

EAST RENFREWSHIRE COUNCILCABINET3 June 2021Report by Head of Digital & Community SafetyDIGITAL CONNECTIVITY TRANSFORMATION**PURPOSE OF REPORT**

1. The purpose of this report is to inform Cabinet of the proposed digital connectivity transformation of the Council area and to seek approval based on this proposal.

RECOMMENDATIONS

2. It is recommended that the Cabinet
 - Note that on the 15th March 2021 Council approved an investment of £2.7m in the Council's wide area network which will improve internet connection speeds across the council's estate.
 - Note that further work has been undertaken to build the details of the business case including an independent assessment of the case.
 - Approve the use of the Scottish Government Capita SWAN framework to procure the additional bandwidth through which Capita will work in partnership with City Fibre to provide a "Full fibre network".
 - Note that CityFibre intend to invest up to £27M in a full fibre network for residents and businesses on the back of the ERC investment in the Council network.
 - Note that the City Fibre investment could give 85% of homes and businesses access to a full fibre network with Barrhead and Neilston included in the plans.
 - Note that further discussions are ongoing with Capita to move towards 100% coverage across the East Renfrewshire area.

BACKGROUND

3. The current East Renfrewshire Council Wide Area Network (WAN) is reaching its original design limits and requires investment to be fit for the future. There are growing network performance issues throughout the council, most notably the Education estate who consume around 80% of the bandwidth and require continual incremental increases reactively to meet their internet demands.
4. The Council currently contract Capita SWAN as providers of the Scottish Wide Area Network (SWAN) service. SWAN is a national framework, developed in 2012/13 to provide the Scottish public sector with a fit for purpose and easily accessible network and internet connectivity service. The Council has contracted with SWAN since 2015.
5. The SWAN contract framework is currently being prepared to go back to market to procure a new service and service provider to continue the SWAN model. This new service and service provider will be in place from 2026.

6. As the COVID pandemic has shown, digital connectivity is of critical importance, not just for organisations, but for citizens as well.
7. Nationally there is a huge push to make high speed broadband available to all residents as it is seen as basic utility and a key enabler to improve the lives of residents and target inequalities through digital exclusion.

REPORT

8. This proposal is to create an authority-wide high speed fibre network infrastructure to replace the current Corporate and Education WAN and provide the essential foundations for economic growth, social inclusion and prosperity throughout the Authority.
9. The proposal would see substantial increases to our current network service and will make our Council network fit for the future and cope with the ever-increasing demands on the network whether you are working from a home environment or within a Council establishment.
10. Intelligens Consulting were contracted to provide external assurance of the business case. The scope of that assurance covered factors such as state aid compliance, procurement compliance and technical scope. They have previously provided similar services to neighbouring Councils who have been evaluating similar proposals or have recently completed new procurements.
11. The proposal will provide the following bandwidth increases to Council connected sites as detailed within the table below:

Table 11.1

Council Establishment	Current Bandwidth	Proposed Bandwidth	Increase
Primary Schools	100MB	1GB	x 10
High Schools	200MB	1GB	x 5
Family Centres	10MB	200MB	x 20
Barrhead HQ	1GB	2GB	x 2
Libraries and Sports Centres	20MB	200MB	x 10
Community Centres	20MB	200MB	x 10

12. These increased bandwidths are in line with the recommended speeds detailed within the external assurance report provided by Intelligens Consulting. This report was used to liaise with Capita SWAN to ensure we could achieve these upgrades without any additional revenue costs which we have managed to do and maintain a net zero revenue increase.
13. Internet connectivity across East Renfrewshire is generally perceived as a need and it is expected. A variety of sectors from Public, private, third party organisations, residents, students and visitors do not worry about how the internet is supplied to them, they just expect their devices to connect and work, wherever they go across the Authority. East Renfrewshire must be at the forefront to ensure we deliver a modern and sustainable full fibre infrastructure which meets the demands of our staff and customers.
14. This model to connect Council sites via the SWAN framework will deliver inward investment which will be used to provide the opportunity to connect local businesses and properties to a full fibre gigabit infrastructure and make East Renfrewshire not only a more attractive place to live, but also encourage businesses to look at the area as a viable and attractive location to setup, develop and grow. This model follows the same model and approach that Highland Council and Aberdeen City Council have taken, who are also SWAN members.
15. By partnering both Capita and CityFibre to implement this proposal it will deliver a full replacement of the Council WAN as described above. In addition, as an added benefit it will assist in the levering in/securing of a substantial proposed inward investment from CityFibre to the sum of circa £27M which will deliver Fibre to the Home (FTTH) capacity throughout the Authority covering up to 85% of all homes and businesses.

