

CORPORATE LEADERSHIP TEAM'S
REPORT TO CABINET

19 March 2024

Report Title: Newcastle Town Deal Digital Infrastructure Project Update

Submitted by: Deputy Chief Executive

Portfolios: Finance, Town Centres & Growth and One Council, People & Partnerships

Ward(s) affected: Crackley and Red Street, Bradwell, Holditch and Chesterton, Wolstanton, Cross Heath, Knutton, Silverdale, May Bank, Thistleberry, Town, Keele, Westlands, Clayton, Westbury Park, and Northwood Park.

<u>Purpose of the Report</u>	<u>Key Decision</u> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
To provide Cabinet with an update on the progress made with the Newcastle Town Deal funded Digital Infrastructure Project and to make recommendations to Cabinet to enable the project to progress to the next stage.	
<u>Recommendation</u> That Cabinet: <ol style="list-style-type: none">1. Notes the progress on the Digital Infrastructure project as part of the Newcastle Town Deal;2. Authorises the Deputy Chief Executive in conjunction with the Portfolio Holders for Finance, Town Centres & Growth and One Council, People & Partnerships to progress the Digital Infrastructure project to the next steps of procuring a partner to deliver a fibre network within the Newcastle Town Deal area;3. Authorises the Deputy Chief Executive in conjunction with the Portfolio Holders for Finance, Town Centres & Growth and One Council, People & Partnerships, to examine the invest to save potential of connecting key Borough Council sites to the fibre network to release the full benefit from this investment;4. Receives a further report on the digital inclusion element of the project is considered by a future meeting of Cabinet.	
<u>Reasons</u> The Digital Infrastructure project is one of several projects within the Newcastle Town Deal Town Investment Plan. This report enables the next stage of delivery for this project. The project is expected to entail the installation of approximately 50KM of a fibre network with associated digital hubs, located in existing community centres within the Newcastle Town Deal area to enable a range of business and community benefits to be delivered. This will benefit areas within Newcastle that are not within the scope of digital upgrades from existing network providers.	

1. Background

- 1.1 Cabinet has previously noted that in September 2019 the Government invited 100 places to develop proposals for a Town Deal as a part of the Government's Levelling Up agenda. The Council was invited to participate in this valuable opportunity to drive significant investment into the Borough. The Council, working with a Town Deal Board has gone through various stages of development to gain approval for the Newcastle Town Deal Investment Plan and the projects that were contained in that Investment Plan. Cabinet has considered Newcastle Town Deal on several occasions.
- 1.2 The Digital Infrastructure project, which is the subject of this report, was one of the projects proposed in the connectivity element of Newcastle Town Deal Town Investment Plan. The project aims to enhance digital connectivity in the town centre and surrounds. Following work to implement the project, several interventions were proposed to improve the digital infrastructure in Newcastle:
- continue 'business as usual'.
 - develop the SafeZone®, or similar, smartphone application.
 - improve the resilience of the fibre network.
 - invest in public sector ducting.
 - enhance 5G coverage across Newcastle-under-Lyme; and
 - 'flooding' the town centre with wi-fi.
- 1.3 Whilst each of these proposed options were considered to have merit and had been scrutinised by the project delivery group, due to the ever-changing digital market it was felt that a further review was needed to validate the way forward. To support this, a specialist in the sector, Regional Network Solutions Ltd, (RNS) was appointed to conduct the review.
- 1.4 In conducting the review RNS considered several issues:
- Whether Town Deal funding is still required, or the commercial market is addressing the need.
 - Are there other ways that improvements in digital connectivity could be achieved.
 - If an intervention is required, what is the most cost effective and sustainable commercial and technical solution to deliver the desired outcomes.
 - Ensuring that best value and long-term sustainability is achieved and not purely quick win fixes.
 - Ensuring that the investment drives benefit for the Council in the way it delivers services and support residents and businesses.
 - Ensure that the investment addresses and stimulates economic growth.
 - Ensure that the investment realises benefits around enabling digital skills and inclusion.
 - Creating an opportunity for collaboration, bringing together the Council, Public Services, University, Businesses and Communities
- 1.5 In conducting the review, RNS held a range of stakeholder interviews. This included commercial providers, key partners to the Council and a range of Council departments. Information from these sessions was used to inform the proposed solution that was put forward by RNS for consideration.
- 1.6 The recommended approach proposed by RNS is to invest in the laying of a fibre network across the Newcastle Town Deal area. This delivers a range of business and community benefits and aligns to the Council's Technology Strategy 2023 – 2028. Further detail is set out below.

