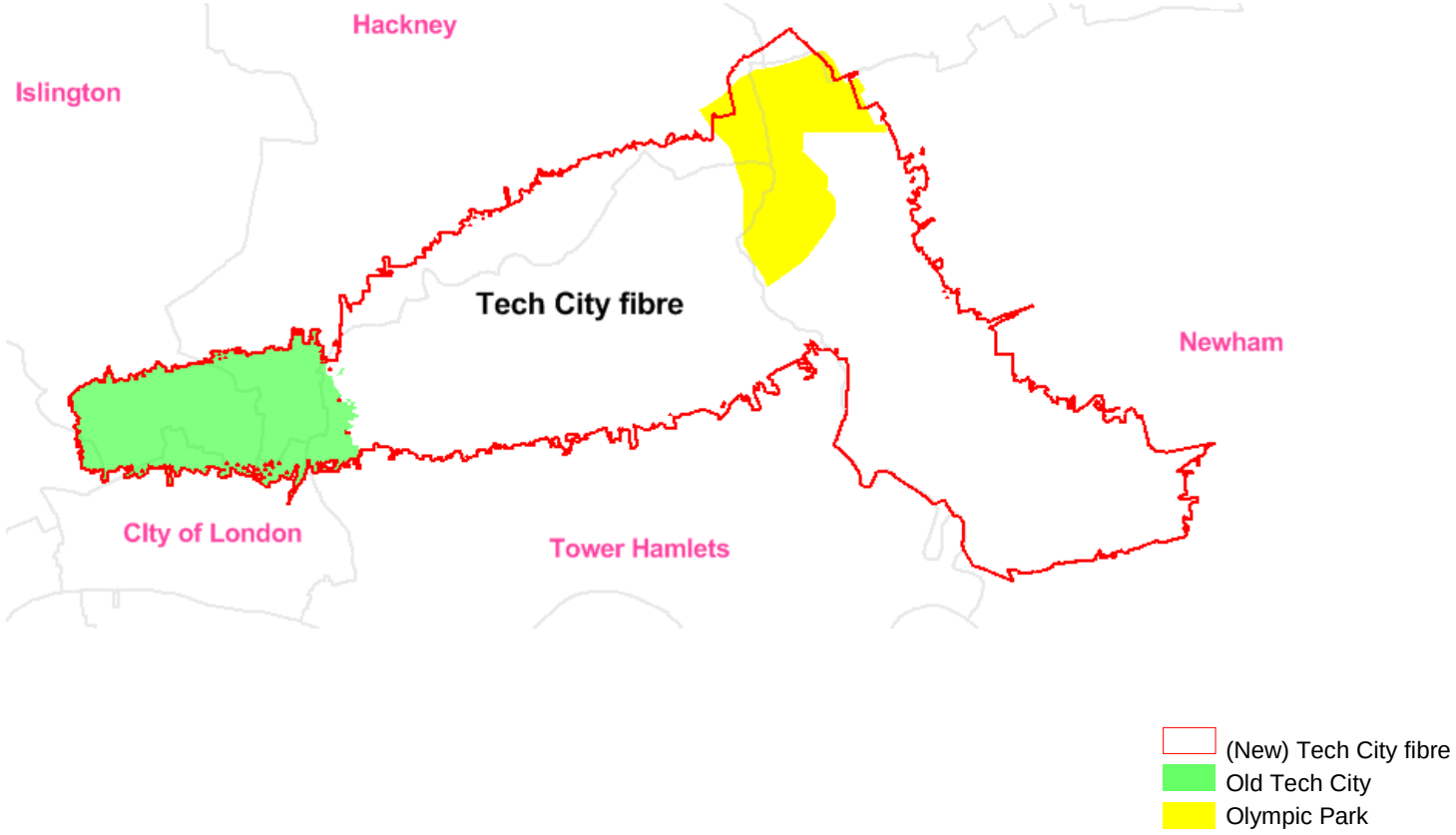
Annex A our pillars of the London SCCP

Figure a.1: The four pillars of the London SCCP [Source: Analysys Mason, 2012]



Annex B Tech City boundaries

Figure b.1: Old and new Tech City boundaries [Source: Analysys Mason, 2012]



Annex C Fibre provision across London

Figure c.2: Virgin Media's ultrafast (120 Mbps) coverage across London [Source: Analysys Mason, 2012]