16. This would be a substantial achievement as the national average is around 50% coverage. The largest investment in Scotland so far being Stirling and Aberdeen which targeted around 75% coverage. At current levels this means that East Renfrewshire would move from being second bottom on the current full fibre availability charts to the top. The 85% coverage is inclusive of all areas throughout East Renfrewshire with the exception of Eaglesham and Uplawmoor which makes up the 15% shortfall.
17. Capita SWAN are leading a Scotland wide project with the Department of Culture, Media and Sport (DCMS) and Scottish Government to connect rural areas. DCMS have clarified that both Eaglesham and Uplawmoor are eligible for full fibre funding. Capita SWAN have confirmed they are including both Eaglesham and Uplawmoor within their national program and will obtain the funding required via this project, to ensure both locations will have full fibre. Capita anticipate that this project will commence in the autumn of 2021 and would ultimately provide East Renfrewshire with up to 100% fibre coverage, the first in the UK.
18. The key aims and objectives of this proposal are:
- a. Maximise the fibre coverage across the authority, providing a local full fibre network to council sites, homes and businesses with gigabit capable, open access, full fibre to the premise's connectivity.
 - b. Improve connectivity throughout the public sector sites, utilising the Capita SWAN framework as a legitimate, commercially viable, value for money framework to deliver upon the Scottish Governments full fibre ambitions.
 - c. Stimulate private sector investment, enabling extended improved fibre provision into businesses, residential areas and social housing.
 - d. Enhance the foundations for a SmartER authority, enabling solutions and services across the authority to improve service and quality of life for residents, businesses and visitors.
 - e. Implement an infrastructure fit for the future which will consist of ducting and fibre optic cables connecting public buildings, including schools. Promoting economic development opportunities across the region.
 - f. The project will ensure all main town centres, rural villages and the most deprived areas will benefit from the fibre infrastructure and enable ERC to become a leader in the Scottish Government ambition for digital revolution across the country.
19. This proposal attracts a number of benefits. These can be summarised as follows:
- a. Community Benefits:

Capita will work with ERC to create a specific community benefit programme to further drive social and digital inclusion across the authority. This will include:

 - i. Education & Skills, providing work experience placement and programmes.
 - ii. Local employability – investment in youth and employment.
 - iii. Future network programmes – Smart Services, 5G and IoT (£150K of Capita funding has been approved as part of this proposal for such programmes for ERC to use for the duration of the contract);
 - iv. CityFibre currently working with Young Enterprise Scotland within Rouken Glen as part of the wider Glasgow City programme.
 - b. Economic & Business benefits:
 - i. ERC becomes an attractive location for business start-up and growth;
 - ii. Will stimulate economic activity in the area, contributing to the regeneration of town centres;
 - iii. High percentage of residents and businesses now setup to work from home throughout ERC and this proposal will enhance the working experience from home;
 - iv. 88% of all services consumed over the internet are cloud services, which require robust, resilient internet access which will be delivered by the full fibre investment.
 - v. The full fibre implementation will act as the backbone on delivering future 5G benefits.

c. Funding Opportunities/Social Inclusion:

- i. DCMS full fibre voucher scheme available to the sum of £1M to deprived areas.
- ii. £150K of Capita innovation fund money has been approved for ERC to use on Internet of Things deployment during the duration of the contract.
- iii. Social tariffs are now being explored for those on universal credit by all the major internet providers.

20. To support the recommendation being made in this report a detailed options appraisal was undertaken. The options considered were:

No	Options considered	Comments
1	Do Nothing	Unviable option due to the increasing demands of connectivity throughout the Council. An upgrade to the current Council WAN must happen. (The inward investment from CityFibre could still happen at some point, however it would be likely that ERC would drop down the fibre roll out plan and not include anywhere near the 85% coverage which has been proposed based on this award)
2	Transformational Growth	<p>Transform the network to create a gigabit digital network for the council, local businesses and residents of ERC, attracting FTTH investment from CityFibre.</p> <ul style="list-style-type: none"> • 2.65M capital investment to provide the full fibre connectivity to all council sites, providing significant bandwidth increases throughout as detailed in table 1.1 above. • £320K per annum for remainder of the contract, continued revenue net zero increase.
3	Incremental Growth	<p>Replace and upgrade the existing network</p> <ul style="list-style-type: none"> • £1.2M capital investment for the council sites • £431K per annum (£111K additional revenue per annum) • This will not attract the level of inward investment of around £27M proposed by CityFibre based on Option2.

