

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO CABINET**

15 October 2024

Report Title: Contract Award for the Digital Infrastructure Project

Submitted by: Deputy Chief Executive

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

Ward(s) affected: Crackley and Red Street, Bradwell, Holditch and Chesterton, Wolstanton, Cross Heath, Knuttton, 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"/>
<p>To provide Cabinet with an update on the procurement of a partner for the delivery of a fibre network in the Newcastle Town Deal area and to seek authority to appoint the selected delivery partner.</p>			
<p><u>Recommendation</u></p> <p>That Cabinet:</p> <ol style="list-style-type: none"> 1 Approves the appointment of ITS Technology Group as a delivery partner for the delivery of a fibre network in the Newcastle Town Deal area. 2. That the Deputy Chief Executive, in consultation with the relevant portfolio holder is authorised to sign any such agreements as may be necessary to enable the deployment of a fibre network in the Newcastle Town Deal area and to establish an Indefeasible Right of Use agreement with the selected provider. 3. Receives a further report to consider the option to invest in further provision as part of the Council's commercialisation programme. 4. That the Deputy Chief Executive, in consultation with the relevant portfolio holder is authorised to take forward development of the digital hubs in our communities and is authorised to sign any agreements that are necessary between the respective parties to enable their development. 			
<p><u>Reasons</u></p> <p>The Digital Infrastructure project is one of several projects within the Newcastle Town Deal Town Investment Plan. Deployment of a fibre network is expected to bring substantial benefits in enabling business and community digital connectivity in areas that are not being served by the commercial market, or where there is potential to help overcome digital exclusion in local communities. A fibre network offers a faster and more reliable connection, enabling the transmission of information at speed when compared to more traditional broadband connection.</p>			

1. Background

- 1.1** At its meeting of 19 March 2024, Cabinet received an update on the Newcastle Town Deal Digital Infrastructure Project. This report set out the various options that had been considered

for delivery of this project and proposed that delivery of a fibre network was the preferred way forward. At this meeting Cabinet authorised the project to progress to the next stage of procuring a partner to deliver a fibre network within the Newcastle Town Deal area.

- 1.2 Fibre broadband is a faster and more stable connection than the traditional copper wire connection. Two options are available to the market. A Fibre to the Cabinet (FTTC) connection, which runs fibre to the nearest cabinet and then relies on copper for the last part of the journey to the premises offers up to superfast download speeds. The second option is Fibre to the Premises (FTTP) connectivity which, as the name suggests, cuts out copper completely and offers even better speed and reliable connection. This would, for example, enable a business to transfer large data files more quickly and efficiently than via standard broadband. The arrangement proposed also has the potential to decrease the cost of business broadband whilst improving its performance.
- 1.3 The project is expected to install a fibre network with associated digital hubs located in existing community centres/local facilities within the Newcastle Town Deal area. This would be delivered through Openreach's Physical Infrastructure Access (PIA) duct. This enables a fibre network to be built and expanded more quickly and economically than building from scratch. The route, which is intended to connect various public sector sites would create a series of break out chambers outside of the poorly served business parks.
- 1.4 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.
- 1.5 The Council has the option through to extend the area of connectivity through investing Council capital funds, a business case will need to be confirmed prior to establishing if this is a good option for the Council. A further report is therefore recommended to bring this proposal forward.
- 1.6 As part of the tender process the aim was to secure investment in digital hubs to support local communities in the Town Deal Area to have access; and where needed, support to use the internet. This is intended to assist the most digitally disadvantaged to have access, capability and confidence to engage with digital services so that they can participate in modern social and economic life. There is a close link between digital disadvantage and other forms of inequality and disadvantage such as poor job opportunities, educational attainment, access to public services and the 'poverty premium' which often sees households paying more for products and services if they cannot access them online.
- 1.7 There are a number of possible buildings in the Newcastle Town Deal area that could be used as digital hubs. These are shown in Appendix 1. Their use would be subject to the respective management committees agreeing to accept the connection and seeing the benefit that it could potentially bring to their facility. The next step is to discuss with the community leads such as management committees what the offer may be and to establish if there is interest in taking forward this opportunity.

2. **Issues**

- 2.1 Procurement was undertaken using a compliant Framework, Crown Commercial Network Services (3) RM 6116 Framework, which is a dynamic purchasing framework. Tenders were assessed by officers from both the Economic Regeneration and Digital teams with the support of the Council's previously appointed technical consultant Regional Network Solutions.
- 2.2 The preferred tenderer for delivery of the Digital Infrastructure Project is ITS Technology Group.