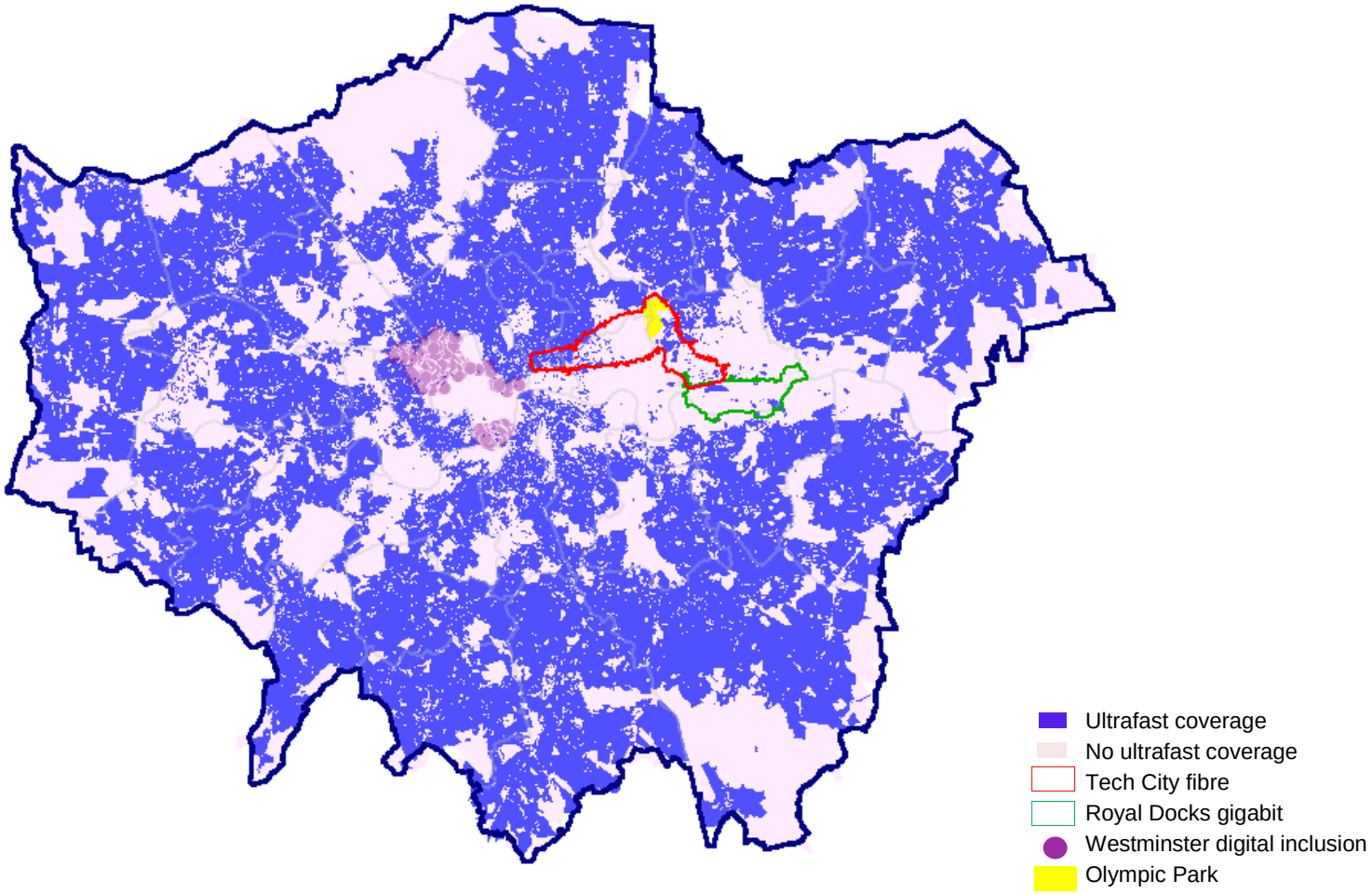


Figure c.3: Black, Grey, White ultrafast mapping for London [Source: Analysys Mason, 2012]

