



Annual Council
17 May 2019
Agenda Item 14

WORTHING BOROUGH C O U N C I L

Ward(s) Affected: Various

Moving Forward on Ultrafast

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

- 1.1. To update the Council on the rapid progress that has been made with the identification of a site for a Cityfibre “Point of Presence” network data centre at Ladydell Depot. This will provide the expansion capacity needed for the councils’ extended network, and also for the previously announced £25m commercial investment by Cityfibre for “Fibre to the Home”, a separate but aligned scheme.
- 1.2. To update the Council that through negotiation, an additional 19 fibre connections have been secured within the budget envelope agreed by Joint Strategic Committee in April 2019 (75 sites up from 56). These will be appropriately apportioned across the two Councils.
- 1.3. To inform the Council of the significant opportunity to proceed at pace with the call-off contract for installation of fibre connections outlined in the report to Joint Strategic Committee on April 2nd 2019, previously expected in July. The order will drive the construction of the Point of Presence (data centre) during 2019 to allow an early 2020 start for the fibre works - both council sites and Cityfibre’s Fibre to the Home.
- 1.4. Using the existing West Sussex Gigabit Framework to call-off the additional sites, this project will deliver the fibre infrastructure required to develop future schemes such as widespread ultrafast

public wifi, next generation CCTV, internet of things networks and high speed connectivity to community centres, sheltered housing and other buildings, subject to individual business cases to be brought forward.

- 1.5. To update the Council on plans to submit applications for grant funding when application windows open, to mitigate the revenue impact of the capital borrowing proposed at JSC in April where income from grant funding is not yet obtained.

2. Recommendations

- 2.1. To note the Joint Strategic Committee decision dated April 2019 to award the call-off contract for full fibre connections to council sites and for Council to note the increase in sites from 56 to 75 (an increase of 19 sites), the additional installation cost for the 75 sites is met by the 2.5m allocated budget shared according to council contributions.
- 2.2. Notes the further cost to the Councils under the Call-Off contract for repair and maintenance of the fibre at £100 per site per year for 30 years which is to be funded from existing revenue budgets and by developing opportunities for cost recovery from future users (£7,500.00 per annum x 30 years for 75 sites).
- 2.3. To approve borrowing of £1.53m to fund the Worthing share of the scheme detailed in the report to Joint Strategic Committee in April 2019, with a potential maximum revenue impact of £63,020 by 2022/23, with payments being made on site handover, gradually, over a 2-3 year period.
- 2.4. To support applications for grant funding when application windows are opened, to the West Sussex business rate retention pool (£19m digital infrastructure fund) and the Local Enterprise Partnership, mitigating some or all of the need for capital borrowing, and reducing the revenue impact of the scheme.

3. Context

- 3.1. On 2nd April 2019, Joint Strategic Committee received and approved a report entitled ‘Enabling the Digital Future for Adur & Worthing: Extending Ultrafast’ which outlined proposals for a significant extension to the existing gigabit scheme, connecting additional council assets with future-proof full fibre.
- 3.2. The *Future Telecoms Infrastructure Review 2018* from the Department of Digital, Culture, Media and Sport confirms the need for extensive fibre to support the economy going forward.

“When looking at the speed, resilience and reliability that consumers want and businesses need in order to grow, it is clear that full fibre and 5G are the long-term answer. These technologies have the potential to transform productivity, and to open up new business models. Full fibre networks are faster, more reliable, and more affordable to operate than their copper predecessors.” (p3).

Extensive full fibre is the foundational infrastructure that will be needed for 5G, the next generation of mobile.

- 3.3 The extension scheme was expected to be ready to proceed in July 2019, but progress has been rapid since April, with land at Ladydell Depot identified for the Cityfibre “Point of Presence” and successful commercial negotiations having secured an additional 19 sites within the budget envelope approved at Joint Strategic Committee in April 2019. We now expect to be ready to enter contract by the end of May 2019.
- 3.4 Significant grant funding opportunities exist to mitigate the impacts of the required capital borrowing as set out in the April report, although application windows are not yet open. We are preparing applications to the £19m West Sussex business rate retention pool, and to the Local Enterprise Partnership among others.
- 3.5 Construction schedules for the fibre connections to council sites will be aligned to the much larger £25m Fibre to the Home scheme proposed by Cityfibre. This will mean that the 75 council sites will be completed over a 2-3 year period, with payments only made on site handover. With the Councils moving promptly to order additional council sites,

the installation of the Point of Presence will begin, allowing network construction to commence in early 2020, thereby securing a massive modernisation of our towns' telecoms infrastructure at pace, **delivering connection speeds unrivalled in the south east.**

