

**TABLED - BUDGET MANAGEMENT 2021/22 - PROGRESS
REPORT APRIL TO MAY 2021**

Cabinet - 26 July 2021

Capital Project Justification Form - revised

APPENDIX B

**Rural Connectivity Project (Fibre): Programme & Contract Management Services
Part 1 - Summary of project**

Purpose of project:

The Council has been successful in securing £3,181,890 from the Coast to Capital LEP for the delivery of a Rural Connectivity Fibre network project (RCP). The project is aimed at supporting digital infrastructure and full fibre roll-out within Mid Sussex building on projects already underway such as the LFFN and CFCP projects.

The Government has classified telecommunications as critical infrastructure and are therefore seeking to both ensure delivery of projects, and where possible, accelerate and/or expand delivery.

The Mid Sussex Rural Connectivity Project (RCP) consists of several projects intended to stimulate economic development through the delivery of open access fibre spines. The project deploys several approaches to deliver duct and fibre:

- Dig Once –duct for full fibre is installed as groundwork is underway on developments and other infrastructure improvements, for example roads. This means duct installation costs are reduced and therefore the cost of fibre roll-out is also reduced;
- Construction of duct and fibre some 30km, that cannot be built with Dig Once. This will bring the network within 300m of at least 6,000 business that will be able to benefit from full fibre connectivity;
- Connections to existing fibre projects via spurs from villages and rural hotspots; and
- Construction of chambers and cabinets to facilitate fibre to the premise.

The Council has previously agreed this programme to accelerate the deployment of full fibre across the District and it is a Corporate Priority Project. This project will help us achieve our socio-economic objectives via the social value delivered though:

- the procurement route which requires the civils work to be substantively delivered by local firms, with some 85% of local SME spend;
- 9 additional jobs created and over 384 jobs directly safeguarded;
- Over 600 local businesses benefitting from additional productivity;
- Open access commercialisation model delivered through the Cooperative National Infrastructure (CNI) which enables local Alternative Network Providers to commercialise the asset in a state aid neutral way;
- Commercialisation that offers a range of services and technologies to meet business and public sector needs; and
- Open access dark fibre offers for business and public sector to innovate and capture more of the value chain.

The project is overseen within the governance of council's Growth Programme and Digital Connectivity Programme Board, with linked projects (Converged Fibre Connectivity Project or North South link) within the governance of the West Sussex Full Fibre Programme Board.

The programme is now moving into its delivery phase and Balfour Beatty Civil Engineering has been appointed through the SCAPE Civil Engineering Construction Framework (GEN2) to undertake the works. This contractor has also been appointed to undertake works on the delivery of a related fibre implementation, the Converged Fibre Connectivity Project, which is funded through the Business Rates Retention Scheme, and walking and cycling projects which are part of the Place & Connectivity Programme.

There is a good alignment in the projects in terms of the nature of the works and the selected contractor. This project is commencing in the March 2021 and works are expected to complete 2022.

Since the contractor has been appointed using the SCAPE NEC4 framework, there is an expectation that the client will have in place a suitably qualified and resourced team to manage the programme and contract management. Having a joint approach to this management arrangement would enable schemes to be better coordinated, objectives and outcomes to be better aligned and better value for money to be achieved, as has been demonstrated on the current projects that are being delivered under this framework.

Both WSCC and MSDC have limited available capacity or skills to undertake this activity. Nor is it likely that such skills could be appointed in the timescales necessary for the work to progress according to timetables agreed with funding bodies.

Given the Council's lack of skills, experience and capacity to manage a contract of this complexity and scale, it is proposed to commission the services from an external provider. The cost has been estimated based on soft market testing received from suppliers. This approach to the programme management arrangements for a SCAPE framework contract of this kind is regarded as expected practice and has been discussed with the Business Unit Leader for Corporate Estates, who supports this method of supervising SCAPE works contracts. The council will therefore continue to procure CJ Founds Associates Ltd as specialist project and programme managers who are delivering the other fibre projects. They will undertake the programme and contract management function for this work, as well as facilitating and managing the collaboration across the team, including design and technical partners, sub-contractors and stakeholders. This will enable:

- Strong and consistent management of the contractor which meets best practice standards;
- Expert advice in SCAPE programme management;
- Efficiency in delivery, supporting the Dig Once approach, enabling overall savings; and
- Speedy mobilisation and delivery management to timetable.

The key resources required are Programme Manager, NEC Project Manager /Supervisor, Cost Manager and Project Controls Engineer. Additionally, this team will also integrate statutory functions required from within the Council such as Legal, Estates and Public Realm.