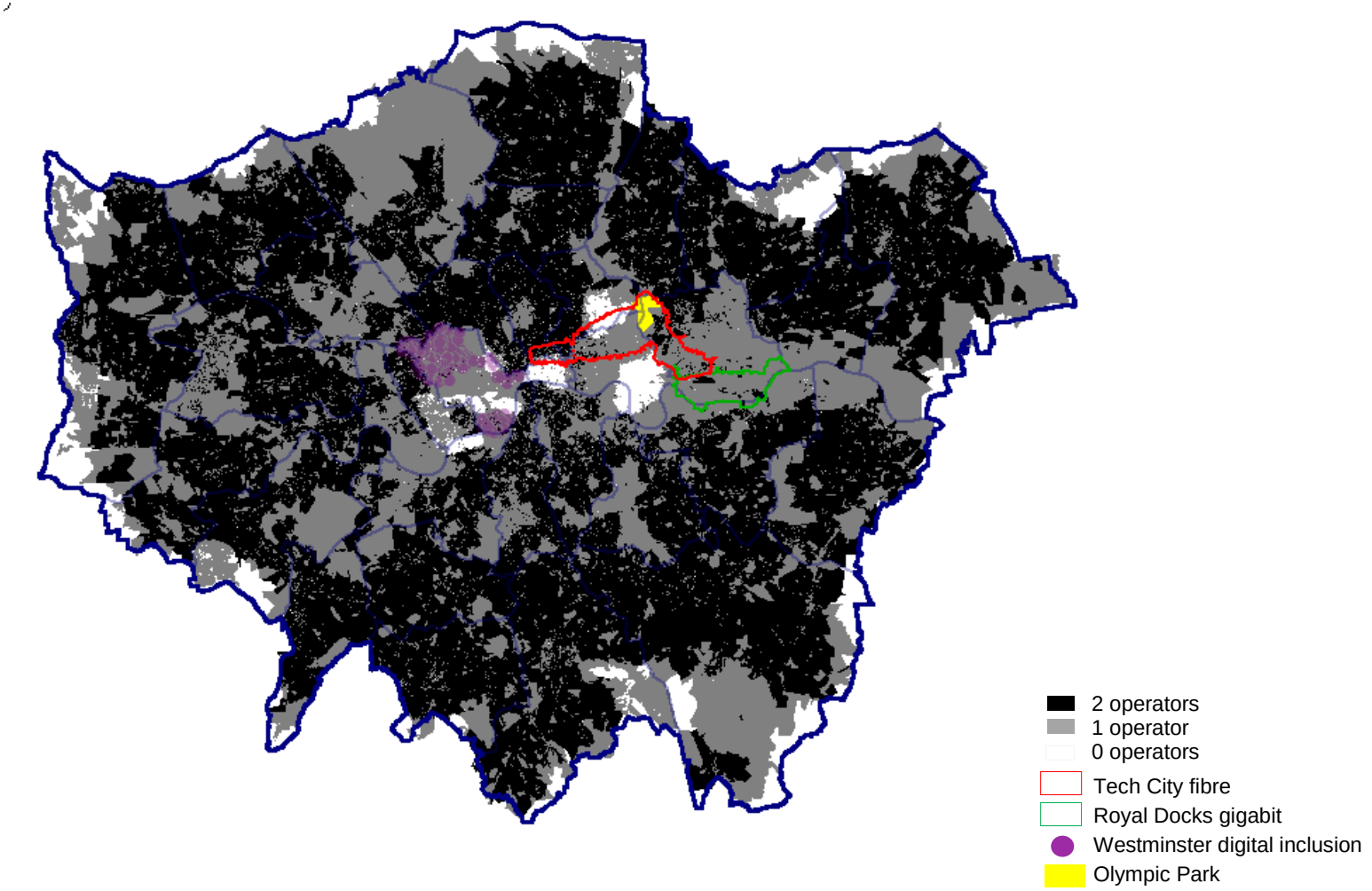
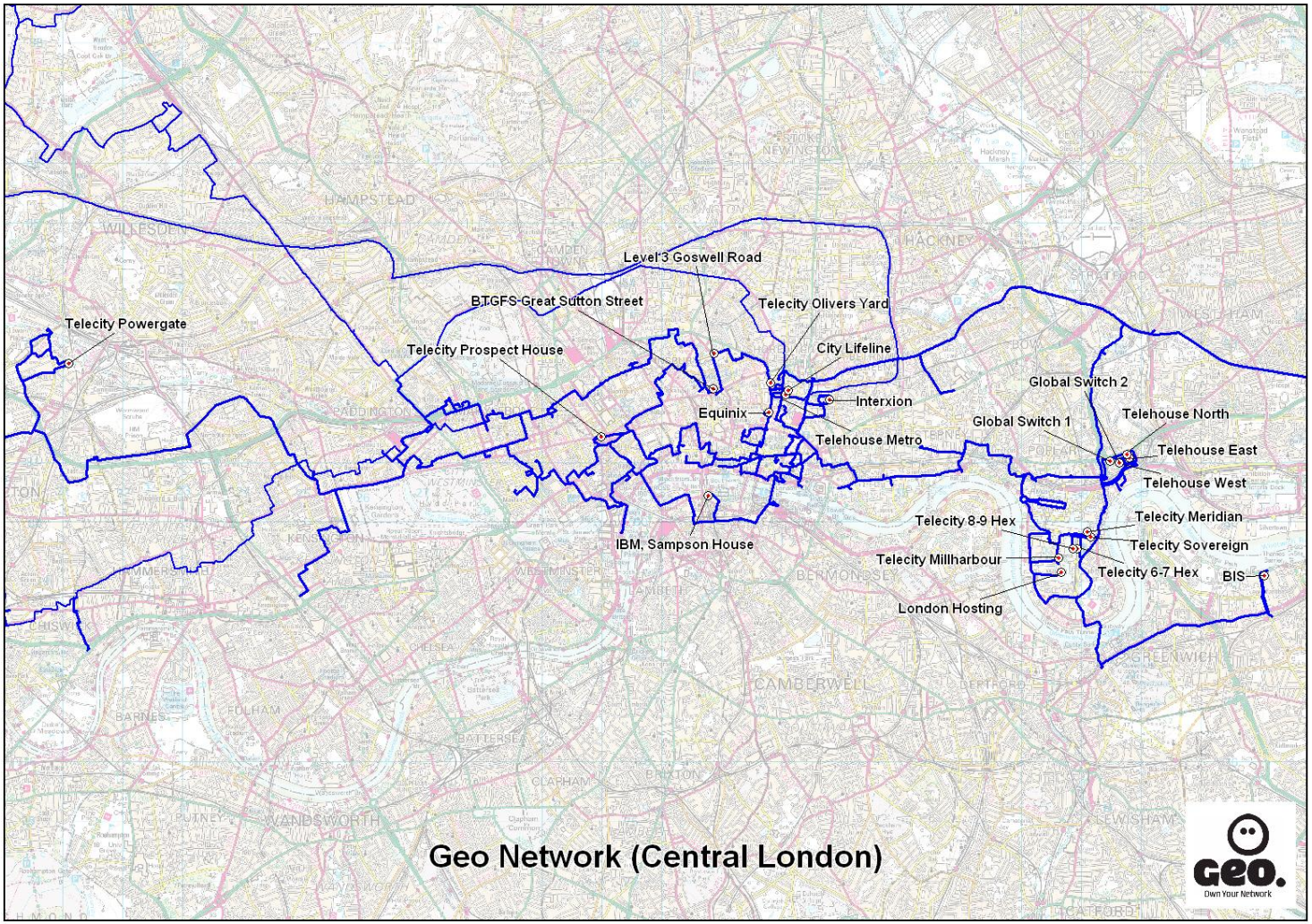