2. Issues

- 2.1 The review established that for commercial delivery of fibre broadband, investment will continue to be made, primarily by Openreach and Virgin Media. However, based on the most recent data it is also apparent that whilst commercial investment will cover much of the Town Deal area, some parts of the town centre and some business parks are unlikely to benefit from fibre to the premises provision and will remain fibre 'not spots' for the foreseeable future. This will have an economic impact as a potential barrier to future growth and investment.
- 2.2 In stakeholder interviews, local partners expressed an appetite to collaborate and deliver a solution that would address economic growth and realise opportunities to address digital inclusion. Investment in digital infrastructure will also compliment other Newcastle Town Deal and Shared Prosperity Funded projects such as Keele in Town and uplifting digital skills for residents.
- 2.3 Town Deal funding is restricted to investing in the area designated in the Town Investment Plan and cannot be used in geographic areas outside of this boundary, however, to gain full benefit from connecting all of its premises in line with the proposals in the Digital Connectivity project the Council would need to invest capital resources to complete the proposed network. It is anticipated that this would achieve annual revenue savings for the Council. Clearly there is a consideration around the benefit of this approach for the Council which would need scoping out in more detail for the cost/benefit analysis.
- 2.4 In line with Town Deal governance procedures, Newcastle Town Deal Board considered the proposed solution at its meeting of 14 February 2024 and approved the project for delivery. As the accountable body for Newcastle Town Deal and given the potential benefits that this project could deliver for the Council, it is necessary for the Council to also consider and approve the next steps of the project.
- 2.5 The recommendation is that approximately 50km of fibre is used to connect public sector buildings and community facilities within the Town Deal area. This would provide the basis for fibre to the premises connectivity on business parks that are not currently planned to benefit from this investment. It would also create the opportunity to connect local community facilities to the network and create the opportunity for them to become digital hubs within local communities.

Business parks

- 2.6 The review identified that business parks and parts of the town centre will remain as fibre to the premises not-spots on the basis that these areas currently benefit from fibre lease line provision, which is affordable for larger businesses, but based on cost, is limiting for small and medium enterprises. The proposed investment will address this by the fibre network providing open access breakout chambers outside poorly served business parks. This will enable commercial providers to connect to this access point and provide a full fibre service into the business parks, providing a more cost-effective faster gigabit capable connection. This will significantly improve provision, particularly for small and medium sized businesses. It is likely to increase the attractiveness of the business parks both for existing businesses and potential new tenants.
- 2.7 By working this way, the Council opens the business park market to commercial provision rather than providing services directly itself. In terms of subsidy control, this is compliant way of improving access as the Council is enabling the commercial market to compete rather than being tied to one provider or directly subsidising provision to businesses itself. The stakeholder consultation with commercial providers indicated that there is interest in providing services to the business parks via the open access chambers.

Digital Hubs

- 2.8 Running fibre provision to local community hubs will provide a fast and reliable service to those centres and will enable the provision of free Wi-Fi within. This creates an opportunity for those community hubs to expand their service to the local community. As an example, for those people that might not otherwise have access to the internet, or that may have limited provision or knowledge on what to do. Providing support and learning opportunities at these hubs will open-up access to online services and the opportunity for the delivery of digital skills training in those communities.
- 2.9 Creation of local hubs is an element of provision that has great potential to benefit residents, but which will require further development. For example, management committees would need to be willing to take advantage of this opportunity and the Council will need to work with local partners on the provision of both equipment and human resources to provide the support and skills development. Whilst investment in equipment is outside of the Town Deal funding, investigation on the options to secure third party investment could be undertaken with management committees. On this basis, there is value in the Council creating a digital enablement strategy to direct work with partners to establish and operate these facilities.

Newcastle Town Centre

- 2.10 In addition to creating opportunities for town centre businesses to benefit from a full fibre connection, there is the potential for the Council to work with partners and consider a Smart Place Strategy for the town and; subject to further due diligence, incorporate the town centre CCTV system into the fibre system. As with the digital hub element above, this would require further work to implement.

