



Special Swansea Bay City Region Joint Committee – 7 December 2020

Digital Infrastructure Programme Business Case - with Economic Strategy Board Feedback

Purpose:	To consider feedback from the Economic Strategy Board on the Digital Infrastructure Programme and approve the formal submission of the five-case model business case to the UK Government and Welsh Government for approval. To grant the Programme’s Senior Responsible Owner (SRO) delegated powers to make any minor amendments to the business case as necessary to obtain that approval.
Policy Framework:	Swansea Bay City Deal (SBCD)
Consultation:	Carmarthenshire County Council Neath Port Talbot County Borough Council Pembrokeshire County Council City and County of Swansea Economic Strategy Board Programme Board Welsh Government (Digital Infrastructure) UK Government (Digital Infrastructure)
Recommendation(s):	It is recommended that: <ol style="list-style-type: none"> 1) The Joint Committee approve the formal submission of the Digital Infrastructure five-case model business case to the UK and Welsh Government for approval. 2) The Joint Committee grants the Programme’s Senior Responsible Owner (SRO) delegated powers to make any minor amendments to the business case as necessary to obtain that approval.
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1. Introduction

The Digital Infrastructure Programme of the Swansea Bay City Deal is an investment in the Digital Connectivity and associated Telecommunications Infrastructure of the region. This includes but is not limited to full fibre fixed connectivity and associated infrastructure, 4G, 5G and Internet of Things wireless networks. It is in essence the deployment of enabling technology that will allow quality digital services to be delivered and accessed over fixed line networks or wireless networks.

The Programme will deliver the essential underlying Infrastructure required to support and underpin the region's broader Digital Strategy. It will help to ensure that the region is equipped with future-proofed Digital Infrastructure that will provide the transformative foundations for City Deal interventions and wider regional growth. The Programme will also help to ensure social inclusion and cohesion in a post Covid-19 world.

This ultra-fast, ultra-reliable connectivity will help to ensure that the region capitalises on opportunities to accelerate economic growth and establish itself as a centre of excellence in the key sectors of energy, life science and well-being, and smart manufacturing. Future proofed Digital Infrastructure will help will create a paradigm shift in the design, development and application of technology within these key sectors across the region.

2. Background

A significant amount of work has occurred over the past 8 months, bringing the Business Case and associated Projects to fruition. This has included stakeholder & partner engagement, data analysis and mapping, industry analysis, Project scoping and a thorough update and rewrite of the existing plans. Policy days with UK and Welsh Government have taken place. Engagement with industry and other growth deals continues.

Digital Programme governance and structures are in place with representation from key partners and stakeholders. The Programme is following the City Deal Integrated Assurance & Assessment Framework for all governance and assurance matters including risk and issue management, benefits realisation plans, quarterly and annual reporting, and Programme monitoring.

The City Deal's Economic Strategy Board (ESB) has been consulted several times on the Programme and associated Business Case, with feedback incorporated into the latest draft. An official ESB test and challenge session was held on Thursday 10th September, the result of which was full support and endorsement of the Programme and its Business Case from the ESB.

Each regional Local Authority has also now approved the submission of the Programme's business case to Joint Committee for consideration.

3. Digital Infrastructure Business Case

The breadth and quality of digital infrastructure available in Wales has fallen behind that found in many other parts of the UK. This is compounded by the fact that there are significant differences within Wales itself. The reasons for this do not only rest with the topology of the region and the fact that it is heavily rural, but also because it's a deeper issue related to

digital awareness, affordability and commercial appetite for investment by the communications service providers (CSPs).

There is broad and proven recognition that the provision of digital services drives economic growth and enables social inclusion and cohesion. There is also a growing recognition that the availability of world class digital connectivity stimulates innovation and the creation of new business streams. The clear conclusion is that the Swansea Bay City Deal (SBCD) must address any shortfall in the availability of digital connectivity in the region. It must invest in digital connectivity to obtain a competitive advantage and it must also drive the uptake and quality of those services that are already available.