Figure c.4: Geo's ultrafast coverage across London [Source: Geo, 2012]



Annex D WiFi provision across London

[redacted]

Annex E Key stakeholders and consultation contacts

Figure e.1: Key stakeholders and consultation contacts [Source: Analysys Mason, 2012]

Key contact	Organisation
Justine Curry / Tim London	TFL/Eversheds (State Aid)
Pru Ashby	L&P (Tech City Lead)
Kevin Hocter	GLA Economics
Michelle Reeves	GLA (Olympic Host Boroughs)
Andrew Campling (BT)	BT (Account Manager)
Martin Kemp	BT (BD Director)
Natasha Innocent	DCMS (Demand Stimulation)
John Cockaday	BIS (State Aid)
Margarethe Theseira	GLA (London Data)
Duncan Watts	Virgin Media (Account Manager)
Kit Malthouse	GLA (Deputy Mayor for Business and Enterprise)
Tracie Evans	LB Barking and Dagenham (Corporate Director of Finance & Commercial Services)
Mary Ney	LB Greenwich (CEx)
Andy Scott	LB Tower Hamlets (Employment and Enterprise Manager.)
Huw Morgan-Thomas	LB Tower Hamlets (Enterprise Manager)
Shifa Mustafa	LB Waltham Forest (Acting Executive Director, Environment & Regeneration)
Ian Freshwater	LB Hackney (Hackney Wick Area Co-ordinator)
Clive Dutton	LB Newham (Director of Regeneration)
James Collier	LB Newham
Mary Connelly	Host Boroughs (Joint lead on employment and skills)
Paul Brickell	London Legacy (Executive Director of Regeneration and Community Partnerships)
Mark Cohen	London Legacy (IT and Legacy)
Anupa Patel	Croydon (Enterprise Delivery Manager)
Mathew Sales	LB Camden
Debbie Wisdom	Westminster City Council (Head of IS Strategy)
Daniel McCarthy	Westminster City Council (Head of Housing Strategy)
Gavin Franks	O2 (MD O2 WiFi)
Gayle Cogswell	O2 (Wireless Lead)
Andrew Tipping	Geo
Stuart Beech	Cable & Wireless (Client Director, Regional Government Cable&Wireless Worldwide)
David Colla	Avonline plc (Business Development Mgr)
Robbie Michelangeli	Alcatel-Lucent (Head of UK NGA Business Development)
Richard Lewis	Babcock Networks Ltd (Project Director)
Stuart Third	Broadband Wherever (Sales Executive)
Nick Gregory	BSkyB (Business Development Director)

Ian Thomas	Cable & Wireless (Strategy Director)
Norman Booth	CityFibre Holdings (Sales Manager)
Commendium	Richard Walters (Solutions Architect)
Rob Matthews	Vodafone (EMF Unit Manager)
Phil Paddon	Easynet (Public Sector Account Manager)
Michael Buisman	Ericsson (Strategy & Business Development UK/Ireland)
Mark Thompson	ETDE Infrastructure Limited (Business Development Manager)
Richard Rumbelow	Everything Everywhere (Orange/T-Mo) (Head of Public Affairs)
Robert Bicket	FibreSpan (Chief Executive)
Garth Morton	Fujitsu Telecommunications (Local Gov Business Unit)
Phil Sheppard	H3G (Director of Network Strategy)
Edward Attree	Independent Fibre Networks Ltd (Commercial Manager)
Stuart Johnson	Level 3 (Sales Director – PSN Programme)
Karl Edwards	MLL Telecom (Chief Sales officer)
Andrew Gill	Motorola (Director of Business Development)
Kevin Humphrey	Motorola (Business Development Director)
Ishmael Bada	NEC (UK) Ltd (Bid Manager)
Doug Sutherland	Networks by Wireless (Director of Business Development)
Rob Kinnersley	Obsidian (Head of Public sector)
Drew Glenister	Redstone (Account Manager)
Steve Tucker	Siemens (Business Development)
David Goldie	TalkTalk Group (Group Commercial Director)
Wayne Preece	Thales (Business Development Director)
Ruth Marshall	UK Broadband (Project Manager)
Vic Baldorino	Updata Infrastructure UK Limited (Sales Director)
Phil French	Vtesse Networks (Account Manager)
Robert Leenderts	C&W (Business Development Director)
Duncan Ray	Hackney (Tech City Lead)

