

**ANGUS COUNCIL**

**POLICY & RESOURCES COMMITTEE**

**1 FEBRUARY 2022**

**TAY CITIES REGION DEAL – UPDATE & MONTROSE 5G PROJECT ACCELERATION**

**REPORT BY VIVIEN SMITH  
DIRECTOR OF STRATEGIC POLICY, TRANSFORMATION & PUBLIC SECTOR REFORM**

**ABSTRACT**

This report provides information on the progress on the Tay Cities Deal (TCD) projects within Angus and asks Committee to approve the financial support to the 5G Project being developed in Montrose to allow this project to progress ahead of the TCD governance arrangements being met.

**1. RECOMMENDATIONS**

It is recommended that the Committee:

- (i) notes the signing of the Memorandum of Understanding with Crown Estate Scotland to develop the Zero Four Business Hub at the former airfield in Montrose;
- (ii) notes the submission of the Business Justification Case for the TCD012 - Angus Fund - Mercury Drone Ports to governments for review;
- (iii) notes the submission of the Outline Business Case (OBC) for the TCD012 - Angus Fund - Centre of Agri Tech & Sustainable Innovation (CASI) to governments for review;
- (iv) notes the advanced discussions with Dalhousie Estates regarding the Angus Rural Mobility Hub and Brechin Business Park – Phase 2;
- (v) notes the progress being made with the TCD 005/6 Rural Digital Broadband;
- (vi) agrees the financial support and funding utilising council funds as identified in this report for the Montrose 5G Project in advance of approval of the Full Business Cases for this project by the TCD Joint Committee and the drawing down of grant funding from the Tay Cities Deal;
- (vii) approves officers to carry out a procurement exercise and award to the successful bidder to build the 5G Infrastructure in Montrose as per financial regulations.

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/COUNCIL PLAN**

- 2.1 This project contributes to the outcomes contained within the Angus Community Plan and Council Plan, which focus on Economy, People, Place and Our Council.

**3. BACKGROUND**

- 3.1 The Tay Cities Region Deal was signed by UK and Scottish Government ministers and Tay Cities Region partners on 17th December 2020. The two governments have pledged £300 million over a 10-year period, which will help to lever a further £400 million of investment to create a smarter and fairer city region with over 6000 new job opportunities.

**4. ANGUS SPECIFIC UPDATES**

**4.1 TCD 012 – Angus Fund – Zero Four Hub, Montrose**

- 4.1.1 Angus Council and Crown Estate Scotland signed a Memorandum of Understanding on the 3<sup>rd</sup> November 2021, to work together to develop a clean growth enterprise hub, with supporting infrastructure, in Montrose, Angus. This partnership forms part of Angus Council's long-term plans to

drive sustainable development, reduce greenhouse gas emissions, improve energy efficiency and create renewable solutions for transportation and energy across Angus and the wider Tay Cities region.

- 4.1.2 Angus Council's ambition is to invest in starter units within the business park, using low-carbon building and energy management systems, including 5G capabilities to support digital ambitions and new emerging technologies. The 123-acre ZeroFour site, purchased by Crown Estate Scotland in June 2020 is considered to have strong potential to create a large-scale hub for supporting the development of the blue and green economy, particularly the offshore and wind sector, as well as other economic catalysts.

#### **4.2 TCD012 Angus Fund - Mercury Drone Ports**

- 4.2.1 The Mercury Drone Ports project is developing at pace and our partner DTLX Ltd, have worked with officers to develop the Business Justification Case (BJC) for the project. This was submitted to UK Government in November and feedback is currently awaited on this project.

- 4.2.2 As approved in Report No 106/21, work is underway developing the use case trials for the drone project. An application for an Airspace Change is currently with the Civil Aviation Authority for approval in March / April 2022, thereafter, drone flights will commence in Angus.

#### **4.3 TCD 012 – Angus Fund – Centre of Agri Tech & Sustainable Innovation (CASI)**

- 4.3.1 The Agri Tech project partners are continuing to develop the governance model for the project. This will allow the partners to form a new legal entity for the project and Angus Council is involved in these partnership discussions.

- 4.3.2 The project partners and officers have developed the Outline Business Case (OBC) for the project. This was submitted to UK Government in November and feedback is currently awaited on this project.

#### **4.4 TCD012 – Angus Fund – Angus Rural Mobility Hub**

- 4.4.1 Angus Council and Dalhousie Estates are due to sign a Memorandum of Understanding (MOU), entering into an agreement to work together to develop the Angus Rural Mobility Hub (ARMH) in Brechin, to provide the infrastructure, services and skills needed to enable the Tay Cities Region's transition to a low carbon, inclusive economy through a range of smart mobility and energy services.