Improving the Digital Infrastructure of the region is critical as it has suffered from a lack of commercial investment that has consequently resulted in an underlying gap in delivery capability. These gaps need to be closed in order for the SBCD and the region as a whole to achieve its goals. The proposed programme of work will lead to:

- An increase in local productivity and employment
- An uplift in the region's attractiveness for both the telecommunications industry and subsequent inward investment by highly skilled digitally intensive industries
- An enhanced ability to deliver local services - notably education, health and transport
- Environmental benefits through the facilitation of teleworking and enhanced traffic management
- A reduced gap in access to digital services across the region - notably to isolated communities
- Enabling digital transformation across the public and private sectors
- Ensuring the cities and development zones of the region obtain a competitive advantage against other parts of the UK.

The region is not homogenous in its requirements and challenges, and the investment priorities need to reflect this. In order to give a focus on the region's needs, and the manner in which they can be met, three Project areas have been identified to be delivered through the Digital Infrastructure Programme. These are:

Intervention	Description
Connected Places	This is regional support that will increase the availability of fibre to premises in key urban areas. This will be mainly targeted at existing industrial areas and economic growth zones to provide world class connectivity
Rural Connectivity	Intervention where there is shortfall in existing or planned investment to ensure as many rural premises as possible in the region have access to a minimum broadband service, currently considered to be 30Mbps
Next Generation Wireless	This is focussed on the provision of next generation wireless connectivity in the form of 4G, 5G and IoT networks. The use cases and business models for these technologies are still to emerge, but supporting early adoption and stimulating innovation within the region's SMEs will ensure that the region stays at the forefront of deploying this technology

Each area deals with a different regional challenge and calls upon different mixes of digital infrastructure to overcome them. However, all are complimentary and interdependent and together provide the underlying infrastructure for the SBCD to address its goals.

SMART investment objectives have been defined for each of these three areas as follows:

- **Connected Places; Ensures towns, cities and development zones have access to world class full fibre infrastructure.** *This will deliver the following spending objectives:*
 - *improve the quality of public service delivery by ensuring all public buildings are digitally connected, facilitating improved efficiency and public access to services*
 - *cost savings to the public sector for digital connectivity*
 - *stimulation of competition in digital services*
 - *stimulate inward investment in the region by telecommunications industry and hence improve access to services for residents and businesses*
 - *deliver economic benefits through the usage of digital infrastructure, notably increased efficiency and enhanced productivity.*

- **Rural: Facilitate equality of access to broadband services across the region.** *This will deliver the following spending objectives;*
 - *improve the quality of public service delivery by ensuring communities in remote areas have access to services*
 - *social cohesion and inclusion across the region to sustain communities*
 - *stimulate economic growth by enhancing opportunities for employment.*

- **Next Generation Wireless; Ensure that the region is at the forefront of 5G and Internet of Things (IoT) investment and subsequent innovation.** *This will deliver;*
 - *Inward investment*
 - *Innovation and ensuring the region is at the forefront of new service roll out and delivery*
 - *Economic growth*

The Digital Infrastructure Programme and associated Business Case demonstrates significant alignment with the strategic aims and objectives of the Swansea Bay City Deal:

Reducing the gap in GVA performance – The SBCD Digital Infrastructure Programme will work alongside the UK Government, the Welsh Government, Local Authorities and industry to deliver world class, high-quality, full fibre and wireless digital services across the region. Analysis shows the Digital Infrastructure Programme will result in £318 million in GVA over the 15-year Swansea Bay City Deal programme. It will generate £30 million of inward investment over the 5-year delivery period whilst building a sustainable, future proofed Digital connectivity ecosystem which will support and underpin the region's social and economic prosperity for at least the next 20 – 30 years.

Create circa 10,000 high value / high skilled jobs - Connectivity now fundamentally supports and underpins almost every sector of the economy. This Programme and the infrastructure deployed will indirectly benefit almost every existing and newly created job across the region. It will significantly contribute to making the region more attractive for inward investment and provide the necessary infrastructure to attract and sustain high skilled industry.

