Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

12 FEBRUARY 2018 MEETING

DIGITAL STRATEGY

REPORT OF COUNCILLOR ANTHONY HUNT

AGENDA ITEM: 8

Reason for Report

1. To secure the agreement of Joint Cabinet to the development of a business case to take forward a suite of inter connected activities designed to significantly enhance the digital capability and potential of the Cardiff Capital Region City Deal area.

   The business case will be in the form of a programme incorporating the eight digital/connectivity elements set out in this report. This programme business case will be at SOC level and will focus on the Strategic Content that brings the eight elements together as a Programme of projects/interventions under the digital strategic theme;

   Once this programme business is presented to and approved by Joint Cabinet, more detailed business cases will be brought forward for each element (grouped together where appropriate to do so) on a cases by cases basis.

   These may be Outline Business Cases (OBCs) for larger, more complex projects, where Cabinet will need to fully understand the costs and risks before proceeding to the market via Full/Final Business Case (FBC). In the case of smaller projects of less value, complexity and/or risk, it may be appropriate to move straight to the FBC stage – but in either scenario there will be clear identification of project costs, values, returns, risks, timescales, value for money, affordability etc. to allow an informed to decision to be made as to whether or not to proceed to the next stage.

   The above approach will allow Cabinet to move forward those elements that can be progressed at pace and not be held back by other projects i.e. progress at the pace of the slowest. Some projects will have significant implications, could be market led i.e. to enable the Commercial Case to stack-up, and therefore timescales for progressing, in some instances may not be fully within the gift of Cabinet.

Introduction

2. Digital connectivity and capability is a fundamental requirement to develop a vibrant, modern and prosperous capital city region that is genuinely competitive on a global scale.

3. Many of the proposals set out below depend upon a well-developed infrastructure network of dark fibre. This is analogous in many ways to the transport proposals that will come forward in due course; the dark fibre network is like the road and rail links we are seeking to establish, it enables fast, efficient movement of data in the same way that good transport links enable the fast efficient movement of people.

4. The availability of world class digital connectivity is a major factor in attracting the sort of businesses that we need in the region to provide sustainable, high wage jobs. In this respect there is a strong read across between this strand of work and both the existing semi-conductor cluster and the proposed new projects in the innovation strand.

   In the same way, a lack of high quality digital connectivity is a strong disincentive to innovative, modern companies to locate to our region.

5. This report outlines nine different phases of development needed to bring about a holistic digital offering for the city region – these are set out below.

   All of the nine are interconnected, and to some extent dependent on each other; however all do not have to be done simultaneously, but can be developed over time in partnership with both Welsh Government and the private sector.

6. Existing businesses in the city region have much to gain in supporting the development of the sort of digital ambition outlined in this report, and it is anticipated that, as business cases are developed on each phase by the CCRCD, we will be able to lever in a considerable amount of private sector investment.

7. This first report being brought to Joint Cabinet does not request large amounts of upfront investment, but initially some development money to build business cases and scope out what is required.

   At the initial discussion at the Programme Board in December 2017, there was a suggestion that Joint Cabinet might want to make an early investment in a connection to the transatlantic digital link, as a number of the other project strands are to some extent dependent on this. The proposal is outlined later in the report; subject the development of a business case, it does not appear to require a large amount of capital investment, and revenue expenditure can be limited to a trial period whilst the level of use is monitored.

The Nine Elements of the Digital Proposals

8. Organising Delivery

8.1 This element of the digital proposals entails the creation of a digital vision, brand and identity for the CCRCD.

8.2 The first step in developing our strategic direction is to define ourselves as a "smart city region" driving innovative and disruptive solutions to attract private sector partnership and investment and put us on a par with existing leading areas in the UK, such as "Bristol is Open" and "MK Smart" (Milton Keynes).

We can learn from successful approaches elsewhere, but we cannot simply lift and shift; we need to develop our own brand as a distinct and unique region.

8.3 It is extremely important that we have a joined up strategic approach across all the city deal programmes, and that digital considerations are incorporated into all CCRCD plans.

