

Report to:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	8 July 2019
Executive Member / Reporting Officer:	Councillor Oliver Ryan Executive Member (Finance & Economic Growth) Kathy Roe, Director of Finance
Subject:	FINANCE AND IT CAPITAL PROGRAMME
Report Summary:	This report provides a summary of progress to date in relation to the delivery of the Council's capital investment programme in the Finance and IT Directorate.
Recommendations:	To note the report and the details of the status of the schemes in the programme.
Corporate Plan:	The Finance and IT Capital Programme ensures investment in the Council's infrastructure is in line with the Corporate Plan.
Policy Implications:	In line with Council Policies.
Financial Implications: (Authorised by the statutory Section 151 Officer)	<p>The report provides an update on the approved planned capital expenditure for Finance and IT. All areas of spend are currently within budget.</p> <p>The Finance investments in Manchester Airport are on track and in line with approved budgets, with both investments delivering revenue benefits to the Council which support the Medium Term Financial Plan.</p> <p>The Digital Tameside Investment programme includes significant approved and anticipated grant funding from the Department of Digital, Culture, Media and Sport. This grant funding requires the Council to submit quarterly returns to the Department and to comply with the terms and conditions of grant, which is time limited. Failure to progress schemes and drawdown grant within the agreed timescales may result in a loss of available funding.</p>
Legal Implications: (Authorised by the Borough Solicitor)	None arising from the report itself. The legal implications of the elements of the programme are considered and addressed in the course of their approval and implementation.
Risk Management:	Delays to the commissioning of the new data centre in Ashton Old Baths could lead to alternative hosting arrangements for Council computer systems, which are currently located in Rochdale MBC's data centre, being required. This would potentially lead to significant disruption to computer systems and increased costs. To reduce the risk a detailed specification and costing for the new centre has already been developed, Electricity North West have confirmed that the new electricity sub-station for the centre will be complete within 12 weeks of ordering and Rochdale MBC have agreed to extend the current rental agreement until at least March 2020, with a 3 month notice period by either party to quit.
Access to Information:	The report is to be considered in public.

Background Information: The background papers relating to this report can be inspected by contacting:

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1. INTRODUCTION

- 1.1 The approved Finance and IT Capital Programme for 2018/19 included budgets of £11.3m for investment in Manchester Airport and £2.818m for Digital Tameside, which included grant funding for dark fibre investment and corporate funding for the Data Centre and other ICT investment. The approved budget for Digital Tameside in 2019/10 is currently £1.909m, with further grant funding anticipated as set out in the update below. In February 2019, Executive Cabinet also approved a further £5.6m investment in Manchester Airport which will be funded from prudential borrowing. This will be added to the Capital Programme for 2019/20.

2. FINANCE CAPITAL SCHEMES

- 2.1 The 2018/19 capital budget of £11.3m for Manchester Airport investment was approved by Executive Cabinet in February 2018. The investment takes the form of a shareholder loan which was advanced in two tranches during 2018/19. Interest will be paid at a rate of 10% per annum, which will generate a revenue stream for the Council of approximately £1m (after allowing for the loss of interest earned on cash used to fund the investment) which will support the revenue budget. This income has been included in the Medium Term Financial Plan approved by Council in February 2019.
- 2.2 In February 2019, Executive Cabinet approved an equity investment of £5.6m in Manchester Airport which will be funded by prudential borrowing. The investment is expected to be drawdown in three tranches over the course of 2019/20 and 2020/21 with the first dividend payment expected in 2021.

3. DIGITAL TAMESIDE SCHEMES

- 3.1 A report was presented to Panel on 3 September 2018 detailing work being undertaken in Tameside to install a public sector dark fibre network to improve connectivity between key partners and reduce operating costs across the sector. It also detailed £4.5m of funding received from the Department of Digital, Culture, Media and Sports (DDCMS) as part of their Local Full Fibre Programme (LFFN) to help accelerate the work in Tameside and make it more commercially attractive to Internet Service providers. This report provides a further update on the LFFN since the previous update

Local Full Fibre Network (LFFN) Infrastructure

- 3.2 A **£2.565m** Capital scheme for Fibre Infrastructure (£1.725m) and new Data Centre (£0.840m) was approved by the Executive Cabinet in December 2017. Work to construct the resilient figure of 8 fibre network to connect 22 key council sites and a further 30 health sites is now complete and all the connections to council buildings are live and in-use and 20 of the 30 health sites are also live, with work ongoing to "light" the remaining 10.
- 3.3 An additional **£2.262m** DDCMS grant was also awarded to the council with the intention to both accelerate the deployment of fibre across Tameside and support its commercialisation. The money was to pay for additional fibre cable to be installed around the core figure of 8 network to provide additional capacity, an additional 13.5km of ducting and fibre optic cables to connect high employment and industrial sites across Tameside, contribute towards the costs of a Digital Exchange facility in the new Data Centre being built at Ashton Old Baths and a further 8 mini digital exchanges located across Tameside and finally a new resilient fibre link to IX Manchester from Tameside.
- 3.4 All these works are now complete with the exception of the resilient fibre link to LINX Manchester (see 3.11 below) and the Digital Exchange facility. Work to construct the new shared Data Centre in the Ashton Old Baths is included in the wider phase 3 Ashton Old

Baths Annex refurbishment project. Preliminary works on the site have now begun, the architects have been appointed and tender exercise to appoint the main contractor is underway. It is expected that work on the main refurbishment of the annex and construction of the Data Centre will begin in late summer with the Data Centre being commissioned early 2020.