Annex F Cost model

Please see attached model, *London SCCP cost breakdown 01082012.xls*

London SCCP cost breakdown 01082012

Annex G Project board terms of reference

G.1 Project board aims

- Owns, as a delivery agent, the delivery of all workstreams and activities within the project;
- Endorses, advises and supports the Project Manager;
- Identifies issues to be escalated to wider organisational governance boards if required;
- Provides direction to the Project Management team, to enable effective management and control of the Project;
- Approves continued progress of the Project against defined strategic objectives;
- Acts as an escalation and/or Quality Assurance point for specified workstreams and activities within the Project;
- Manages the interfaces and communication with the project stakeholders
- Ensures linkages between the project and GLA's strategic priorities;
- Ensures the aims of the project continue to be aligned with evolving business needs;
- Approval of technical specifications, ensuring their commonality;
- Commissions reviews that formally assess the achievement of the project and benefits realised from the investments;
- Holds overall control of the project implementation;
- Establishes the project, securing sufficient resources and monitoring progress;
- Provides sufficient resources to cover project board, project assurance and project quality control role; and
- Approval of project priorities.

G.2 Project board function

- Receive the outcome of senior organisational decisions on the project and ensure alignment to the organisational strategy;
- Manage the overall project budget received from the organisation;
- Resolve project, commercial or contractual issues which are escalated to the Board and where appropriate, and act as a route for escalation of exception reports to wider organisational governance boards;
- Review key decisions on the project and assess the overall delivery status based on best practice high level information provided by the PMO, give direction to the Project Manager and provide a further level of quality assurance for defined workstreams;
- Track and review costs and delivery of project benefits;
- Receive and monitor lessons learnt;
- Oversee the coherence of the project to deliver the overall objectives;
- Manage (inter) dependencies between the constituent workstreams and with other activities/projects across the organisation; and
- Manage project level risks and issues.

G.3 Frequency of Meetings

The Project Board shall meet monthly.

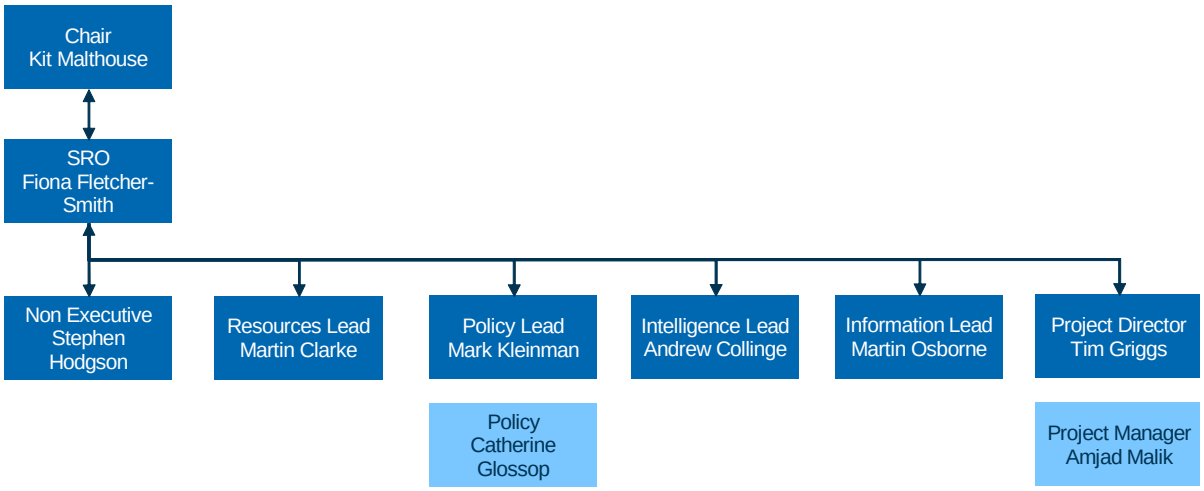
For the meeting to be quorate there must be a majority of 4 present. In the event that no such representation is made then a meeting shall be reconvened at the earliest possible opportunity but before the next planned meeting.

All Members shall attend and substitutes shall only be accepted with the express permission of the Chair.