3. Recommendation

That Cabinet:

- 3.1 Notes the progress on the Digital Infrastructure project as part of the Newcastle Town Deal;
- 3.2 Authorises the Deputy Chief Executive in conjunction with the Portfolio Holders for Finance, Town Centres & Growth and One Council, People & Partnerships to progress the Digital Infrastructure project to the next steps of procuring a partner to deliver a fibre network within the Newcastle Town Deal area;
- 3.3 Authorises the Deputy Chief Executive in conjunction with the Portfolio Holders for Finance, Town Centres & Growth and One Council, People and Partnerships, to examine the invest to save potential of connecting key Borough Council sites to the fibre network to release the full benefit from this investment;
- 3.4 That a further report on the digital inclusion element of the project is considered by a future meeting of Cabinet.

4. Reasons

- 4.1 To deliver on the Council plan as it relates to the Newcastle Town Deal.
- 4.2 To support delivery of the Council's Technology Strategy 2023 – 2028.
- 4.3 To deliver a project within the Newcastle Town Deal Investment Plan.
- 4.4 To support economic and community development within the Borough.

- 4.5 To realise potential savings and increase digital capability in the delivery of Council services.

5. Options Considered

- 5.1 Several options were considered in development of the digital infrastructure project. These were:
- 5.1.1 A voucher scheme for businesses to connect to an existing fibre network. It was considered that this would have no long-term impact and does not address the full fibre not-spots as it relies on an existing fibre network being available.
 - 5.1.2 Develop the SafeZone, or similar app. As this is based on an incident response scenario this would not deliver the wider business or community outcomes and there is no evidence that this would produce a longer-term return on investment.
 - 5.1.3 Improve the resilience of the fibre network based on vouchers. This did not produce a value for money result.
 - 5.1.4 Invest in public sector ducting rather than utilising the existing ducting available. This was rejected as an expensive option that would not produce a commercial return.
 - 5.1.5 Enhance 5G coverage across the area. It was considered that this should be left to the private sector to invest in as a commercial proposition. Investment would be unlikely to offer any significant value to this market.
 - 5.1.6 Flooding the town centre with Wi-Fi. There is existing Wi-Fi provision in the town centre which has already received investment through the Accelerated Town Deal to improve its coverage. Additional investment would produce limited economic or community regeneration outcomes when compared with the potential of the preferred solution.

The preferred option

- 5.2 The preferred option, which is recommended by the independent specialist review is to deploy a fibre network. This would be delivered through Openreach's Physical Infrastructure Access (PIA) duct. This enables a fibre network to be built and expanded much more quickly and economically than building from scratch. Each public sector site could then be connected. The route would create a series of break out chambers outside of the poorly served business parks.
- 5.3 This option has a commercial model associated with it. In return for its investment the Council would get free access for a specified number of years, (proposed as 15 years). The fibre deployed would be an open access network that would be accessible to others and provide the opportunity for further private sector investment into the business parks. there is potential for the Council to realise a modest revenue share from the transit fees charged.

6. Legal and Statutory Implications

- 6.1 Section 2(1) of the Local Government Act 2000 permits local authorities to do anything they consider likely to promote or improve the economic, social, and environmental well-being of their area. That would include actions to deliver infrastructure that enables digital opportunities to both businesses and residents to improve wide scale economic opportunities.

- 6.2 The proposal requires procurement of a delivery partner for the construction and operation of the fibre network. This will be done via a legally compliant framework.
- 6.3 In addition to the construction of the fibre network the Council would need to enter into an Indefeasible right of use (IRU) agreement with the selected provider. In telecommunications, this is a type of permanent contractual agreement between the owners of a communications system and a customer of that system that cannot be undone. When a customer (in this case the Council) purchases an IRU, they acquire the exclusive and unrestricted right to use a specified amount of the system's capacity for a defined number of years. These contracts are typically long lasting, in this case 15 years is proposed.
- 6.4 This proposal would require the Council to procure a new internet service provider.

7. Equality Impact Assessment

- 7.1 The nature of the project is intended to seek benefits for all businesses and residents of the town centre and along the A34, including the business parks north of the town centre to support the economic development with improved digital connectivity within Newcastle town centre.

