

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 24 OCTOBER 2023

TAY CITIES REGION DEAL – UPDATE ON MONTROSE 5G PROJECT AND CASI HQ

**REPORT BY ALISON SMITH,
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ABSTRACT

This report provides information on the progress of the Tay Cities Deal (TCD) projects within Angus, specifically Montrose 5G and the Centre for Agricultural Sustainable Innovation (CASI) HQ.

1. RECOMMENDATION(S)

It is recommended that the Committee:

- (i) notes the recommendation not to proceed with the Montrose 5G project per Item 4.6;
- (ii) notes the removal of 48 John Street, Forfar (also known as the Mart) Headquarters building as part of the Centre for Agricultural Sustainable Innovation project; and
- (iii) notes that 48 John Street, Forfar will now be declared surplus and re-marketed for sale in line with normal council practices and the capital funds from the sale of this building are as per Item 6.4.

2. ALIGNMENT TO THE COUNCIL PLAN

2.1 This report contributes to the 'Caring for the Economy' priority contained within the Angus Council Plan 2023 – 2028, in particular the following activities:

- We will continue to support and deliver elements of the Tay Cities Deal.
- We will support businesses to grow and invest in Angus through our employment land and commercial property.
- We will be more commercial in our approach to contracts and support growth of business locally whenever possible through a *community wealth building approach.

3. BACKGROUND

3.1 The Tay Cities Region Deal was signed by UK and Scottish Government ministers and Tay Cities Region partners on 17 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. Montrose 5G

4.1 Report No 22/22 agreed to the project acceleration of funding to progress with 5G in Montrose in advance of grant funding from the Tay Cities Deal.

4.2 Officers have progressed with the procurement of this infrastructure to support the 5G technology and an Invitation to Tender was published on Public Contract Scotland in 2022 but was not awarded due to a number of issues raised by potential bidders.

4.3 Due to these issues, there was a delay in progressing this project further until early 2023, when Angus Council engaged with representatives from Scotland's 5G Centre to seek technical advice to assist with the review of the project scope in the tender. This raised significant issues which would impact the delivery of the project. These included:

- Private 5G requires ongoing revenue costs to the Council, which is not feasible.
 - Many Internet of Things (IoT) devices on the market cannot successfully link to a private 5G network.
 - It is currently not possible to connect directly between a public and private network – for now the private/public network would be separate.
 - It is likely that companies i.e. Montrose Port and GSK who have shown interest in 5G, would want a private network for security and management reasons.
 - Many of the IoT devices that could be used by industries in and around the Port and Zero Four would need 4G minimum to operate their devices therefore negates the need for 5G.
- 4.4 Following advice from Scotland’s 5G Centre, in February 2023, Angus Council sent an open invitation to businesses in and around the Montrose Port area to attend an engagement event to find out more about 5G and its capabilities. This event was an opportunity for Scotland 5G Centre to provide expert insights into 5G technology, IoT and support businesses develop their digital requirements.
- 4.5 The aim of the event was to gather insights from businesses and their digital ambitions which would be used to develop a 5G network that was fit for purpose. Only two businesses signed up and it was decided to cancel this event and to engage directly with them. Despite repeatedly trying to engage, Angus Council has not been successful getting a response. Due to the lack of engagement, Angus Council is unable to quantify the demand for installing 5G in Montrose at this time.
- 4.6 It is estimated that 5G roll out across Scotland by the Mobile Network Operators will reach Montrose in approximately 5 years. Due to the lack of evidence of demand, the internal Angus Council Tay Cities Board has agreed the removal of this project, as no economic benefits could be demonstrated at this time. Officers will review and consider the necessary steps required in terms of TCD governance procedures for the removal of this project.