- 4.4.2 A study has been undertaken by consultants to understand the demand for the Angus Rural Mobility Hub in Brechin to accelerate the transition to a lower carbon economy. Taking advantage of the sites close proximity to the A90 trunk road and developing growth and innovation initiatives across the north east of Scotland the ARMH will offer services which are ahead of the market, which it is hoped will give confidence to the private sector to switch to lower-carbon approaches. Work will now be undertaken by officers to develop the Outline Business Case for the project.

#### **4.5 TCD005/6 Rural Digital Broadband**

- 4.5.1 As reported in Report No 106/21 survey work has now been completed and wayleaves with farmers are being finalised. The installation of the radio kit is due to commence in January 2022.

- 4.5.2 This work to improve the Rural Digital connectivity within Angus ensures that the Council's assets will have improved connectivity and the infrastructure in place to facilitate improved broadband availability for others to tap into. It is not intended that Angus Council will become a broadband provider, but the infrastructure can be used by companies who wish to provide faster broadband services to their customers.

- 4.5.3 The Local Full Fibre Network (LLFN) element of the works approved in Report No 106/21, has been progressed by the contractor BT with all the infrastructure works in Angus being completed. Work is now progressing on the connection of the circuits.

### **5. PROPOSAL FOR MONTROSE 5G PROJECT**

- 5.1 Within the Tay Cities Region Deal, the Scottish Government have committed up to £2 million to support 5G testbeds and trials in the Tay Cities Region, helping to put it at the forefront of full fibre and 5G

deployment to drive economic development. The testbeds are the infrastructure (data centre, fibre and transmitters) needed for 5G.

- 5.2 The funding will be used to work with local communities, academic institutions and businesses to develop and demonstrate 5G test cases. This work will develop the practical use of 5G and demonstrate the innovation possible, its potential markets and the appeal of these innovations to regional communities and stakeholders. The test cases will be focussed initially on Dundee waterfront but also explore how to use the digital connectivity improvements in rural Angus and Perth and Kinross to roll out 5G case studies.
- 5.3 Discussions have taken place between the project owner for the 5G Testbed project (Dundee City Council) and Angus Council about the potential use case for Angus as identified in the project's Business Justification Case (BJC) as well as linking this to the Mercury Programme ambitions for the delivery of clean growth in North Angus.
- 5.4 This 5G project will make Montrose one of the first areas, out with cities, to receive 5G investment and will be one of the first sites in the UK to use the 700MHz innovation. It is proposed, the project will build 2 macro masts in Montrose to be public 5G networks. One mast will be located at Montrose Port to benefit Montrose Port Authority and businesses in and around the Port. The other mast will be built near the Montrose Zero Four development to service the business park and surrounding area.
- 5.5 The project will allow Montrose Port Authority tenants and users of the Port to be able to access the next generation of technology allowing them to be at the forefront of innovation and compete with other ports throughout Scotland and the UK. This technology will allow the Port to be more automated, efficient and cost effective.
- 5.6 The Mercury Drone Ports Project in Montrose will also benefit from this technology, as the drone connectivity will be increased for Beyond Visual Line of Sight flights and data capture from drones can be relayed back to ground in real time. Furthermore, there are also community benefits from the project that potentially will benefit local primary schools and Montrose Academy. It would also introduce 5G Mobile Telephony for the citizens of Montrose as an extension to this project.
- 5.7 Subject to approval, it is proposed that a procurement exercise is carried out for the installation of public 5G in Montrose, that will benefit the residents and businesses and will include digital twinning of Montrose Port, other innovative uses of Internet of Things (IoT) technology and community benefits. Also, the successful bidder will be responsible for the maintenance of the 5G infrastructure after completing the project.
- 5.8 Upon completion of the 5G infrastructure, the project will look to develop uses cases that will utilise the 5G technology. Montrose Port have given a financial commitment of £15,000 to help develop uses cases and it is proposed that the successful bidder would also provide financial commitment to support the development of the use cases. These uses cases will look at opportunities for 5G security cameras at Montrose Port, tidal gauges and other Internet of Things (IoT) devices that can utilise 5G technology. The project will also aim to support businesses and communities to benefit from the 5G technology to deliver economic growth and future jobs in Angus.
- 5.9 Officers are working on the development of the business case for the Angus Fund – Zero Four Business Hub with a view to seeking approval of this by UK Government and Tay Cities Joint Committee in advance of the TCD financial profile spend, which is anticipated in 2023/24 and 2024/25; members are asked to accelerate the funding of this project at risk. Funding from Tay Cities Deal 5G project is only available to the Montrose 5G project in 2021/22, therefore council is being asked to approve an accelerated procurement exercise and award to a successful bidder to build the 5G Infrastructure in Montrose. The development of this innovative project in Montrose which if delayed for the open market to build could potentially be 5-6 years away from delivery.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 In normal course the Montrose 5G project costs identified in this report which are proposed for funding from the Council's capital budget would be met from Tay Cities Deal (TCD) funding. However, TCD funding for this project is not yet available based on the agreed funding profile for the whole Deal. In order to accelerate this project and progress earlier than originally planned, funding from another source is required as an interim solution. The Council has set aside £6m for TCD projects in its agreed Capital Budget 2021-26 and it is proposed that this budget is used to enable the project acceleration. It is also proposed that this funding is used to support the advance costs identified until the projects' Full