For example, if we are investing in construction work to deliver improved road or rail links, we must take the opportunity to incorporate ducting for digital fibre. Similarly, if we are deciding on locations for innovative tech companies, we must ensure that they are properly equipped with the digital infrastructure and connectivity required.

8.4 If commissioned now, this first phase of scoping and visioning could be completed within the next six months. This would entail:

- Creation of CCRCD "smart city" strategy and business case for investment

- A feasibility study for the creation of a CCRCD digital organisation pulling together the public sector, universities, private sector, research institutes, Welsh and Central Governments to brand, influence and champion future programme development

- Development of leadership capacity for the CCRCD digital programme that learns from best practice elsewhere, and from the successes and failures of cities and regions that are further ahead in digital sophistication at present, but that also develops its own style.

- Development of a CCRCD joined up, strategic approach to:

    - Buildings
    - Mobility and transport
    - Energy
    - Waste management
    - Water management
    - Healthcare

- Building strong local relationships to develop a positive environment for both public and private sector actors in the digital marketplace.

8.5 External expertise will be procured to develop the strategy and business case. It is intended that this will be from specialists in the technology field with experience of working with other “smart” regions.

It is not envisaged that additional legal or financial advice will be needed at the SOC business case stage.

8.6 The cost is estimated to be:

External consultancy expertise	£80k
Procurement support	£10k
Branding and marketing expertise	£10k
	£100K

Programme management capacity will be needed to support the business planning process; this will be provided through a post within the CCRCD Programme Management Office.

Joint Cabinet are asked to consider committing these resources at this stage to allow the work to commence.

9. Global Connectivity

9.1 This element concerns the establishment of a connection to the transatlantic digital link to enable the fastest possible connection to the global digital network.

It has the potential to make CCRCD a globally connected region capable of delivering services to a level equivalent to anywhere in the world, and at the same time strengthening links to the global Welsh diaspora.

9.2 Proposals have been mooted in the past to link into the cable via an undersea connection off the South Gower coast in Swansea. Information from Welsh Government suggests that the costs of this were estimated to be in the region of £80m.

The proposal in this report is for a much less costly alternative taking an overland link from where the cable surfaces from the sea South West of Bristol utilising, in part, existing dark fibre. There is potential to develop a partnership approach with Bristol as their digital plans come to fruition.

This does not preclude an undersea link (possibly around the Barry area) being established at a later stage if that proves to be necessary as increased capacity is required; but it is a cost effective way to start to develop our own solution to the challenges of full, global digital connectivity.

9.3 Initial estimates from discussions with private sector providers suggest that the maximum costs to establish an overland link would be in the region of £500k, but that this could be reduced by half by levering in private sector investment.

There would also be a need to provide an ongoing revenue stream to cover the cost of renting the fibre connection. This would be in the region of £150k per year, but the initial commitment of the CCRCD could be limited to a period of, say, three years whilst levels of use and the impact on the city region are monitored and evaluated.

9.4 There are clearly potential benefits to both CCRCD, Swansea City Region (and in due course the whole of Wales) in establishing this link to South Wales, and it is proposed to pursue discussions with Swansea to see whether both costs and benefits could be shared.

9.5 A number of the elements to the digital strand described below are dependent on establishing the link, and therefore Joint Cabinet are asked to consider whether they wish to prioritise developing a business case to make an early investment in this project.

The business case will consider what consents, permissions and the like are required and the indicative costs associated with this.

The £100k requested for business case development, referred to at paragraph 8.6 above, does not contain any sum for specialist financial, legal or property advice and if such specialist advice is required to develop aspects of the business case, then approval will be sought for the allocation of additional funding.

9.6 The first step would be to engage a network expert to work to fully develop the business case, but it is anticipated that this work could proceed at pace and be delivered between April and October of 2018, if Joint Cabinet wish make it a priority for investment.

10. <u>Welsh Connectivity</u>

10.1 This element of the digital strand involves exploitation of the existing Cardiff Internet Exchange (IX) giving rise to much better opportunities for competition, innovation and development of test bed environments.