Annex H Project board roles and responsibilities

H.1 Project board structure

Figure h.1: Project board structure [Source: GLA, 2012]



H.2 Roles and responsibilities

H.2.1 Senior Responsible Owner (SRO) – Fiona Fletcher-Smith

The SRO is ultimately responsible for the project, supported by the Senior User and Senior Supplier. The SRO has to ensure that the project gives value for money, ensures a cost-conscious approach to the project, balancing the demands of the business, user and supplier.

Specific responsibilities:

- Ensure that tolerances are agreed with Project Board, Accounting Officer and Project Manager;
- Authorise expenditure and set Stage tolerances;
- Approve the End Project Report and Lessons Learned Report;
- Brief the Project Director about progress;
- Organise and Chair Project Board Meetings;
- Recommend future action on the project to the Programme Director if the project tolerance is exceeded; and

Approve the sending of the Project Closure Notification.

The SRO is responsible at all times for overall business assurance of the project – that is, that it remains on target to deliver products that will achieve the expected business benefits, and the project will be completed within its agreed tolerances for budget and schedule.

H.2.2 Representative of the user community – *to be named.*

Represents the interests of all those who will benefit from the outcome of the project (within their area of responsibility) or those who will use the outcome to deliver benefits. The representative will monitor progress against requirements, and monitor that that the solution will meet the needs of the users they represent within specified constraints in terms of quality, functionality and ease of use.

Specific responsibilities:

- promote and maintain focus on the desired project outcome;
- ensure that any user resources (that are identified from the user group that they represent) required for the project are made available;
- ensure that product descriptions are approved for those products which will be provided for users, or will affect them directly and that the products are signed off once completed;
- provide the user view on recommended follow-up actions recommendations;
- provide feedback to specific units on the progress of the project;
- on behalf of the users they represent raise issues at Project Board meeting regarding the Project;
- attending Project Board meetings and sign off the Project on behalf of users they represent;
- to brief and advise relevant unit managers on all project matters;
- assisting the Project Managers with any project related issues that may arise;
- prioritise and contribute user opinions on Project Board decisions on whether to implement recommendations on proposed changes

H.2.3 Representative of the Supplier Community – *to be named*

Represents the interests of those designing, developing, facilitating, procuring, implementing, operating and maintaining the project products. The representative is accountable for the quality of the products delivered by the Supplier(s).

Specific Responsibilities:

- Agree objectives for Supplier activities;
- Make sure that progress towards the outcome remains consistent from the Supplier perspective;
- Promote and maintain focus on the desired project outcomes from the point of view of Supplier management;
- Ensure that the Supplier resources required for the project are made available;
- Approve product descriptions for Supplier products;
- Contribute Supplier opinions on Project Board decisions on whether to implement recommendations on proposed changes;
- Resolve Supplier requirements and priority conflicts; Arbitrate on, and ensure resolution of, any Supplier priority or resource conflicts;

- Brief non-technical management on Supplier aspects of the project;
- The specialist integrity of the project, advising on the selection of development strategy, design and methods;
- Ensure that any Supplier and operating standards defined for the project are met and used to good effect;
- Monitor potential changes and the impact on the correctness, completeness and integrity of products against their Product description from a Supplier perspective;
- Monitor any risks in the production aspects of the project; and
- Ensure that quality control procedures are used correctly, so those products adhere to requirements.

H.2.4 Non-Executive External Board Member – Stephen Hodgson, DCMS

The role will involve scrutinising Project Board decisions, providing advice and a challenge function on key elements of project design and delivery.

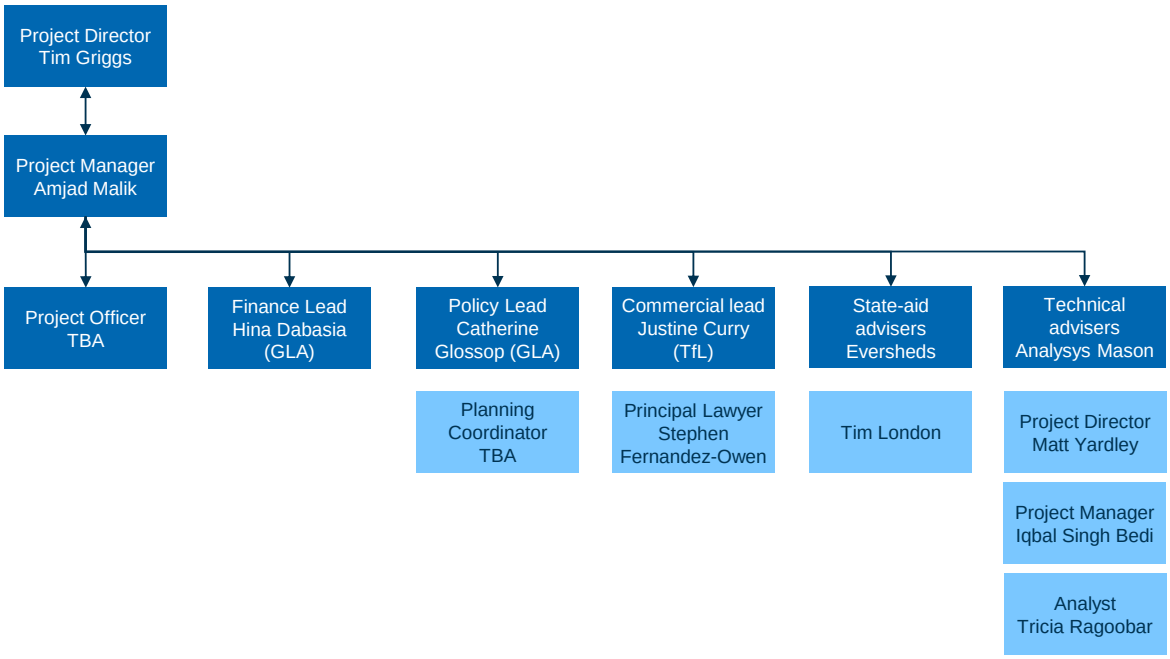
The non-executive board member will be invited to board meetings on a monthly basis.