21. The options appraisal proved that Option 2 would be the preferred option to pursue.

There are a number of reasons why opting for a transformational growth implementation is the most viable over the others, notably:

- It will provide greater bandwidths to all council sites without any revenue increase.
- It will generate an inward investment of circa £27M to fund fibre to the home and businesses throughout the authority. The Cabinet should note that even without this private investment, this would still be the most suitable option to pursue based on the bandwidth increases to all council sites.
- It will provide a fit for the future fibre infrastructure throughout the authority area, resolving the ongoing network performance challenges the Council currently faces. As opposed to Option 3 which would only repair the problems in the short to medium term.
- It will establish East Renfrewshire as a gigabit authority, aligning with the national fibre ambitions.
- It will ensure best value when re-tendering at the end of the contract as the fibre will have been implemented and make it a smoother transition to a potential new service provider.
- It will provide the council with the greater return in investment due to the most up to date equipment being included and also the sustainability and longevity of the fibre in the ground.

22. An Executive Summary is attached as Appendix 1, providing high level detail on the proposal.

FINANCE AND EFFICIENCY

- 23. The total capital cost of implementing Option 2 is £2.65M which can be paid in staged Key Milestone payments over 2 years, the consequent annual revenue cost would be £320K which is the same as our current recurring revenue costs to the end of the contract, so no increase in revenue for the enhanced service.
- 24. It should be noted that Capita have also approved £150K of innovation funding ringfenced for the Council's use throughout the duration of this contract to be used for innovative schemes such as the Internet of Things deployments. This is separate to innovation funding already secured through the Capita SWAN contract.
- 25. Cabinet is asked to note that the capital costs associated with this proposal have already been approved and therefore approval is sought to proceed to project creation and order placement.

CONSULTATION

- 26. Procurement and Legal Services were consulted on the proposal, the proposed route to market and contract position.
- 27. The Environment department have co-collaborators on the proposal throughout, who have welcomed the economic, community and social benefits the proposal will deliver.
- 28. Further, the business case has been externally verified by Intelligence Consulting as a compliant route with regards State Aid considerations, procurement and technical scope.

PARTNERSHIP WORKING

- 29. This project will be governed by a project board made up of members of the Environment department, ICT and Procurement. Two main workstreams will be formed within the board firstly the implementation whereby there will be a requirement for wayleaves to be approved for access to council owned homes and the civil works related to roads. Another workstream will be led by ICT for the installation and termination of the fibre throughout the Councils sites.

IMPLICATIONS OF THE PROPOSALS

- 30. There is no staffing, property, legal, State Aid, equalities or sustainability implications of this proposal.

CONCLUSIONS

- 31. This digital connectivity transformation throughout the Authority is an exciting programme of change both for the Council, its staff and residents of ERC. This is a significant opportunity for the Council, which will bring some sustainable longer-term benefits of East Renfrewshire staff, residents and businesses.

RECOMMENDATIONS

32. It is recommended that the Cabinet

- Note that on the 15th March 2021 Council approved an investment of £2.7m in the Council's wide area network which will improve internet connection speeds across the council's estate
- Note that further work has been undertaken to build the details of the business case including an independent assessment of the case.
- Approve the use of the Scottish Government Capita SWAN framework to procure the additional bandwidth through which Capita will work in partnership with City Fibre to provide a "Full fibre network"
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- Note that the City Fibre investment could give 85% of homes and businesses access to a full fibre network with Barrhead and Neilston included in the plans.
- Note that further discussions are ongoing with Capita to move towards 100% coverage across the East Renfrewshire area

Head of Digital and Community Safety Corporate & Community Services

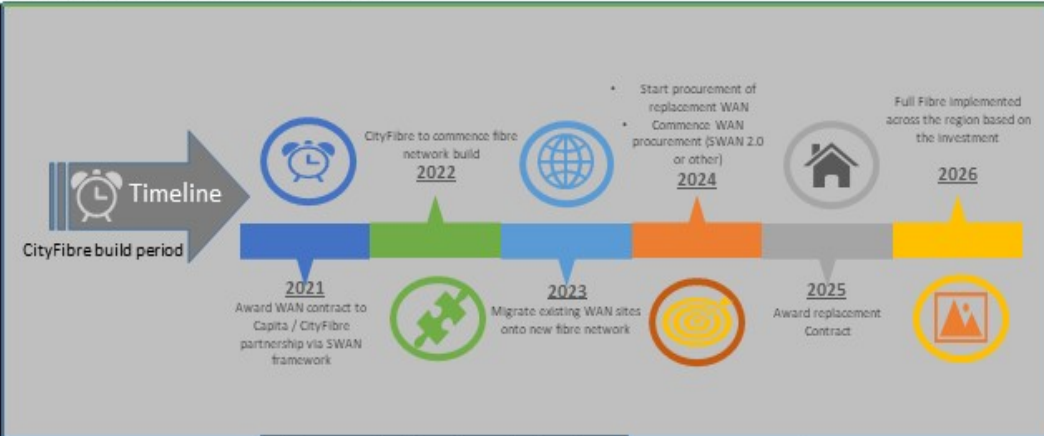
Further information can be obtained from Murray Husband Head of Digital and Community Safety Corporate & Community Services 0141 577 3452

May 2021

Section: EXECUTIVE SUMMARY

ERC Vision for the future
 Our vision is to be a modern, ambitious council creating a fairer future for all and our ultimate aim is to make peoples lives better.