10.2 The Welsh digital network is currently connected to the rest of the world via an internet exchange commonly referred to as IX. It is based in Cardiff with limited access to dark fibre to enable the widespread take up and adoption of competitive services, meaning that we are not operating at the maximum potential efficiency.

IX is currently limited in the range of services that it can deliver. Different customers and vendors have access at differing speeds due to affordability and access to dark fibre.

This piece of work would identify key sites that IX needs to connect to, leading, subject to the requisite approvals and funding being secured, to the provision of to the provision of additional dark fibre connections where needed.

10.3 An analogy to the current situation would be to think of a television provider such as Sky which allows you to consume multiple channels. IX allows customers to consume internet services, but at present the number of "channels" is limited.

10.4 It is proposed that the business case for taking this forward forms part of the work outlined in paragraph 8 above under "Organising Delivery".

The investment required to deliver this in due course is likely to be less than £100k, and there is considerable scope for levering in private sector investment as there are substantial benefits for business in improving the IX offer.

11. Regional Connectivity

11.1 This element concerns the creation of a strategic site dark fibre network across the Cardiff City Region, some of which would be owned as a public asset. This would support the volume of public, private, research and citizen based traffic into and around CCRCD in a way that is not possible at present.

Fibre optic cabling allows the transfer of data at lightning speed – this "lights up" the dark fibre network waiting to be used. The "internet of things" (e.g. wearable technology, driverless cars) needs a good fibre network to be fully realised.

As referred to above, all future public sector construction and infrastructure projects within CCRCD would need to include fibre ducting by default.

11.2 Currently we rely largely on costly private sector fibre rentals; this proposal would eliminate a large element of that cost as the network would be owned by the public sector as an asset that we could use both for our own purposes and to generate income.

11.3 Grant funding is available to bid for from DCMS for Local Full Fibre Network (LFFN). This funding is only available currently with respect to public sector networks.

Like all grant that local authorities are able to bid for, this potential funding should be used to support and enable our ambitions, rather than limit and define them.

11.4 Expressions of interest in the LFFN grant funding were initially submitted by Cardiff Council, Bridgend Council and the Gwent local authorities. Since that time meetings of the ICT leads from the CCRCD authorities have taken place to take the best from each of the proposals and submit one bid on behalf of CCRCD. This first bid is in the region of £12m but this is not contingent on City Deal financial contributions.

A small of amount of investment, around £15k, has been needed to develop a five case business model to support the bid, which can be met from existing Programme Management Office budget.

11.5 LFFN funding is available in sequential waves. The current bid will be for Wave 2 funding. Some local authorities in CCRCD are in a place to bid for this now; others would prefer to wait at the moment and bid for Wave 3 at a later date probably around June 2018. All ten local authorities will be involved in discussions around the Wave 3 bid, and encouraged and supported to participate.

The current Wave 2 bid has been submitted on behalf of Blaenau Gwent, Cardiff, Monmouthshire, Newport and Torfaen Councils. No match fund contribution has been requested or is required from CCRCD for this bid.

11.6 Whilst LFFN funding, if obtained, will be a contributor to fulfilling the ambition to provide a comprehensive dark fibre network across the whole of CCRCD, much more substantial investment will be needed to bring that ambition to fruition; this is likely to consist of a combination of funding from CCRCD, Welsh Government, DCMS and the private sector. A number of high profile private sector investors are likely to show interest in partnering with CCRCD on this area of work.

A full business case for this investment will be developed as part of the work described in paragraph 8 above (Organising Delivery). It is likely to be the most substantial ask of CCRCD funding for the digital strategy, with a substantial amount of investment likely to be required.

11.7 Key pieces of work to take forward are:

- Outlining the ambition of CCRCD to establish a publicly owned dark fibre network;
- Agreeing the scope, plan and aspiration;
- Planning the connection of all key public and private strategic sites across the CCRCD;
- Installing ducting by default in all CCRCD and public sector infrastructure work, including Metro;
- Developing proposals on shared strategic ambitions with Welsh Government, including a discussion on how this links to PSBA;
- Investigating options to work with the Swansea City Deal on future dark fibre proposals
- Consider the potential to partner with one or more universities to develop a research and development network utilising the dark fibre network.