2.3 In line with Town Deal procedures, at its meeting 8 October 2024 Newcastle Town Deal Board reviewed the results of the procurement process and approved the appointment of ITS Technology Group. As the Accountable Body for the Town Deal, the Council also needs to approve this appointment.

2.5 Subject to Cabinet approval it is intended to appoint ITS Technology Group at the earliest opportunity.

3. **Recommendation**

3.1 That Cabinet approves the appointment of ITS Technology Group for delivery of a fibre network in the Newcastle Town Deal area.

3.2 That the Deputy Chief Executive, in consultation with the relevant portfolio holder is authorised to sign any such agreements as may be necessary to enable the deployment of a fibre network in the Newcastle Town Deal area and to establish an Indefeasible Right of Use agreement with the selected provider.

3.3 That Cabinet receives a further report to consider the option to invest in further provision as part of the Council's commercialisation programme.

3.4 That the Deputy Chief Executive, in consultation with the relevant portfolio holder is authorised to take forward development of the digital hubs in our communities and is authorised to sign any agreements that are necessary between the respective parties to enable their development.

4 **Reasons**

4.1 To enable the roll out of a fibre network in the Newcastle Town Deal area in accordance with the aspirations of the Town Investment Plan and subsequent business case.

4.2 To support delivery of the Council's Technology Strategy 2023 – 2028.

4.3 To support economic and community development within the Borough by enhancing opportunities for digital connectivity and addressing digital disadvantage.

5 **Options Considered**

5.1 Several options were considered in development of the digital infrastructure project. These were reported in detail in the report that was considered by Cabinet at its meeting of 19 March 2024. In this report the preferred option which was agreed by Cabinet was to deploy a fibre network. This would be delivered through Openreach's Physical Infrastructure Access (PIA) duct. To enable a fibre network to be built and expanded is much quicker and economic than building from scratch. The procurement that has been undertaken is for delivery of this preferred option.

5.2 By using an appropriate procurement framework that is a dynamic purchasing framework the Council has attracted interest from a range of suitably qualified and competent contractors on that framework.

5.3 If the Council chose not to deliver this project it would lose an opportunity to deliver infrastructure that has the potential to deliver wider economic benefits to business, community and the Council itself.

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 a contractual agreement with ITS Technology Group for construction and operation of the fibre network. Which includes an Indefeasible Right of Use (IRU) agreement to secure for the Council exclusive and unrestricted right of use to access a specified amount of the network's capacity for 15 years.

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.
- 7.2** Creation of the digital hubs is intended to improve access to those that are digitally disadvantaged, in many cases, digital disadvantage is associated with already vulnerable groups and can compound other existing social and economic inequalities.

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** 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, this would be funded via existing revenue budgets.

9 Major Risks & Mitigation

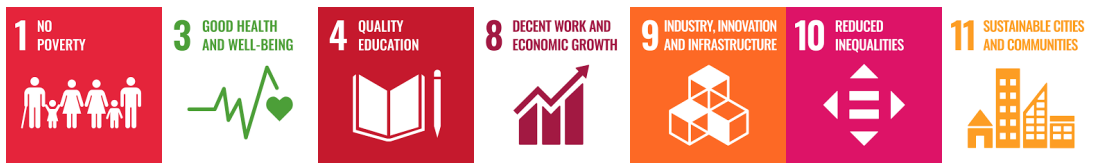
- 9.1** As part of the business case development and evaluation a risk assessment has been undertaken and is detailed below.

Risk	Mitigation
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 has been 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.

<p>Cost of taking a service could it be more expensive than the service currently being delivered?</p>	<p>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.</p>
<p>Is there long-term value in funding such infrastructure?</p>	<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, namely 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.

12 Earlier Cabinet/Committee Resolutions

12.1 19 March 2024 Newcastle Town Deal Digital Infrastructure Project Update. [Digital Infrastructure draft 1.pdf \(newcastle-staffs.gov.uk\)](#)

12.2 18 October 2022 Newcastle Town Deal [Newcastle Town Deal.pdf \(newcastle-staffs.gov.uk\)](#)

12.3 13 January 2021 Newcastle Town Deal, submission of the Investment Plan including Knutton [Newcastle Town Deal.pdf \(newcastle-staffs.gov.uk\)](#)

12.4 4 December 2019 Town Deals, establishment of Town Deal Boards and development of Investment Plans.

13 List of Appendices

13.1 Appendix 1 List of Community Centres.

14 **Background Papers**

- 14.1 Newcastle Town Deal investment Plan
- 14.2 Council Technology Strategy 2023 – 2028