5. Centre for Agricultural Sustainable Innovation (CASI)– HQ

- 5.1 The original concept of the Centre for Agricultural Sustainable Innovation (CASI) envisioned a hub and spoke model, with CASI HQ at the heart of the project. CASI HQ would have played a role in coordinating spoke activity, disseminating information across the wider sector, securing funding for future spokes. However, the resource required to deliver this element of this project in this way, combined with changes in the industry since the concept was first developed, has resulted in Angus Council and partners to agreeing to remove this element of the project.
- 5.2 The central hub of the CASI project was proposed to be located at a headquarters building in Forfar. It was proposed that the surplus council property located at 48 John Street, Forfar, would make an ideal location for the project within Angus, especially with the adjacent livestock Mart being located in the same street, serving the farming community. However, in May 2023, the owners of the Mart closed the business and sold the buildings to a private company, meaning we have lost an important link to the farming sector.
- 5.3 The original ambition around collaboration is still very much there, however it is now anticipated that this activity could be undertaken in a different way for example via a series of smaller, shorter scale projects, or incorporating a knowledge exchange requirement with spoke structures. Angus Council has received approval from both Scottish and UK governments and TCD Management Group to change the scope of the project, removing the physical HQ element. This change in scope will not impact on the identified Angus Fund benefits. This will now mean that each individual spoke will be required to follow the project business case process in accordance with the TCD procedures.
- 5.4 The four spokes within the CASI project are as follows:
- **Crop Quality Centre** - will externally contract with approved laboratories to conduct tests to screen for virus or chemical residues which combined with internal and external examinations will further corroborate the quality of the crop.
 - **Agri Tech Development Centre** - will provide a test farm, offices, workshops and facilities designed to attract innovative businesses, creating a collaborative environment where companies work together to create new and improve existing production systems, connected to a global innovation system through Agri-EPI.

- **Neutral Still Spirit** - The spirit produced at this spoke will result in a supply of low carbon, sustainable neutral spirit produced in Scotland for the Scottish/UK gin and vodka industries.
- **Innovation Farm** - will be a field-based platform for the creation, development and exploitation of agri tech innovation in the agri food sector.

5.5 £1 million had been allocated to deliver CASI HQ. There is a significant funding deficit to deliver the four CASI spokes with the costs to deliver the four spokes estimated at £27 million and there is currently a budget of £15 million. Therefore the £1 million from CASI HQ will be allocated between the remaining projects. Partners are aware that they have a responsibility to fund the financial gap to deliver their projects. The approach to this will be addressed within the individual business cases for each spoke.

5.6 Angus Council submitted a Change Request through the Tay Cities Deal governance structure for the removal of the CASI HQ building and this was approved by TCD Management Group on 31 August 2023.

5.7 It is now proposed that the building is declared surplus and re-marketed for sale in accordance with council procedures.

6. FINANCIAL IMPLICATIONS

Montrose 5G

6.1 The associated costs for the Montrose 5G Project approved in Report No 22/22 are shown below -

Infrastructure Build Costs	
TCD007 – 5G Digital Testbeds	£150,000
Angus Council TCD Capital Funding	£150,000
Total Costs	£300,000

6.2 The costs identified for the delivery of the 5G project were to be met from funding from the TCD 5G Digital testbeds project and the Council's capital budget for Tay Cities Deal (TCD) until monies could be claimed back from TCD following approval of the Full Business Case for the Zero Four Business Hub. The funding from the TCD 5G project has now been re-allocated by the project owner Dundee City Council due to this project not progressing.

6.3 As the 5G project has not been progressed there are no financial implications to Angus Council in the development of this project. The only costs incurred in developing this project would be staff costs which are contained from within Economic Development.

Centre for Agricultural Sustainable Innovation (CASI)– HQ

6.4 As per Report No 106/21 the property was removed from the market and the internal appropriation of the building for £0.175m funded from TCD Capital funding was done at risk in advance of the Business Cases being approved. As things stand the Council, through its Tay Cities capital budget provision, has paid for a building which is no longer required. As the building was appropriated it will now need to go through the process to declare it surplus to Angus Council's requirements before it can be re-marketed for disposal. Subject to disposal of the building it is proposed that any funding generated should be reallocated to the TCD Capital funding to assist with the delivery of the projects within the Angus Fund.

7. RISKS

There are no risks associated with this report.

8. CONSULTATION

The Director of Finance and Legal, Governance and Change have been consulted in the preparation of this report.

9. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment Screening has been carried out and is contained within Appendix 1

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 106/21 – Tay Cities Region Deal – Project Acceleration – 18 March 2021

Report No 22/22 - Tay Cities Region Deal – Update & Montrose 5G Project Acceleration – 1 February 2022.

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List of Appendices:

Appendix 1 – Equality Impact Assessment