Expert Advisers will also be utilised as appropriate to provide professional advice on the development, delivery and quality assurance of the products. They have a role in ensuring that the Project Board has maximised the opportunities offered through the project to advance the corporate aims of the organisation. They also have a role in ensuring that products meet best practice and legislative requirements where applicable.

Annex I Project management roles and responsibilities

I.1 Project management structure

Figure i.1: Project management structure [Source: GLA, 2012]



Annex J Procurement approach pros and cons

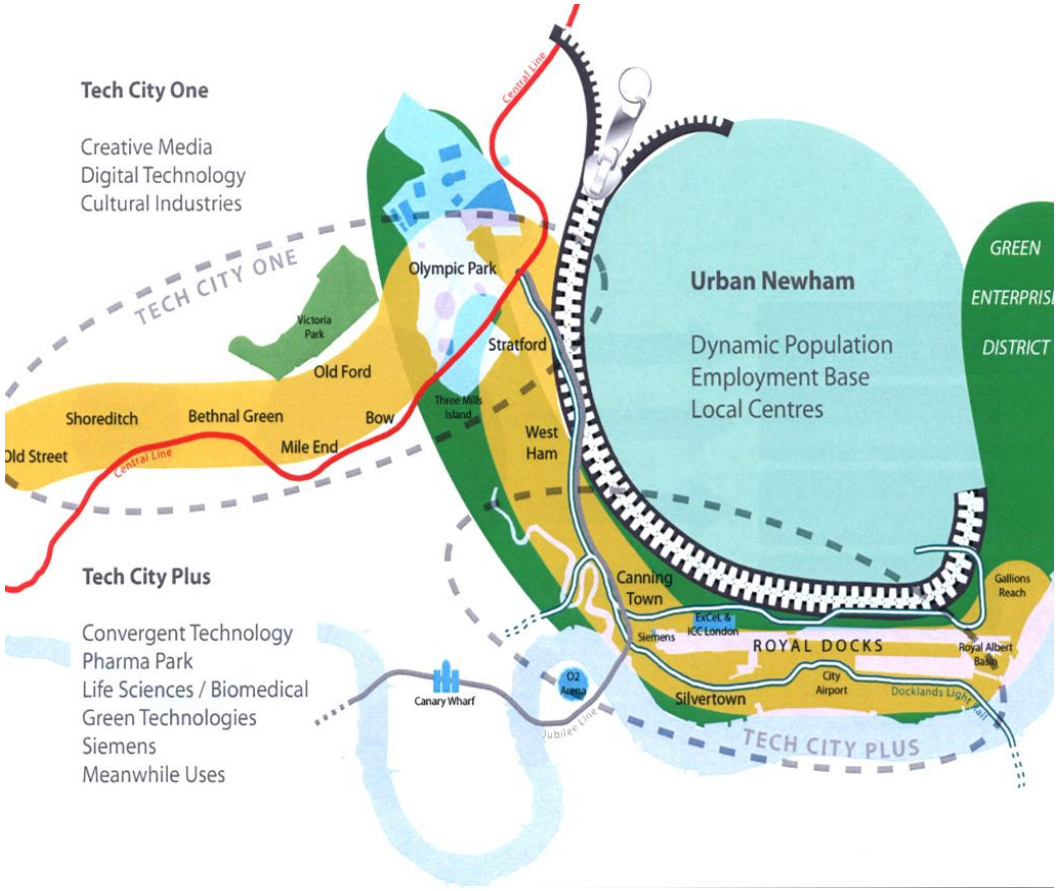
Identification of the preferred procurement route will include further analysis of the routes as suggested in the analysis of example routes in the table below.