Full fibre Project Mission Smarter
 We will ensure all main town centres, rural villages and our most deprived areas will benefit from additional fibre infrastructure and enable ERC to become a leader in the Scottish Government ambition for digital revolution across the county to drive an ambitious digital communications agenda resulting in connecting homes and businesses to broadband and mobile.



- Drivers**
- Current WAN utilising old technology and needs replaced.
 - Overall network performance particularly within the Education is unable to meet increased demands.
 - Major Economic, business and social economic benefits including future digital at home health care and digital learning.
 - Covid-19 has increased the need to ensure a future proofed, stable infrastructure is required moving forward for a growing flexible workforce. The need for Fibre to the home as a 4th utility is more important now than ever and is required to ensure both residents and council workers are enabled for the new normal.
 - Enable the Councils Digital ambition and align with government policy.
 - To act as leverage for the CityFibre investment of £27M by procuring ICT managed network services from Capita using the SWAN framework. (anchor tenancy model)
 - Future proofing – platform for 5G

Financials

IoT Investment:
 Capita approved £150K of innovation funding to ERC for ongoing IoT development and roll out as part of this award.

Current Contract Costs

- £320k per annum. (inclusive of Swan shared service charge)
- Cost reactively increases when upgrading capacity to cope with demand.
- Current contract expires with SWAN on 31 March 2023, with the framework continuing to 2026 to consume services.

Project costs

CAPITAL

- 2 x capital payments of £1,308,222 for installation.
- Project management costs of £40,000 on completion of KM3.

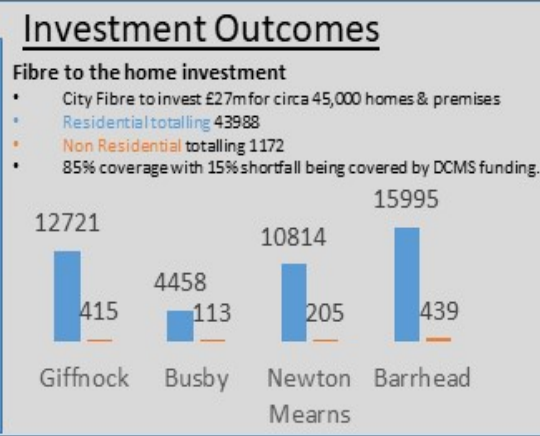
REVENUE (Net Zero increase)

- 2022 - £320,000
- 2023 - £320,000
- 2024 - £320,000
- 2025 - £320,000
- 2026 - £320,000

Bandwidth Increases:

	From	To
Prim Sch	100 MB	1GB
High Sch	200 MB	1GB
Lib & Sport	20 MB	200 MB
Barr HQ	1GB	2GB

All other PSN sites doubling bandwidth as a minimum. HQ sites will remain at 1GB except Barrhead 2GB.



Elsewhere

- ABERDEEN – Full fibre contract with Capita and partnered City Fibre £48M commitment to connect 80,000 homes and regenerate towns.
- HIGHLAND – Full fibre contract with Capita and partnered City Fibre. £20m inward investment to date and moved from being out with top 100 to within top 10 fibre locations in the UK.
- EDINBURGH – Partnered City Fibre via CGI. 15M invested with a further £100M investment in the pipeline.
- STIRLING – Partnered City Fibre with £12M investment, project almost complete.
- GLASGOW – Partnered City Fibre and connected all Education establishments to a full fibre circuit and invested £30M.
- RENFREWSHIRE – Work started with City Fibre to replace their WAN, CCTV, Roads networks and Internet. Inward investment circa £45M.

- Options:**
- (1) Do Nothing (CityFibre may invest into the Authority at some point, however, may or may not include all areas of the authority).
 - (2) Transform the network to create a gigabit digital network for the council, local businesses and residents of ERC (Transformational Growth) Attracting FTTH funding from City Fibre.
 - £2.7M capital investment to provide full fibre connectivity FTTP directly into all PSN sites.
 - £320k per annum for remainder of contract, Continued revenue net zero.
 - (3) Replace and upgrade existing network (Incremental Change)
 - £1.2M capital investment for some PSN sites
 - £431k per annum. (ie £111,000 additional revenue per annum)
 - This will not attract full cityfibre FTTH inward investment of £27M.
- Preferred Option – Option 2** – This will provide ERC with the most sustainable and best value option to deliver a digital connectivity transformation of the authority.

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