12. Community Fibre Connectivity

12.1 This element is concerned with developing a high speed fibre network to connect local communities.

Currently there is huge variability, with some area experiencing low speeds or “not spots”. These areas are often unattractive to private sector investment because of lack of commercial value, but they are often the very areas where this type of investment is vital to make them viable as locations to establish and grow businesses.

12.2 These proposals will build on Welsh Government aspirations to deliver Superfast Cymru, which has not delivered for all communities, and Superfast Cymru 2, which will only reach up to 50% of the 95,000 properties currently unable to receive superfast broadband.

12.3 Concept development and mapping are needed as a first stage to delivering this programme, and Welsh Government have indicated that they would be willing to fund this.

Once the gaps are established through the mapping process, the strategy would be based on infilling areas not reached by Superfast Cymru 1 and 2 using a range of technologies including digging and ducting where necessary.

12.4 Key pieces of work include:

- Mapping low speed areas onto the plans for the dark fibre network described above in paragraph 11, focusing specifically on areas that will not attract private sector investment;

- Working with Welsh Government to provide solutions for the areas identified;

- Implementation of a Gigabit voucher scheme to support the widespread adoption of high speed technologies.

13. Regional /Community WiFi

13.1 This element proposes the establishment of a ubiquitous public WiFi network as a public utility, to be maintained by the private sector on an ongoing basis.

We are all conversant with the convenience of publically available free WiFi as an increasingly valued and expected part of daily life. However, as the Internet of Things develops, this will become an essential prerequisite for a smart city region, not only for people living and travelling in the city region, but also for machines, such as driverless cars.

13.2 Community WiFi holds a great deal of potential for enabling a functional and connected future, where the barriers between private and public WiFi blur to the extent that both humans and machines are able to constantly and reliably connected. This is an important component of successful, existing smart cities.

Our aspiration would be for the WiFi network to be available across the whole CCRCD, rural, valleys and urban, with equal opportunity to connect anywhere.

13.3 This is an area of development that Welsh Government are interested in working with CCRCD on, particularly through the work of the Valleys Task Force, and it is also likely to be an area where we could work in partnership with the Swansea City Region.

13.4 Initial discussions with potential providers suggest that this is a facility that is likely to attract total private sector funding without the need for CCRCD investment. This would of course need to be tested through the development of a business case.

13.5 Key pieces of work to be taken forward include:

- A feasibility study on the possibility of a privately funded public WiFi network balanced against the advantages of public ownership;
- Learn from LinkNYC, Digital York and others to develop a CCRCD wide solution;
- Use innovative technologies to create a mesh network extending beyond cabled areas into more remote communities;
- Investigate partner options and free to use models in place elsewhere.

14. <u>Mobile 5G Access</u>

14.1 We are all familiar with 4G through use of our mobile phones and other digital devices; 5G is the next iteration, but represents a very significant step change in digital capability.

14.2 Emerging technologies, such as driverless cars, and those that have not yet even been thought of or invented, will rely on reliable universally available 5G to function effectively.

14.3 The basic advantages of 5G will be much greater data speeds and much lower latency with capacity for a massively increased number of devices when compared to current 4G networks.

Top-end 4G networks can deliver peak download speeds of 300Mbit/s. By comparison, 5G promises to offer speeds in excess of 1Gb/s, with many estimates placing it closer to 10Gb/s.

To place that in context, you will be able to download - not merely stream - a full HD movie in less than 10 seconds on a 5G network. The same task would take closer to 10 minutes on 4G.

14.4 Current 4G response times of 50 milliseconds account for the less-than-instantaneous experience we have when using web-based applications, even in a supposedly strong signal area. 5G, by contrast, will boast 1 millisecond end-to-end response times for a broadband-like experience.

14.5 The key bottleneck with 4G is its limited capacity. There simply isn't enough bandwidth in current mobile network frequencies to enable a smooth experience for multiple users within an area.

5G will greatly expand such capacity, both through the opening up of new and less congested frequency spectrum and the smarter use of this spectrum. It will be intelligently allocated to individual users based on their specific requirements, so users will always have exactly the right amount of network spectrum for whatever they are doing.

