
To: Leadership Board

On: 4 December 2019

Report by: Chief Executive

Heading: Full fibre development proposals

1. Summary

- 1.1 A critical element of the Council's current Digital Strategy 2016-2019 is to deliver a level of digital infrastructure that enables greater connectivity of citizens, communities and businesses.
- 1.2 To facilitate the development of this infrastructure, on 2 March 2018, Council approved £2 million of funding to support further investment in digital infrastructure in Renfrewshire as part of the Council's budget. The funding (being £1.500 million of capital resources and £0.500 million of revenue resources) was approved to specifically provide match funding for a bid to a Department for Digital, Culture, Media and Sport (DCMS) Full Fibre Network Fund.
- 1.3 Following a detailed programme of preparation, the Council was however, not selected to participate in the final stages of the DCMS funding application process. The market in relation to the provision of full fibre has however evolved significantly since the development of the Council's Digital Strategy, and an alternative funding model has been developed by officers which would seek to deliver a full fibre network in Renfrewshire, at a greater pace than those other local authority areas that have secured DCMS funding. In addition, as outlined in the paper below, this model could potentially lever in significant external investment in infrastructure in Renfrewshire, based on extensive market testing undertaken since Summer 2019. Subject to approval of the revised approach, a procurement exercise will be taken forward to deliver the infrastructure required.

2. Recommendations

2.1 It is recommended that elected members:

- Note the work undertaken by officers to develop proposals to deliver full fibre infrastructure in Renfrewshire in line with the aspirations of the Digital Strategy 2016-2019;
- Note that an initial bid to the Local Full Fibre Network Fund to facilitate the delivery of a full fibre network in Renfrewshire was not selected to progress to the final stages of award;
- Agree that the £2million of funding previously approved by Council to provide match funding for the DCMS application, is utilised to deliver full fibre infrastructure through the alternative approach identified in Section 4 of this report;
- Agree that officers proceed with an appropriate contract strategy to secure a single contract with terms and conditions covering the provision of a gigabit (and multigigabit in future) network to Council sites, acting as a springboard to launch gigabit connectivity services to residential and business users across Renfrewshire. A 20-year long term arrangement has been identified as the most appropriate arrangement and which will encourage long term investment in connectivity infrastructure across Renfrewshire; and
- Note that related contract authorisation reports will be submitted to a future Finance, Resources and Customer Service board for approval.

3. Background

3.1 Renfrewshire Council's Digital Strategy 2016-2019, sets out a vision of a digital Renfrewshire where:

"everybody has the opportunity to reach their digital potential and to maximise the wider economic, educational, health, social and cultural benefits for all".

3.2 The pace of digital development has been exponential in nature since the strategy's launch in 2016, with significant advances continuing to be made in terms of what citizens and businesses use technology to do. In turn this has driven increased demand and indeed expectation in terms of the internet connectivity that is required now and in the future - whether this is in terms of access to wifi or the speed of internet connection that is available to a business or to a home. Access to the internet itself is now considered as the fourth utility.

- 3.3 A critical element of the Digital Strategy was and remains the requirement to deliver a level of digital infrastructure that enables greater connectivity of citizens, communities and businesses. Infrastructure of this nature has the potential to deliver the following step changes:
- Drive economic growth, with Renfrewshire firmly placed on the map as a strong location for investment and innovation.
 - Support digital developments of the future – with opportunities to develop and maximise the opportunities in terms of digital learning, digital health and care and the design of “smart” places where digital is core to the provision of every day services.
 - Promote digital inclusion at an individual level, with greater access to the internet across communities.
 - Modernise the ICT infrastructure of the Council itself, with services and buildings across Renfrewshire benefiting from the availability of this level of infrastructure.
- 3.4 In recognition of the potential scale of these opportunities, a number of local authorities across the UK have been developing their approach to digital infrastructure, particularly in relation to investment in full fibre networks which deliver gigabit level connectivity across communities. This is often referred to as ultrafast broadband, delivering internet connection speeds of 100Mbps, far exceeding connection through superfast broadband (33Mbps).
- 3.5 In Renfrewshire, the initial approach to stimulating this level of investment involved targeting a bid to the Local Full Fibre Network Fund, operated by the Department for Digital, Culture, Media and Sport. On 2 March 2018, Council approved £2 million of funding to support further investment in digital infrastructure in Renfrewshire as part of the Council’s budget. The funding (being £1.500 million of capital resources and £0.500 million of revenue resources) was approved to specifically provide match funding for a bid to a Department for Digital, Culture, Media and Sport (DCMS) Full Fibre Network Fund.
- 3.6 In line with the budget decision of the Council in March 2018, officers progressed all required development work in order to submit an application to Wave 3 of the LFFN Challenge Fund, which was launched in summer 2018. As outlined in the report to board in December 2018, the application process and funding criteria were subject to significant change throughout the process. For example, a funding application cap of £4.5 million was put into place during the process, which also changed from a formal application submission process, to one which was more iterative and lengthier, culminating in only a small number of bids moving to the final application submission stage. This cap would therefore have limited the investment model available to the Council.
- 3.7 Ultimately, Renfrewshire Council was unsuccessful in terms of securing the funding targeted from DCMS. Should Renfrewshire Council have been successful in its

LFFN Challenge Fund application, it would have benefited from gigabit capable fibre connections across Council premises. The business case to deliver this would have involved a combination of funding streams including DCMS, Council and a private investor. The underlying strategy to be deployed through the initial bid, was that if an investor made that investment in Renfrewshire Council premises, they would build on this infrastructure foundation and continue to extend this to residential and business premises.

