

Cabinet	Ref No: CAB14 19-20
18 February 2020	Key Decision: Yes
West Sussex Full Fibre Programme	Part I
Report by Executive Director of Place Services	Electoral Divisions: All
<p>Summary: This report seeks approval of the West Sussex Full Fibre Programme investment of over £20m across the County. Recommendations for funding the West Sussex Full Fibre Programme are made by the West Sussex Full Fibre Programme Board to the county Chief Executives Board for consideration and agreement. Recommendations are then taken to the county's Leaders for collective endorsement, giving approval for each project and initiative in the programme to be funded.</p>	
West Sussex Plan: A Prosperous Place	
<p>Financial impact: Funding for the projects outlined in the report has been included within the proposed 2020/21 Capital Programme and will be fully funded by the Business rates pool. Resources to deliver the projects will also be contained within the budget allocated from the pool.</p>	
<p>Recommendations</p> <p>That the Cabinet</p> <ol style="list-style-type: none"> 1. endorses that the Leader approve the proposals for the allocation of the business rate pool as recommended by the West Sussex Full Fibre Programme Board; 2. delegates to the Executive Director of Place Services the authority to implement the programme, including any project level key decisions, in consultation with West Sussex Councils' Chief Executives Group and the Cabinet Member for Economy and Corporate Resources 	

Proposal

1. Background and Context

- 1.1 Since 2013 West Sussex County Council has been addressing the challenge of "speed and coverage" in respect of digital connectivity within the county, working with central government's national Broadband Delivery UK programme and Openreach. The County Council has successfully delivered better, faster broadband to more than 70,000 homes and businesses, of which more than an additional 47,000 can access 'superfast' broadband, than would otherwise have been able to if left to the commercial market to invest. The successful £30m programme has exceeded the government's superfast coverage target of 95%.

- 1.2 While speed and coverage are still important, it is now widely recognised that a shift in the technology underpinning the infrastructure will truly unlock access to next generation connectivity. This shift is to gigabit-capable broadband services which is underpinned by 'full fibre'. The UK has recognised that its investment in 'full fibre' lags significantly behind many of its key competitors internationally and that this is critical to economic growth, increased productivity and future prosperity. At a regional level this is recognised in the Coast to Capital LEP's Strategic Economic Plan – Gatwick 360.
- 1.3 In practical terms, the benefits for businesses and individuals include the fastest download/upload speeds and greatest bandwidth as well as being able to support future technologies, including Artificial Intelligence, 5G and the Internet of Things. In a congested County like West Sussex this is expected to contribute to economic growth in a way that reduces the need to travel and is thus more sustainable.
- 1.4 The councils of West Sussex have collectively and individually built on their digital credentials and have a shared ambition to enable the foundations of a well-planned digital infrastructure that will unlock benefits for all. To deliver this, West Sussex County Council's Digital Infrastructure Team are working strategically with district and borough partners, central government and the market.
- 1.5 Working together, Councils have set out a vision for the county which includes increasing 'full fibre' and maximising coverage of gigabit-capable broadband. The county's emerging digital infrastructure strategy has been developed in partnership with all West Sussex local authorities. It will be further developed and delivered by The West Sussex Full Fibre (WSFF) programme, led by the WSCC Digital Infrastructure Team in partnership with all Councils and strategic partners.
- 1.6 The WSFF programme has developed a pipeline of strategic projects and initiatives. The programme is funded largely from the Retained Business Rates Pilot (BRP) as well as from other external sources such as the Coast to Capital LEP.
- 1.7 Councils recognise that the retained Business Rates Pilot fund will be insufficient to deliver all ambitions over the longer term and that other funds will be required. The Government's renewed focus on digital investment is especially encouraging.