14.6 5G will not work through masts in the way that existing 3G and 4G technology does, but will rely upon access points mounted on street furniture such as lamp posts.

These access points will rely on a dark fibre network, as described above, to function; so that it can be seen that dark fibre is a prerequisite to all the benefits and advantages that 5G will be able to deliver in due course.

14.7 Access points will not in themselves be expensive - typically £350-£400 currently, although that cost will inevitably go down as the technology becomes more commonplace – but there will need to be a large number of them to provide a seamless provision.

14.8 There is likely to be considerable private sector interest in investing in 5G technology. It is suggested that the best way start scoping out the potential of 5G will be to pilot specific sites within the CCRCD. Obvious choices would be St Athan and the proposed Automotive Technology Park in Blaenau Gwent because of the links between 5G and cutting edge innovation in the motor industry.

14.9 As part of the scoping of the proposed digital strategy and the development of the business case we will:

- engage with private sector and University research organisations to understand the marketplace better.
- presume standard 5G implementation.
- consider proposals for selecting an implementation partner.
- consider proposals to procure Access Points.

- implement a number of test bed 5G implementations in specific locations.

- learn the lessons of the implementations and consider the potential to scale out across the CCRCD.

15. Sensing the CCRCD

15.1 This element of the digital proposals envisages sensor network across the region through a canopy of connectivity from sensors in the public realm.

Like 5G access points described above, these sensors will be mounted on street furniture and will be able to monitor and provide a large range of information about a myriad of daily activities.

15.2 The Internet of Things (IoT) is set to explode to become all-encompassing in the way we live our lives, connecting up millions of tiny low-power devices around our homes and cities. From phones to fridges, from lights to farmstock, from cars to parcels and from rivers to beaches, a wide array of "things" of interest will be connected to the internet. Connected cars and wearables are already in business and drones are becoming the norm. We are becoming rapidly familiar with the concept of the smart house, which you can connect with remotely via a mobile phone to turn on and off different appliances.

The CCRCD dark fibre network, the Public WiFi and the 5G proposal will take these initiatives to the next level.

15.3 Some specific examples include:

- smart cities that can guide motorists to a vacant parking spot

- switching on street lighting when needed by emergency services

- identifying which roads to grit in bad weather

- smart grids that can conserve energy resources and manage energy consumption

15.4 As part of the scoping of the proposed digital strategy and the development of the business case we will

- Visit existing successful IoT Cities to understand and learn from them.

- Agree the aspiration for an Internet of Things network across the CCRCD.

- Support continued trials of sensor based projects across the CCRCD, notably the Newport City Council LoraWan network projects

- Consider implementation of a sensor network across existing low frequency networks.

- Consider implementation of further low frequency networks in key CCRCD strategic locations.

- Consider scaling up of the projects after learning and iterating.

16. Open Data

16.1 As public bodies we hold and control a vast amount of data about our localities and the activities that take place in them. Our default position is to keep this information in a closed environment regardless of whether it is sensitive or personal in nature. In doing so we are depriving our citizens and businesses of a rich source of information that could be used and developed with numerous benefits for society.

16.2 The proposal in this element of the digital strand is that we set an aspiration to become a fully Open Data environment making all publicly held data (with certain exceptions, for example personal data) available to all, without copyright, patents or other methods of control.

Making open data an important part of our CCRCD digital brand would enable the private sector, particularly SME's to make use of the data to provide solutions for public sector problems and issues, whilst at the same time growing their businesses and creating jobs.

Many of the "unicorn" businesses in the UK that have grown from small enterprises to multi million pound companies started off by exploiting the availability of open data.

16.3 A City Deal Open Data Working Group has already been established with representatives from the 10 local authorities together with Welsh Government and other public bodies. Transport for Wales have attended meetings, and the group are in discussion with them about the need to establish open data across the Metro network, providing high quality, real time travel information.

Discussion with the working group has established that the ambition and appetite for making data fully and freely available is high, and the group will be bringing a report to Joint Cabinet in the near future setting out detailed proposals.