8. Financial and Resource Implications

- 8.1 This project involves the expenditure of Newcastle Town Deal project funding. This is capital funding. The project has been approved for delivery through the Town Deal process.
- 8.2 Delivery of the project will engage officers from the Economic Regeneration and ICT Teams.
- 8.3 To complete the next phase of delivery it will be necessary to re-engage RNS to support the procurement of a delivery partner. This will be funded from Newcastle Town Deal monies.
- 8.4 The estimated cost of installing the fibre network is £1,750,000 which is within the Town Deal allocation for this project. As the project cost is based on a per KM amount (plus contingency) the final cost will be determined by the length of fibre deployed but will not exceed the Town Deal project budget available.
- 8.5 Should the invest to save proposal for Council investment be accepted to extend the network beyond the Newcastle Town Deal area this would require capital expenditure by the Council. As stated above, cost is based on a per KM amount. The implementation of the fibre network would also support in reducing the operational expenditure of the Council's existing internet connectivity. Further detailed work will be required to complete an invest to save proposal for consideration.
- 8.6 The Council would need to procure a new internet service provider. Based on benchmarking provided by RNS, this would cost between £450 (100Mb) to £800 (Gigabit) service per annum.

9. Major Risks & Mitigation

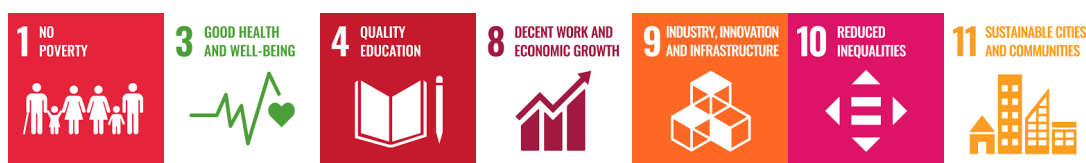
- 9.1 As part of the business case development and evaluation a risk assessment has been undertaken and is detailed below.

Risk	Mitigation
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Who will be monitoring the fibre? – will this fall to the Council?	The monitoring and maintenance of the fibre will be assumed by the delivery partner and will be specified within the procurement requirements
Council Right of Use could this be revised or removed	The 15 Year IRU will be captured within the procurement specification and will be protected under contract
Cost of deployment could the Council be subject to additional costs during the deployment phase?	The procurement process will require a fixed guaranteed cost. During the project delivery stage additional costs may emerge in the guise of excess charges (ducting damage) but will be balanced against the budget available and will either be funded through savings made or sites that are dropped to ensure that the project remains within budget.
Cost of taking a service could it be more expensive than the service currently being delivered?	Based on an assessment of the current operating costs of the service provision to council sites and benchmarking these current costs against a similar project to that proposed costs should be reduced by a considerable percentage.
Is there long-term value in funding such infrastructure?	<p>Availability of fibre under the terms described will align and be an enabler for the Councils long term strategic approach to delivering cloud-based council services based on zero trust principles. This proposal has been shared and discussed with ICT and has received support in principle.</p> <p>Will be adopting an approach which is now becoming a common strategy across local authorities with a move to internet only services as opposed to the traditional model of one provider providing connectivity.</p>

10. UN Sustainable Development Goals (UNSDG)

10.1 This investment in digital infrastructure to improve connectivity for businesses and residents will provide the following goals:-



11. Key Decision Information

11.1 The project covers multiple Wards that are within the Newcastle Town Deal boundary. Crackley and Red Street, Bradwell, Holditch and Chesterton, Wolstanton, Cross Heath, Knutton, Silverdale, May Bank, Thistleberry Town Keele, Westlands, Clayton, Westbury Park, and Northwood Park.

11.2 The project involves expenditure from the Newcastle Town Deal grant monies. The Newcastle Town Deal allocation for this project is £2,285,000.

11.3 This is a key decision.

12. Earlier Cabinet/Committee Resolutions

- 12.1 18 October 2022 Newcastle Town Deal [Newcastle Town Deal.pdf \(newcastle-staffs.gov.uk\)](#)
- 12.2 13 January 2021 Newcastle Town Deal, submission of the Investment Plan including Knutton [Newcastle Town Deal.pdf \(newcastle-staffs.gov.uk\)](#)
- 12.3 4 December 2019 Town Deals, establishment of Town Deal Boards and development of Investment Plans.

13. **List of Appendices**

- 13.1 Appendix A – Digital Infrastructure Town Deal Paper and Scope of Works

14. **Background Papers**

- 14.1 Newcastle Town Deal investment Plan
- 14.2 Council Technology Strategy 2023 – 2028
- 14.3 Openreach PIA information page. [Physical Infrastructure Access\(PIA\) \(openreach.co.uk\)](#)