Establish and maintain an effective and aligned skills base - The Digital Infrastructure Programme aims to contribute towards and underpin the long-term skills and workforce strategy of the region by providing the necessary Digital Infrastructure and connectivity required by a thriving, innovative City Region. It will significantly contribute towards skills development across digital sectors to drive higher value employment opportunities. One of the Programme benefits is an increased demand for Digital skills through the creation and provision of a thriving Digital economy. The Programme will work alongside the City Deal Skills and Talent project to stimulate and support the exploitation and application of Digital technologies across the region.

Create, prove and commercialise new technologies and ideas - One of the clearly stated SMART objectives of the Programme is Innovation and ensuring the region is at the forefront of new technologies, service roll out and delivery. The Programme will help to ensure that the region is at the forefront of 4G, 5G and Internet of Things (IoT) investment and subsequent innovation. Innovation in Digital services is a clear benefit of all 3 Projects. Specifically, Digital infrastructure will stimulate local businesses, innovative start-ups, and use of innovation to enhance public service delivery and lower costs.

Build capacity and drive forward further and greater inward investment - Inward investment is one of the cornerstones of the Programme and a key strategic objective throughout. Capacity and inward investment are rigorously sighted, considered, and quantified within the Programmes benefits, targets, measures and objectives to varying positive degrees. Inward investment is one of the Programmes key qualitative impacts and benefits for all 3 Projects with positive outcomes modelled and expected across all Projects. It will generate £30 million of inward investment over the 5-year delivery period whilst building a sustainable, future proofed Digital connectivity ecosystem which will support and underpin the region's social and economic prosperity for at least the next 20 – 30 years. Total additional Commercial Sector Pull through Investment for the Programme is conservatively estimated to be £121.9 million.

Create a sustainable regional economy that contributes meaningfully to the economy of Wales and the UK - The SBCD Digital Infrastructure Programme will work alongside the UK Government, the Welsh Government, Local Authorities and industry to deliver world class, high-quality, full fibre and wireless digital services across the region. Analysis shows the Digital Infrastructure Programme will result in £318 million in GVA over the 15-year Swansea Bay City Deal programme. It will generate £30 million of inward investment over the 5-year delivery period whilst building a sustainable, future proofed Digital connectivity ecosystem which will support and underpin the region's social and economic prosperity for at least the next 20 – 30 years.

4. Financial Implications

Risks will be managed through monitoring and evaluation at both Project and Programme level and reported, via the Swansea Bay City Deal's Programme Management Office, to the Joint Committee, where appropriate.

Specific Programme financial risks are outlined within the strategic case component of the Digital Infrastructure Business Case.

The procedures around the management of City Deal funding are detailed within the Joint Committee Agreement.

The Programme is funded through £25m City Deal Funding, £13.5m public sector funding and £16.5m private sector funding. City Deal funding will be released on the successful approval of the Programme business case by UK and Welsh Government. Public sector investment will be generated through wider public sector infrastructure funding. Private sector inward investment will be generated through telecoms and internet providers building off public sector network development.

5. Legal Implications

The Joint Committee Agreement between the participants of the Swansea Bay City Region requires (at clause 12.3) all councils in whose areas the projects take place to approve the submission of the business case to the Joint Committee before it can be ultimately forwarded on to the UK and Welsh Government. Each participant council has taken reports to each of its respective decision-makers.

Clause 2.2 (i) of the Terms of Reference of the Joint Committee provides that the Joint Committee's functions include the consideration and approval of project business cases. Clause 2.2 (k) provides that the Joint Committee also agrees the terms and conditions of Government Funding.

6. Alignment to the Well-being of Future Generations (Wales) Act 2015

The SBCD Portfolio and its constituent Programmes and Projects are in keeping with the approach and ambitions of the Well-being of Future Generations (Wales) Act 2015. The City Deal goals and objectives will also have a significant impact across the seven well-being goals for Wales.

The alignment of the Digital Infrastructure Programme to the Well-being of Future Generations (Wales) Act 2015 is detailed within the appended Programme Business Case.

Background Papers: None

Appendices:

Appendix A - Digital Infrastructure Programme Business Case including Executive Summary.

Appendix B - Digital Infrastructure ESB Feedback