The Open Data Working Group has also started to develop a range of projects around transport (in rural, valley and urban areas) and around spatial mapping on information.

16.4 The commitment to the Open Government Licence is the first step in a number of activities to establish CCRCD as a truly open data environment. The Open Data Working Group is critical in this process as the focusing mechanism for the work required.

Other steps include:

- The identification of an Open Data champion in each Authority.
- The adoption of Welsh Government's Lle product as the first Open Data platform for the CCRCD.
- The development and build out of CCRCD layers on Lle to reflect each strand's programme information.
- The progression of at least two key projects through the Open Data Working Group.
- Running an Open Data competition, similar to those run in England over the last few years, to find the next use cases for Open Data.
- Establish Living Labs in each Authority area. Using locations such as Cardiff Metro Central to flood them with all digital capability layers to maximise the potential of open data.

16.5 Currently the work of the Open Data Group is supported through the goodwill of participating authorities, but in order to deliver its potential as projects develop it requires a dedicated resource. Joint Cabinet is therefore asked to allocate £30k to cover the cost of an officer seconded to support the work of the group going forward.

Future Generations and Wellbeing Considerations

17. The proposals outlined in this report are very much in line with the principles of the Wellbeing of Future Generations Act.

By taking forward this proposed digital strategy the CCRCD is actively looking into the long term future of the city region to ensure that it is a vibrant and modern environment for future generations. Many of the proposals have the potential to make our region more energy efficient and to limit the need for physical travel by equipping businesses and communities to operate anywhere within the region.

Providing an environment where everyone has equal access to all the digital necessities for modern living, whether they live in the centre of a city or a more remote valley or rural community, allows genuine citizen participation in the life of the region.

As a society, we are only just beginning the understand the huge range of benefits that will be brought about by the Internet of Things, but the potential for it deliver only what is needed at the time that it is needed is a significant contribution to the sustainable use of resources.

Equalities Considerations

18. Digital connectivity is important, and will increasingly become fundamental, to being able to participate in modern life. Currently access to digital connectivity is unequal across the CCRCD, often with the most disadvantaged communities being most badly affected.

    The proposals outlined in this report seek to redress the present inequalities by providing high quality, fast digital connectivity to all parts of the CCRCD, giving better opportunities to all citizens and businesses.

Financial Implications

19. The attached reports seeks approval to allocate £100k to develop the strategy and business case, as outlined at paragraph 8 above, and a further £30k to support the ongoing work of the Open Data Working Group. Once the business case is developed there will be a much more substantial request to the Joint Cabinet in the future to allocate funds particularly for the establishment of a dark fibre network, but it is understood that this level of investment will be offset by a large proportion of private sector investment.

20. There will also be ongoing discussions with Welsh Government to ensure that CCRCD money is aligned with Welsh Government investment proposals, and that there is no overlap or duplication. Whilst officers will also continue to explore the potential to access DCMS grant funding.

21. In respect of business case development, it is important that the requirements of the Wider Investment Fund Assurance Framework are followed and detailed consideration is given to how the programme is developed over time. Compliance with the Assurance Framework is a key requirement of HM Treasury funding terms and conditions, as set-out by Welsh Government.

22. Section 3.7 (Business Case Development) of the Assurance Framework states:

    *All Candidate Scheme Sponsors will be required to produce a business case in line with HM Treasury's Green Book using the Five Case Model – starting with an initial proposal (Strategic Outline Case) onto an Outline Business Case ("**OBC**") and finally a Full Business Case ("**FBC**").*

    The Business Case at each stage of development must evidence that:

    - *the scheme is supported by a compelling case for change – the strategic case;*
    - *the scheme represents best public value – the economic case;*
    - *the scheme is commercially viable – the commercial case;*

- *the scheme is affordable – the financial case;*
- *the scheme is achievable – the management case.*

As the business case develops from initial proposal to outline and finally full case the level of detail and the completeness of the 5 cases will develop, however, each stage of the business case must provide a compelling case for the scheme before it will be supported by the Regional Cabinet to progress to the next stage.