The Cooperative Network Infrastructure Limited (CNI)

- 3.5 The Cooperative Network Infrastructure Limited (CNI) is the new name for what was the Tameside Digital Infrastructure Cooperative. It was originally established with the FCA in February 2018 with the change of name registered in April 2019.

- 3.6 The Council has now invested £120k in non-tradable par value shares in the Cooperative (as approved at Executive Cabinet in 2017). This investment will attract 5% return for the Council and will also mean that the Cooperative has sufficient funds to successfully sustain as a fledgling business and also buy the spare fibre capacity from the Council for £100k for use by its members.

Fibre Network Maintenance

- 3.7 The Cooperative has now put in place a third party fibre maintenance contract which will cover the day-to-day maintenance and fault fixing for all the fibre within the network. This is important for its members in order for them to provide service availability standards to businesses, residents and schools and for the public sector organisations using their own fibre (Council, Hospital, Pennine Care, Tameside College and New Charter) to ensure faults are quickly identified and resolved. Public sector partners will be recharged pro-rata for this maintenance – from a Council point of view this is around £3k per year and this will be funded from within existing budgets.

Business Connectivity

- 3.8 There are now over 100 live commercial and residential internet services being delivered by Cooperative members across the digital infrastructure. In recent months new fibre to the premise links have been installed and made live at Tom Chandley Ovens, JDA Architects and RBIG Services in Denton, Connections to 2 sites in Hyde for Rhino Design, Energy Gain, The Perfect Signal, TMJ Contractor and the Constituency Office of Angela Rayner MP in Ashton. Work is also underway to provide fibre connectivity into the Charlestown Industrial Estate. Cooperative members are receiving new orders from Tameside businesses on a weekly basis and by using the DDCMS Voucher scheme £2,500 towards each connection costs can be claimed back.

Schools Connectivity

- 3.9 A number of schools including Rayner Stephens, Denton Community College, Copley Academy, Thomas Ashton and Hyde Community College are all now directly connected to our new fibre network and others including Audenshaw Boys School, Great Academy Trust and Longdendale are in-directly connected. All are receiving Internet and education wrap around services (if required) via Coop members.
- 3.10 To explain the benefits of connectivity and encourage other secondary schools to consider commissioning links themselves, a report has been prepared for the next Tameside Association of Secondary Heads (TASH) meeting.

Northern Peering Point Connectivity

- 3.11 A key element to the successful commercialisation of the Tameside Fibre Network was having a direct link into the Northern Internet Peering Point (LINX Manchester), which is based at Manchester Science Park. It is the UK's second largest Internet exchange¹ and

¹ The London Internet Exchange (LINX) is the largest Internet Exchange in the UK and it is now the largest in the world.

direct access to this facility enables Telcos and ISPs who are members of the TDIC to access high volume Internet backhaul at wholesale prices.

- 3.12 To enable this direct “dark fibre” connection to LINX Manchester we have worked with TfGM to install fibre along the route of the Metrolink from Ashton to Piccadilly with the final connection to LINX Manchester made via the “The Loop²” who are themselves members of the Coop. The Network People Limited (TNP) are the first ISP to use this dark fibre connectivity to deliver wholesale Internet into the Tameside fibre network. Along with providing the Council with its Internet connectivity they also re-sell to other Cooperative members who then use it to provide Internet Services to local businesses and residents.
- 3.13 A crucial element to building a commercially viable network is resilience. The dark fibre network around Tameside has been specifically designed as a figure of eight loop which provides these high levels of resilience that commercial operators require. At present there is only the one route for the fibre to run from the Tameside network to IX Manchester – as described above. This single point of failure means that the internet services delivered via this route are vulnerable should a failure/break in the fibre occur.
- 3.14 In late summer a second diverse route to IX Manchester will be in place provided by Network Rail as part the DDCMS funded Trans Pennine Fibre Infrastructure project. Tameside will be the only local authority linked to this new fibre network which runs from Manchester to York and as part of this connectivity we will also be provided with a third dark fibre route east across the Pennines to the Leeds Peering point. This not only provides added resilience but also opens up the possibility of the Tameside Digital Exchange – which is located in Ashton Old Baths – becoming a mini-LINX peering point.

DDCMS Local Full Fibre Network (LFFN) Programme Wave 2 Funding

- 3.15 In January 2018 the DDCMS announced a second round of LFFN funding. Greater Manchester Combined Authority (GMCA) coordinated a pan-Manchester **£23.8m** bid involving 10 local authorities, Police, Transport for Greater Manchester and Greater Manchester Health & Social Care Partnership with the aim of increasing fibre to the premise coverage across Greater Manchester from 2% to 25% by 2020. This approach was approved by GMCA on 26 January 2018.
- 3.16 The Tameside element of the bid was **£2.120m** and based on expanding our existing re-use of public assets model, with further commercialisation through the Digital Cooperative. Working with Network Rail and using their track side troughs, the submission involves expanding the fibre infrastructure to an additional 23 CCTV sites and public sector buildings in Mossley, Hattersley, Broadbottom, Hadfield and Glossop.
- 3.17 On 12 March 2018 DCMS confirmed that the GMCA bid for Wave 2 LFFN funding had been successful however GMCA and DDCMS have yet to finalise the funding agreement so money is not yet available to undertake the Wave 2 work.

4. RECOMMENDATIONS

- 4.1 As set out at the front of the report.

² The Loop are a Manchester based subsidiary of Gamma Communications and they operate a fibre ring network around the City centre.