2. Proposal Details

- 2.1 At the end of 2018, the West Sussex County Council and the West Sussex District and Borough Councils successfully secured a retained Business Rates Pilot scheme for 2019/20 with the Ministry for Housing, Communities and Local Government (MHCLG) for circa £19m. Current estimations put this figure at £21m due to the growth in business rate income in 2019/20.
- 2.2 The scheme operates on the basis that each authority retains the same amount of business rate growth money that they would have received under the 50% scheme. The additional 25% is retained in a pooled investment fund to be allocated by the participant authorities. The Chief Executives

have established a West Sussex Full Fibre Programme Board to manage the programme and this comprises representatives of the participating authorities and is chaired by the County Council’s Executive Director of Place Services. Political oversight is provided by a Board comprising the leaders of the participant authorities.

- 2.3 The bid to MHCLG aimed to invest the additional 25% of business rate growth to “facilitate and expand further commercial investments in digital connectivity across the area.” The focus remains on three priorities; “stimulating the densification of the network within and between key towns and cities; enabling the extension of the network into rural areas; and accelerating readiness to Wi-Fi and 5G investments in towns and cities.”
- 2.4 Having undertaken design and market testing of various approaches, a pipeline of projects has been developed under the West Sussex Full Fibre Programme to deliver the outcomes of the business rates pilot bid and the county’s wider strategic digital ambitions.
- 2.5 The table below summarises the proposed allocations against the retained business rates pool which is currently estimated at £21m.

ID	Description of BRP allocations	£m
1	Crawley gigabit 90 public sector sites	1.35
2	Horsham gigabit 54 public sector sites	0.80
3	Chichester gigabit 50 public sector sites	0.74
4	Arun gigabit 100 public sector sites	1.50
5	Adur & Worthing gigabit 83 public sector sites	1.25
6	Converged Fibre Connectivity (CFC) project A Coast 2 Capital LEP match funded project	2.20
7	Coast 2 Capital administration costs	0.04
8	Rural Connectivity project	8.00
9	Gigabit Demand aggregation and take up incentivisation initiative A DCMS subsidised scheme	0.64
10	Resource allocation (19/20-22/23)	1.70
11	Specialist resource contingency	0.50
12	Total allocations against business rates pool	18.72
13	Available Business rates pool fund (current view)	21.00
	Current estimated remaining funding	2.28
14	Residual amount available for future match funding to grow the pool for further investment	2.28

- 2.6 While there are significant benefits to this programme, the Council is mindful that the installation of new digital infrastructure is potentially disruptive to residents and businesses when undertaken on the public highway and it will do its utmost to minimise disruption and will ensure that works on, and reinstatement of the highway by its contractors is fully compliant with statutory regulations.

Factors taken into account

3. Consultation

- 3.1 The Everything Connects Group. A forum for developing and sharing ideas and digital connectivity plans across all councils of West Sussex. Chaired by the Adur and Worthing Chief Executive and attended by digital lead officers from all the county's councils. This group has developed the strategic approach and is supportive of the programme.
- 3.2 Market engagement with commercial suppliers interested in becoming active in West Sussex. The market is positive and West Sussex is seen as a good place to invest in digital.
- 3.3 Ongoing dialogue with specialist leads in central government's Department for Digital, Culture, Media and Sport. The programme is in line with the Government's strategic approach.

4. Financial (revenue and capital) and Resource Implications

- 4.1 The capital projects outlined above are included in the Capital Programme in the Budget Report to be considered on 14 February 2020. As a result of the decisions by the participant authorities, the County, as accountable body will distribute the required funding to the delivery authority.
- 4.2 The timing of the transfer of funding and the associated governance will be determined by the West Sussex FF Board and overseen by the County as accountable body.
- 4.2 As each capital project is developed, it will be subject to the normal governance processes including the requirement to present robust business cases in line with capital governance processes. Individual projects may also be subject to additional governance in line with the partner councils' decision-making processes.
- 4.3 The Council has a small Digital Infrastructure team which will continue to develop a countywide strategic approach to digital infrastructure and develop further bids for external funding. Costs attributable to project delivery will be charged to capital.
- 4.4 In the event that any of the business rates pilot funding is not required for digital infrastructure investment, then the West Sussex councils will need to collectively decide how the fund may be re-purposed.
- 4.5 *Future transformation, savings/efficiencies being delivered*

The benefits of each funded project will be outlined in the respective project as they are developed further. However, all projects will be complementary and where possible, aggregated to drive out value for money and increase benefits.