4. Issues for consideration

- 4.1. The Gigabit West Sussex Framework Agreement is readily accessible to Adur & Worthing Councils, and indeed many other public sector bodies, and is fully State Aid compliant.
- 4.2. The overall fibre construction scheme described here is a very extensive project and will cause some disruption in our communities. The West Sussex Digital Infrastructure Team has significant experience in managing such programmes and has proved to be very effective in responding to and resolving issues. There is close cooperation and coordination between communications teams.
- 4.3. Working with specialist consultants Farrpoint, Adur and Worthing Councils are currently developing a series of projects to exploit the fibre connections that will be available. These range from simple broadband connectivity solutions through to public wifi, internet of things networks, and potentially revenue generating schemes that offer 4G and 5G small cell nodes to commercial operators. As an example of the expected cost benefits of the new fibre, our existing Town Hall fibre connection costs £15,000 per annum for a 500Mbps connection. Using fibre leased in the new scheme, we expect a comparable active service to cost £6,000 per annum.
- 4.4. Some future schemes are likely to require additional investment rather than saving money or being cost neutral. For example the public wifi scheme being developed is likely to require additional investment from the Councils or grants. All subsequent projects will be brought forward to Joint Strategic Committee for consideration and approval.
- 4.5. A small annual maintenance charge of £100 per site (£7,500 total) will be covered by existing council ICT budgets or will be recovered from the users of the service if this is not the Council.

5. Engagement and Communication

- 5.1. Subject to Committee approval to the call-off, the Director for Digital & Resources will ensure that network designs and construction schedules are shared with elected members in a timely fashion, providing for effective communications with residents. Works are expected to commence in early 2020.
- 5.2. The Adur & Worthing Council communications team will work in close liaison with West Sussex County Council and Cityfibre to ensure timely and clear messaging during the programme.

6. Financial Implications

- 6.1. The expected cost of connecting the further 75 sites is £2.5m for a 30 year right to use. 19 sites have been added to the agreement as a result of negotiation since the April 2019 report to Joint Strategic Committee.
- 6.2. In addition, City fibre are seeking to use one of the Councils' premises for a Point of Presence data centre (PoP). Heads of Terms are currently being finalised for land at Ladydell Depot on a secure lease with an expected annual rental of £5k as part of the overall agreement. As part of the creation of a POP, the staff currently located at Ladydell Depot will relocate to Commerce Way which will need some adaptation and additional storage space at a cost of £50k.
- 6.3. The full capital cost of the proposal is:

	£
Extended network	2,500,000
Additional storage	50,000
Total capital spend	<hr/> 2,550,000

The capital spend is allocated as follows:

- Adur £1.02m
- Worthing £1.53m

- 6.4. The Councils currently pay for access to a Wide Area Network (WAN) through their contract with WSCC. As part of this initiative, the Councils will commit to a 30 year access agreement but will no longer make annual WAN payments for the sites connected.
- 6.5. The Council will be responsible for a maintenance charge for each of the sites at £100.00 per year (a total of £7.5k per year). It is intended to recover this cost from the users of the broadband at each site. Where the Council benefits from the broadband connection directly, these costs will be funded from within the existing budgets
- 6.6. The maximum additional revenue cost associated with this project is:

	£
Annual debt charges	121,830
Less: Current payments for WAN	-11,800
Annual rental for POP (tbc)	-5,000
Maximum net cost to the Councils	105,030

The net revenue cost will be allocated across the Councils as follows:

- Adur £42,010
- Worthing £63,020

7. Legal Implications

- 7.1. S1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 7.2. S1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.

- 7.3. Under the Public Contract Regulations 2015 where a Public Authority is to enter into a contract for the supply of goods & services, and the value of those goods and services exceeds a financial limit of £181,302 any procurement exercise to contract for those goods and services must be conducted in accordance with the Regulations. It is recognised that an award under the proposed framework is compliant with the Public Contract Regulations 2015.
- 7.4. The installation of the ultra fast broadband fibre must not offend the rules on state aid. External legal advice on this issue was obtained by West Sussex County Council and shared with Adur and Worthing's Legal Services who are satisfied that the Adur/Worthing project as proposed does not offend the rules on state aid.
- 7.5. The Council will need to ensure that the proposed project does not offend any potential term and condition of available future grant funding and it is therefore advisable for the Council's project manager consider the final terms and conditions of the call-off contract with any potential grantor of funds.

Background Papers

Gigabit West Sussex - an ultrafast broadband model for the County (Oct 2016) •
Building Adur & Worthing's Digital Future - Beyond Gigabit (July 2018)
Future Telecoms Infrastructure Review 2018, Dept for Digital, Culture, Media & Sport

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Sustainability & Risk Assessment

1. Economic

- 1.1. There is growing evidence that gigabit networks can provide between 1-2% uplift in GDP through enhanced productivity

2. Social

- 2.1. Social Value The free public WiFi scheme being developed would greatly impact on digital inclusion, as will the availability of ultrafast speeds in community premises and libraries.
- 2.2. Equality Issues By connecting a wider range of buildings, including community libraries and community premises, and by taking steps to deliver a widely available public WiFi scheme, equality of access to the internet and digital services will be increased.
- 2.3. Community Safety Issues (Section 17) The CCTV network will be upgraded to ultrafast as a result of this project.
- 2.4. Human Rights Issues Matter considered and none identified

3. Environmental

- 3.1. With much greater speeds, more widely available there will be greater opportunities for home working, use of video meetings, and in future intelligent transport solutions, better air quality monitoring, and remote inspections etc, helping reduce journeys.

4. Governance

- 4.1. Matter considered and none identified