

# Finance and Resources Committee

10.00am, Tuesday, 12 June 2018

## City Fibre Expansion Project – Proposed Ground Leases

Item number	8.6
Report number	
Executive/routine	Routine
Wards	3 – Drum Brae/Gyle, 17 – Portobello/Craigmillar
Council Commitments	<a href="#">C2</a>

### Executive Summary

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The city's existing 150 km full fibre network is to be expanded citywide to reach nearly every home and business. Through the deployment of additional infrastructure, entire communities and local businesses across Edinburgh will have access to unlimited bandwidth and Gigabit speed connectivity.

To facilitate the above, this report seeks approval to grant a two 20 year ground leases at Barnton Depot and Peffermill Industrial Estate to City Fibre Ltd on the terms and conditions outlined in the report.

## City Fibre Expansion Project – Proposed Ground Leases

### 1. Recommendations

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#### 1.1 That Committee:

- 1.1.1 Approves new 20 year ground leases to City Fibre Limited at Barnton Depot and Peffermill Industrial Estate on the terms outlined in this this report and on other terms and conditions to be agreed by the Executive Director of Resources.

### 2. Background

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- 2.1 City Fibre Ltd is a builder of Gigabit Cities and phase 1 of their infrastructure works in Edinburgh were completed in October 2016. The city's existing 150 km full fibre network will be expanded citywide to reach nearly every home and business in the city. This investment will help bring the benefits of unlimited bandwidth and Gigabit speed connectivity to entire communities and local business across Edinburgh.
- 2.2 Edinburgh is set to become one of the first cities in the UK to benefit from the new Vodafone and City Fibre fibre-to-the-premises (FTTP) programme. By using fibre optic cables for every stage of the connection from the customer's home or business to the Internet, users will be offered a significantly superior and more reliable broadband service, capable of Gigabit speeds (1,000 Mbps).
- 2.3 To facilitate this expansion, City Fibre Limited are seeking locations across Edinburgh to install new data centres. These data centres shall form small compounds, similar to electrical substations.
- 2.4 Four locations are required and the Council owned properties at Barnton Depot and Peffermill Industrial Estate have been identified as two suitable options. A further report will be brought to a later committee when the remaining two sites have been identified.

### 3. Main report

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- 3.1 Both Barnton Depot and Peffermill Industrial Estate, King's Haugh have adequate space to accommodate a data centre within a small compound. The site identified at each location is shown shaded red on the attached plans.

3.2 Following negotiations between the Council and City Fibre Limited, the following terms have been provisionally agreed:

- Subjects: Site 1 - Barnton Depot,  
Site 2 - Peffermill Industrial Estate, King's Haugh;
- Lease: 20 year leases from 30 June 2018 until 29 June 2038;
- Break Option: Tenant only break option at any time after the tenth anniversary, on providing no less than 3 months prior written notice;
- Rent (per site): £2,000 per annum;
- Rent Reviews: Reviewed on each fifth anniversary of the term based on RPI increase;
- Use: Class 6 (Site Compound), for the installation of a data centre;
- Repairs: Full Repairing and Insuring obligation, subject to a photographic Schedule of Condition;
- Other terms: Standard commercial lease terms;
- Costs: Tenant responsible for all costs, capped at £500 per transaction.

## **4. Measures of success**

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4.1 Granting these 20 year leases will allow the tenant to invest in additional infrastructure, which in turn, will provide both social and economic opportunities for communities and businesses across Edinburgh.

## **5. Financial impact**

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5.1 A combined rental income of rent of £4,000 per annum to the General Property Account.

## **6. Risk, policy, compliance and governance impact**

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6.1 This is a 20 year lease in conjunction with a wider infrastructure investment programme and it is considered that there is minimal or no impact on Risk, Policy, Compliance and Governance issues.

## **7. Equalities impact**

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- 7.1 The proposal in this report to grant the new leases, as part of a wider infrastructure investment project does not have a significant additional impact on people, equalities, the economy and the environment.

## **8. Sustainability impact**

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- 8.1 There are no sustainability issues arising from this report.

## **9. Consultation and engagement**

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- 9.1 Ward elected members have been made aware of the recommendations of the report.

## **10. Background reading/external references**

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- 10.1 Not applicable.

### **Stephen S. Moir**

Executive Director of Resources

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## **11. Appendices**

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- 11.1 Appendix 1- Location Plans