- 3.8 In order to deliver the intended outcomes set out in section 3.3 above, officers have used all information gathered through this process to develop an alternative approach which would continue to support the delivery of gigabit connectivity across Renfrewshire. As outlined above, the pace of development and change in the digital infrastructure sector has also been replicated in terms of digital service provision. In this context, soft market testing is now indicating the potential to deliver the same level of gigabit infrastructure, but at a much faster pace than those local authorities that have received DCMS funding previously. Approval is now being sought from members to progress this alternative approach for the delivery of gigabit connectivity, as set out in section 4 of this report.

4. Delivering gigabit connectivity in Renfrewshire – revised proposal

- 4.1 Despite not progressing to the final stages of the DCMS process, officers have continued to work on the development of an alternative approach to deliver gigabit connectivity in Renfrewshire given its recognised importance to the future prosperity of a modern Renfrewshire for both citizens and business. This work has identified the opportunity to achieve transformational change across Renfrewshire potentially at a level which would have been unlikely to have been secured through the DCMS model.
- 4.2 An initial business case has been developed, which uses an “anchor tenancy model” approach to stimulating investment in fibre infrastructure. This is similar to the approach which DCMS was seeking to introduce, whereby the Council looks to secure and fulfil its own connectivity requirements for ICT infrastructure with gigabit connectivity delivered to all Council sites, which subsequently provides the foundation and springboard for further commercial led investment. The experience of other local authorities and from intelligence gained through the soft market testing, indicates that the market has rapidly matured over the recent years and that this approach would trigger potentially significant levels of additional investment from commercial firms seeking to launch and provide services to residential and business users across Renfrewshire.
- 4.3 The scope of the initial service to be provided to the Council and which would act as the springboard to further investment would include the replacement of the Council’s

i) existing Wide Area Network, ii) existing Internet services iii) existing connectivity to the CCTV platform, and iv) connectivity to Urban Traffic Control (UTC) sites. The Contract would be structured to allow future service requirements to be satisfied, including replacing the existing Enterprise Telephony provision and future requirements that are expected to emerge from the Internet of Things (IoT) which has the potential to be a key enabler in transformation across many services. A 20-year term has been established as the most appropriate term for such a strategy, providing long term stability for the Council, whilst providing the provider with the long term period over which to progress a significant investment model in connectivity.

4.4 The potential outcomes that could be delivered through this approach include:

- More than 90% of Council owned premises connected to a gigabit network representing a vast improvement in digital connectivity, which will be a key facilitator in the modernisation of services but also across all the Council's learning estate;
- New high specification infrastructure to support the Renfrewshire economy;
- A private investor who could connect circa 60,000 premises providing access to leading digital connectivity and potentially introducing added competition into the market place to drive increased affordability;
- The potential investment in infrastructure of between £30 - £40million concluding by 2023 which supports:
 - Council business and transformation agenda;
 - Modernisation of the digital learning opportunities in schools;
 - Mobile 4G and 5G investment;
 - Competition at the infrastructure level promoting further investment from the market; and
 - Vast majority of Council house dwellings connected to a new leading infrastructure.

4.5 In the UK, managed communications services are a competitive market comprising of individual suppliers and consortia (i.e. Communication Service Providers). Each has their own specific strengths and weaknesses and it is anticipated that the Council's approach to the market will stimulate a positive response which will offer different approaches to meeting the Council's requirements.

5. Next steps

5.1 The commercial model for the contract between the Council and the chosen Communications Service Provider will be based on a managed service provided over an underlying communications infrastructure. It is expected that the Communications Service Provider will invest their own capital resources to build and / or lease the infrastructure assets required to provide the outcomes specified by the Council. The Council will provide the Communications Service Provider with a contribution to

support their investment in the underlying infrastructure. Recent soft market testing has highlighted the requirement for a Council capital investment of up to £2million. A managed service approach is recommended over a self-invest, build and operate model as the chosen approach as this transfers the capital investment risk, technology risk, implementation risk and operational risks to the Communications Service Provider who are better placed to mitigate and manage such risks over a long-term investment period.

- 5.2 The strategy and specification for the above has been developed following soft market engagement with both the market, Councils across the UK who have been early adopters of similar approaches along with support and advice of a third party, who has provided extensive market knowledge and expertise. The procurement process is proposed to commence in early December 2019 and conclude in February / March 2020.

Implications of the Report

1. **Financial** – proposals outlined in this report will be met from within the existing approved allocation of £2million by the Council that was previously approved to support the bid to the LFFN Challenge Fund, and other resources (i.e. current contractual revenue spend for the initial services).
2. **HR & Organisational Development** – none.
3. **Community Planning** – the delivery of gigabit (and multigigabit in future) connectivity will be a key component of the Council's ambitions, and those of its partners, to provide digital infrastructure to grow the economy, promote digital inclusion and enhance the environment.
4. **Legal** – the Council will require to put in place all required legal processes in relation to the implementation of gigabit (and multigigabit in future) connectivity.
5. **Property/Assets** – the proposals contained in this report would continue to support the delivery and development of significant property and assets in Renfrewshire.
6. **Information Technology** – as detailed in the body of this report.
7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the

Council's website.

8. **Health & Safety** – N/A.
9. **Procurement** – the Council will require to put in place all required procurement processes in relation to the implementation of gigabit (and multigigabit in future) connectivity.
10. **Risk** – None.
11. **Privacy Impact** – N/A.
12. **COSLA Policy Position** – COSLA is supportive of improved digital and mobile communications connectivity in Scotland and has expressed concerns to OFCOM in the past about a growing digital divide and the need to connect more remote rural communities.
13. **Climate Risk** – None.

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