The expected cost of such support is approximately £150,000 and is qualifying capital expenditure under the Grant Funding provided by the LEP. Additional design and management support will be provided for the construction activities directly by Balfour Beatty under the SCAPE Framework.

The expected Capital build cost will be c£2.9M and will be subject to review and refinement under each stage of the SCAPE Framework – with a delivery agreement only signed once cost plans have been agreed within budget.

As part of the overall digital infrastructure programme the Council will also provide services to Brighton and Hove City Council (BHCC) to enable them to deliver their Research and Innovation Fibre Ring (RIFR). BHCC's project is complementary to and multiplies the impact of existing digital infrastructure work in Mid Sussex including the LFFN Burgess Hill Fibre and the Rural Connectivity project. Additionally Mid Sussex can provide these services as it is already underway with fibre projects and its contractor is in place under the SCAPE framework.

An Inter Authority Agreement (IAA) has been agreed with BHCC. The £612k proposed project spend in providing services for BHCC will be financed from income/contributions from BHCC under this IAA through BHCC's own grant funding.

The Council's work with BHCC forms a component of the wider ambition to extend and multiply the benefits of digital-tech innovation clusters in the region. This supports a new level of collaboration between tech and engineering clusters (eg, Haywards Heath, Burgess Hill and Brighton), and stimulate growth of clusters. The combined projects help to create a single innovation zone. This will leverage the benefits of collaboration between research institutions

(universities in Brighton), large employers engaged in R&D (American Express in Burgess Hill), research facilities (Digital Catapult for SMEs), along with SME communities in towns and rural Mid Sussex.

Total Amount of Grant: £3.2m

Capitalised Salaries included in the project total: N/A

Other sources of funding: N/A

Revenue Implications: None as commercialised via CNI post build

Value For Money Assessment: As above, the funding will enable the provision of programme and contract management arrangements which are good practice in the operation of SCAPE NEC4 construction contracts and likely to result in better value and minimise the risk of the LEP grant not being spent. The above approach will assure delivery in a timely and efficient manner. The industry benchmark is 6% - 10% of the build costs and this been market tested at 4.5% of project budget.

Business Unit/Service: Digital Services

Head of Service (SRO): Simon Hughes

Programme Manager: Marius Kynaston (MSDC Capital Programmes Manager)

Project Manager: Chris Founds (CJFA - Programme and Projects Manager)

Cabinet Members: Cllr Ruth de Mierre

Ward Members: Not Applicable

This project contributes to achieving the Corporate Plan in the following ways:

The Rural Fibre Project supports the Council's priorities of sustainable economic growth and resilient communities. The roll-out of full fibre will help to support existing business and encourage new economic activity.

Summary of discussions with Cabinet Member:

The proposal is supported by the cabinet member.

Access to full fibre broadband will advance equality of opportunity through better and faster access to public services, support services, information, cheaper goods and services, learning opportunities, means of communication and job opportunities.

Full fibre connectivity can encourage people who share a relevant protected characteristic to participate in public life or in any other activity in which participation of people with protected characteristics is disproportionately low. For example, for children, access to learning opportunities to support them in their education. For the elderly, access to alternative means of communication, such as video conferencing, to keep in better contact with friends and family, tackling issues of rural isolation. For people suffering with a serious illness, or for people wishing to live independently for as long as possible fibre broadband could offer access to supportive technologies such as telehealth and telemedicine. Another positive impact is likely to be reduced need to travel, reducing car and van usage both locally and across the national network, reducing risk of road traffic collisions and reducing air pollution.

Risk Analysis:

Risk for the project is managed through the programme arrangements for the overall fibre programme as documented above.

The proposal is prepared to mitigate the risk of ineffective management of suppliers delivering technical services with which we have little experience. There is a risk that the contracted provider will fail to deliver this service effectively and this will be mitigated by the governance specifically to be established for this work alongside the existing governance within the Growth Programme; the work will be subject to routine periodic review in the life of the contract.

The workstream leads (Legal, Procurement, Technical) are responsible for providing input to the project plan – updating their elements of the plan but with an awareness of the impact of any changes within their workstream on other workstreams. If any changes to the plan result in the overall project tolerance being exceeded (defined parameters such as time and cost), then the workstream leads meet with the Programme Manager to mitigate the effects on the project as a whole and if necessary, feed into an exception report to be delivered to the Programme Board.

A cost tracker is being used to monitor the costs of carrying out the project and this will be reported to the Project Managers Group on a monthly basis. Any potential deviation from the budget will be result in an exception report being presented to the Project Board.

A risks and issues log is maintained throughout the duration of the project and a specific log is linked to procurement. Major risks and issues are elevated on a monthly basis.