Due to the potential variation in size and complexity of proposed schemes the time given to scheme sponsors to develop the various stages of the business case will be provided on a scheme by scheme basis.

As indicated previously, the appraisal process will apply the principle of proportionality which may result in in the OBC and FBC stages being combined depending on the level and quality of information provided and the complexity of the scheme.

23. A well prepared and structured business case:

    - enables Regional Cabinet and its key stakeholders to understand, influence and shape the project's scope and direction early on in the planning process;

    - assists Regional Cabinet to understand the key issues, available evidence base and to avoid committing resources to schemes that are either sub-optimal or should not proceed at all;

    - seeks to keep Regional Cabinet informed of progress and secure their endorsement on key project decisions at the appropriate stages and minimise the risk of elements needing to be re-worked at a later stage;

    - demonstrates to senior officers, stakeholders, customers and Regional Cabinet the continuing viability of the proposed approach.

24. For the reasons outlined above, it is suggested that at an early stage consideration is given to agreeing the overall approach and timescales that will be adopted for the business case development process. This will allow the development funding requested to be broken down into the agreed business case stages and the appropriate level of resources allocated between each phase of the business case development cycle.

25. The report outlines some of the detailed work that will need to be completed in order to understand how the digital strategy and its component projects will be procured, implemented and operate over time e.g. eligibility criteria, delivery mechanisms and how the governance arrangements will work in practice. In particular, the business case will need to clearly the address the issue of State Aid, whilst providing comfort around matters such as project evaluation criteria, and how proposals for investment funding will be assessed in terms of costs, values, returns, risks, timescales, affordability and overall value for money.

26. The request for digital strategy and business case development funding outlined above, will be met from the Programme Development & Support revenue budget and will be identified as a commitment within the 2018/19 Annual Business Plan. Regional Cabinet should note that there is risk that any development funding spent

in advance of the JWA Business Plan being approved may prove to abortive in the unlikely event that the JWA Business Plan is not approved.

27. Attached at Appendix 1 is a 'Resource Assumptions' statement which aims to provide clarity in respect of funding requests made to Regional Cabinet in relation to sums requested, funding source and resource management/responsibilities. Documenting information in this way will also serve to act as a transparent audit trail in the event that the resources requested prove to be insufficient and requests for further funding are submitted at a later date.

28. Further financial advice will be provided as the business case is developed and reports are brought back Regional Cabinet for detailed consideration and approval.

Legal Implications

29. There are no immediate legal implications in the recommendations of this report, other than the need for proper procurement of any external capacity to develop the business case.

    In preparing the proposed Business Case the legal issues arising from the proposals will need to be considered and addressed.

    As regards Open Data (paragraph 16 above) it is noted that it is proposed to submit a report to Regional Cabinet on this matter with detailed proposals, at which stage detailed legal advice will be provided.

RECOMMENDATIONS

It is recommended that Joint Cabinet:

1) Agree the proposals set out in this report as the overarching strategic direction for the digital strand of CCRCD, subject to all constituent Councils approving the Joint Working Agreement Business Plan.

2) Agree to the allocation of £100,000 in 2018/19 for the scoping of a digital strategy and the development of a business case, which will reflect the overarching strategic direction referred to in recommendation 1).

3) Agree to the allocation of £30,000 in 2018/19 to provide a resource to support the project work of the Open Data Working Group.

4) Advise whether Joint Cabinet wish to prioritise the development of the element of the business case dealing with the establishment of a connection to the transatlantic link in order to make an early investment decision.