4.6 Human Resources, IT and Assets Impact

There are no additional resources, IT or assets required to release the funding secured through the retained Business Rates pilot. Any impact on

resources, IT or assets will be assessed within each individual project as they are developed further

5. Legal Implications

- 5.1 The County Council will have entered into funding agreements with the LEP based on agreements in principle to release retained Business Rates Pilot funding as match funding. Projects jointly funded in this way necessarily have funding cut-off dates associated with them.
- 5.2 The retained Business Rates Pilot expects that councils work as a pool and agree collectively how the additional 25% is spent via governance at Board level.
- 5.3 In addition to the decision by the authorities on how to spend the 25%, each council has been required to confirm its Leader's decision to approve the recommended allocations. This will be achieved at a meeting of the West Sussex Leaders' Board in February 2020.
- 5.4 Once the decisions are endorsed through the collective approval of Leaders' Board, they can be delivered, with any subsequent individual "project" decisions to be taken at the relevant Project Boards by their respective Chief Executives. It is proposed that any project related key decisions required by the County Council would be delegated to the Executive Director of Place Services in consultation with the Project Board lead District Chief Executives and the Cabinet Member for Economy and Corporate Resources.

6. Risk Implications and Mitigations

Risk	Mitigating Action (in place or planned)
The BRP is currently estimated at £21m, however the final sum will not be known until the Districts and Boroughs complete their accounts for 2019/20.	Most of the spend profile is after the year end and therefore visibility of the final value of the BRP will be known before draw-down. This is a reducing risk and there is no significant spend expected prior to the year end
The telecoms market and the political environment are subject to change as new technologies, suppliers, policies and funding impact the industry regionally, nationally and internationally.	The Digital Infrastructure Team and the digital leads across the District and Borough Councils have developed relationships with the market and with central government that strengthens our collective horizon scanning ability and allows us to take advantage of new opportunities. This landscape will be managed at programme level to ensure that the management of opportunities and threats are central to the

Risk	Mitigating Action (in place or planned)
	programme governance. Projects will also undergo risk management and be responsible for the continuing viability of individual business cases.

7. Other Options Considered (and reasons for not proposing)

7.1 Option 1: do nothing

This does not involve any immediate risk to the councils but carries opportunity risks e.g. not stimulating the local economy through investing in digital infrastructure and not in line with the County Council's shared ambition to put the county on the map as a key location of digital investment, innovation and expansion. There is a further risk that West Sussex will be left behind in the rankings of counties with gigabit-capable full fibre coverage as the government pushes forward from the current nationwide coverage total of 10%.

7.2 Option 2: spend investment differently

The proposals for funding from the pool have been developed through engagement with the market and are scoped for effective delivery and to ensure that all the councils are supportive. The County Council is innovating in the space created by a slow commercial investment and is trying new approaches to see which are most effective in expanding connectivity in all areas of the county. New and different creative approaches may well become evident as learning is applied and refined with DCMS and commercial suppliers.

8. Equality and Human Rights Assessment

8.1 Projects funded from the business rates pool are intended to improve digital connectivity for residents and businesses, as well as to public sites and services.

9. Social Value and Sustainability Assessment

9.1 Projects funded from the business rates pool will support the economic growth of West Sussex as well as allow carbon-saving opportunities such as reduced commuter travel and flexible working across the county.

10. Crime and Disorder Reduction Assessment

10.1 NA

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Appendices

None

Background papers

- a) A Digital Vision for West Sussex - working paper
(http://www2.westsussex.gov.uk/ds/edd/cab14_19-20backpaperA.pdf)
- b) Summary of West Sussex Full Fibre Programme
(http://www2.westsussex.gov.uk/ds/edd/cab14_19-20backpaperB.pdf)