Figure j.1: Analysis of example procurement routes [Source: Analysys Mason, 2012]

Example route	Pros	Cons
Other government contracts and frameworks e.g. Buying solutions, Cabinet Office	• The ability to run faster procurements with pre-qualified suppliers • Existing relationships and capabilities already understood • Re-use of existing contracts • Standard and well tested Terms and Conditions	• Buying solutions categories limited – not one for major backbone providers • Less ability to dialogue – requirements need to be known. • Limited special terms • Limitation on contract durations. • Dependant on scope of original contract and framework • European procurement rules are still evolving on using other public-sector bodies • Levy to Buying Solutions adds to price
Restricted Procedure via OJEU notice (e.g. if used for a framework)	• Minimise overall pre-qualification effort • Flex to needs of the business • Supports emerging requirements • Allows competitions and requirements to be developed in parallel • Ability to run shorter mini-competitions • Ability to mix and match suppliers to specific regional / technical requirements • Use for other UK departments	• Limitation on framework durations – 4 Years Maximum under EU Guidelines • Would have to re-notify every scheme to the European Commission if any variances in approach/state aid intensity • On-going procurement effort • Multiple contracts to manage • Multiple bidding costs of procurement recovered in price • May not leverage required levels of private-sector investment as dispersed market opportunities.
Competitive Dialogue Procedure via OJEU notice (e.g. if used for contract only)	• The ability to ensure the supplier(s) fully understand the requirements • Can help to build strong supplier relationships (if the same people are responsible for delivery) • Run only one procurement • Greatest potential to leverage private-sector investment at required levels.	• Potentially long duration 6 months – 18 months • Complex procurement process • Protracted dialogue discussions • Cost of procurement recovered in price.

Annex K Tech City Plus and the 'Arc of Opportunity'

Figure k.1: Newham's definition of Tech City Plus and the 'Arc of Opportunity' [Source: London Borough of Newham, 2012]



Annex L Programme plan

Figure l.1: Programme plan for London's SCCP [Source: GLA, 2012]

Annex M Summary of market consultations

In June 2012 a total of 37 fixed and wireless service providers in London were approached to respond to a request for information (RFI) in order to inform the GLA project team of (i) their fixed and wireless network coverage plans (ii) potential technical and commercial solutions to meet the GLA's objectives set out by the four pillars and (iii) any challenges in providing the required services related to commercial delivery models, technology, public sector assets etc.

This Annex summarises the pertinent points that the service providers raised in their RFI responses. Meetings were held in the instances where service providers were unable to respond to the RFI in order to speed up the data collection and information exchange process. This annex does not provide a summary of those meeting discussions.

M.1 [redacted]

M.2 [redacted]

[redacted]

M.3 [redacted]

[redacted]

M.4 [redacted]

[redacted]

[redacted]

Annex N References

[i] 'THE LONDON PLAN, Spatial Development Strategy for Greater London', Greater London Authority, July 2011
[ii] 'Convergence Framework and Action Plan', 2011 - 2015
[iii] Such as Docklands Light Railway, London City Airport, the Jubilee Line extension, ExCel conference centre, Siemens Urban Sustainability Centre, University of East London, Silvertown Quays, hotel chains and residential developments
[iv] Source: 'Newham Royal Docks Infrastructure Study, Part 1 – Main Report', London Borough of Newham, April 2012
[v] Source: http://www.london.gov.uk/priorities/business-economy/our-investments/royal-docks-enterprise-zone
[vi] Source: Tower Hamlets Enterprise Strategy, Tower Hamlets, January 2012
[vii] 'LDF Core Strategy', London Borough of Hackney, December 2010
[viii] Belfast: Maximum funding allocation GBP13.7 million
[ix] Edinburgh: Maximum funding allocation GBP11 million
[x] Source: London 2012 factsheet
[xi] Olympic host boroughs: Hackney, Tower Hamlets, Newham, Greenwich, Barking and Dagenham, Waltham Forest
[xii] Source: 'Tourism in London', Government Office for London
[xiii] With an output of GBP265 billion a year. Office for National Statistics Regional GVA (Dec 2009. Provisional estimate.)
[xiv] Source: ONS, 2009
[xv] Source: Labour Force Survey, 2008
[xvi] Source: Economic Evidence Base, GLA Economics, May 2010
[xvii] Source: 'State of the Internet', Akamia, 4th Quarter, 2011 report.
[xviii] Source: 'Broadband quality Survey', 2010
[xix] Source: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr11/CMR_2011_England_chart_pack.pdf
[xx] See http://www.london.gov.uk/who-runs-london/the-london-assembly/webcasts
[xxi] Source: http://www.btsocialstudy.co.uk/investing_in_broadband.html
[xxii] Based on average GVA per head of GBP35,026 for London (Source: ONS)
[xxiii] Assumes average of 10 employees per business.
[xxiv] Pillar 4: Westminster digital inclusion was costed by Westminster City Council
[xxv] Source: Urban Design London survey, 2012
[xxvi] See http://www.cabinetoffice.gov.uk/content/small-and-medium-enterprise-sme-action-plans
[xxvii] Source: Westminster Council. ARPU includes non-service-related fees
[xxviii] http://www.imaginist.co.uk/documents/13SeptKickStartReport.pdf