Councillor Anthony Hunt
Leader, Torfaen County Borough Council
06 February 2018

The following Appendices are attached:

Appendix 1: Resource Assumptions Statement
Appendix 2: CCR City Deal Programme Board Candidate Observation Record

Digital Strategy Report – Resource Assumptions

Activity	Estimated Cost	Funding Source	Financial Year	Notes
External Consultancy Expertise	£80,000	CCRCD: Wider Investment Fund – Programme Development & Support Budget	2018/19	Technological consultants 100 days @ £800 per day. **Timescale:** 01 Apr – 30 Sep 2018 **Services Procured and Contract Managed by: Torfaen CBC**
Procurement Support	£10,000	CCRCD: Wider Investment Fund – Programme Development & Support Budget	2018/19	Estimate of cost to procure Technological consultants and/or support for Business Planning phase **Timescale:** 01 Apr – 30 Sep 2018 **Procurement Support provided by: Torfaen CBC**
Programme Management Support	Within 18/19 PMO structure	CCRCD – Programme Management Office Budget (temporary post)	2018/19	PMO Temp Development Officer post from within existing 18/19 structure **Timescale:** 01 Apr – 30 Sep 2018 **Responsibility for recruiting / Line Mgt: CCRCD PMO**
Marketing and Branding	£10,000	CCRCD: Wider Investment Fund – Programme Development & Support Budget	2018/19	Initial high-level assessment and may need to be revisited. Could be procured externally or in-house from one of the Partnering Authorities **Timescale:** 01 Apr – 30 Sep 2018 **Services Procured and Contract Managed by: Torfaen CBC**
Specialist Financial, Legal or Property advice	£TBC	CCRCD: Wider Investment Fund – Approved Project Budget (subject to Business Case approval)	TBC	Additional external support for detailed business case preparation and associated due diligence work, details of which will be set-out in SOC Programme Business Case T**imescale:** TBC **Services Procured and Contract Managed by: Torfaen CBC**
Open Data Group Support Officer	£30,000	CCRCD: Wider Investment Fund – Programme Development & Support Budget	2018/19	Assumes 3 days a week of £48,900 gross salary plus expenses **Timescale:** 01 Apr – 31st March 2019 **Responsibility for recruiting / Line Mgt: Torfaen CBC**
Development of Five Case Business Model to support LLFN Grant Funding bid Wave 2	£15,076	CCRCD – Programme Management Office Budget	2017/18	Consultancy for EOI (£4,076) and BID (£4,500), Network Route Mapping (£5,000) and Legal Consultancy (£1,500) **Timescale:** Already incurred **Services Procured and Contract Managed by: Newport CC**
Community Fibre SOC	£16,000	Welsh Government	2018/19	Mapping Provision cost, Welsh Government have confirmed funding **Timescale:** 2018/19 for mapping purposes. Further timescale to be determined following mapping exercise. **Services Procured and Contract Managed by: Welsh Government for mapping**

In addition to the above resources, the project will be supported internally by the ten partnering authorities via the ICT Leads group

Appendix 2

CARDIFF CAPITAL REGION CITY DEAL
PROGRAMME BOARD

CANDIDATE SCHEME OBSERVATION RECORD
AGENDA ITEM:

The Cardiff Capital Region Programme Board met on:

21st December 2017

Candidate Scheme assessed at that meeting was:

Digital Strategy

It was agreed that that the Candidate Scheme Sponsor for this proposal is Torfaen Council.

Observations of the Programme Board

The Board considered the matter at its meeting held on 21st December 2017.

Criteria for Supporting an Investment

From the evidence received the proposal has the potential to:

- Significantly enhance the digital capability and potential of the Cardiff City Region City Deal area.
- Leverage substantial private sector investment
- Attract and retain businesses that will provide high quality jobs
- Increase GVA

Business Case Development

The Board agreed that there was a need to provide development money to develop the strategy and digital brand of the CCRCD, scope the programmes contained in the proposals and to develop a business case for CCRCD investment.

State Aid

To be considered as part of the Full Business Case

Risk

To be considered as part of the Full Business Case.

CONCLUSION

On the basis on the above information and analysis, the Board's recommendation to the Regional Cabinet is to

i) Agree the proposals set out in the report as the overarching strategic direction for the digital strand of CCRCD

ii) Agree to the allocation of £120,000 in 2018/19 for the scoping of a digital strategy and the development of a business case.

iii) Advise whether Joint Cabinet wish to prioritise the development of the element of the business case dealing with the establishment of a connection to the transatlantic link in order to make an early investment decision.

iv) Agree to the allocation of £30,000 in 2018/19 to provide a resource to support the project work of the Open Data Working Group.