Business Case (FBC) are considered and agreed at which time grant funding through the TCD can then be claimed back.

6.2 The associated costs for the Montrose 5G Project are shown below -

#### Infrastructure Build Costs

TCD007 – 5G Digital Testbeds	£150,000
Angus Council TCD Capital Funding	£150,000
<b>Total Costs</b>	<b>£300,000</b>

#### Use Case Contributions

Montrose Port Authority	£15,000
-------------------------	---------

6.3 The use of Council Capital budget of £150,000 to accelerate this project will be repaid once the FBC for the Zero Four Business Hub is approved and TCD funding drawn down in line with the TCD financial profile.

6.4 The funding contribution from Montrose Port Authority will be used to support the development of the Use Case projects and to demonstrate the use of this technology to other businesses within Montrose.

6.5 Officers will continue to explore whether acceleration of Angus Fund resources through the TCD may be feasible, if for example there is slippage on other projects, and there is a need to adjust the funding profile to accommodate this.

## 7. RISK IMPLICATIONS

7.1 The proposal for the Montrose 5G Project in this report means using Council funds in advance of TCD funding being agreed and thereafter drawn down. There is therefore a risk to the Council that the Full Business Case for the Zero Four Business Hub may not be approved by Scottish and UK Governments or the TCD Joint Committee and funding from the Tay Cities Deal would not be available to support the projects. The likelihood of this risk arising is considered to be low based on discussion with both Governments to date. Scottish Government have approved the BJC for TCD007 5G Digital Testbeds and the delivery of the uses cases is an important element in the delivery of this project.

7.2 The procurement process for the Montrose 5G project will strive to ensure the preferred supplier is able to meet our desired community benefits and contribute to the use cases. Officers are in discussions with providers of this innovative technology and will carry out the procurement at the earliest opportunity.

7.3 The Angus Fund OBC has been approved by UK Government and the TCD Joint Committee which provides some assurance that the principles and intention for the Zero Four Business hub in Montrose are supported by UK Government and will be confirmed subject to the FBC being provided.

7.4 The Angus Fund Outline Business Case (OBC) was approved by UK Government in a letter to the Leader of the Council on 24 September 2020 and subsequently approved by the Tay Cities Joint Committee on Friday 19th February 2021. Projects will continue to develop OBC/FBCs for approval by UK Government and TCD Joint Committee. Further reports for accelerated funding to support the early implementation of projects will be brought to committee as the business cases are developed. This will help to ensure that economic impact can be felt at the earliest opportunity in Angus while also supporting the whole of the Tay Cities agreed financial profile.

## 8. CONSULTATION

8.1 The Chief Executive, Depute Chief Executive, Director of Legal and Democratic Services and the Director of Finance have been consulted in the preparation of this report.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

Report No 280/17 - Tay Cities Deal - Interim Minute of Agreement – 7 September 2017  
Report No 89/19 – Tay Cities Deal – Governance Arrangements – 21 March 2019  
Report No 177/19 (Schedule 2) – Tay Cities – 4 June 2019

Report No 120/20 – Tay Cities Region Deal – 19 March 2020  
Report No 249/20 – Tay Cities Region Deal – 19 October 2020  
Report No 95/21 (Schedule 1) – Tay Cities Deal Update – 18 March 2021  
Report No 106/21 – Tay Cities Region Deal – Project Acceleration – 18 March 2021

**REPORT AUTHOR: Mark Davidson – Manager – Tay Cities Deal (Angus)**

**EMAIL DETAILS: [SPTInfoGov@angus.gov.uk](mailto:SPTInfoGov@angus.gov.uk)**