

London Borough of Enfield

Operational Report

Report of Doug Wilkinson, Director of Environment and Operational Services

Subject: Increasing Digital Infrastructure in Enfield – optimised spend of grant funding secured in partnership with Local London

Executive Director: Sarah Cary

Ward: All

Key Decision: KD5456

Purpose of Report

1. This report seeks to achieve the approval to accept the Local London grant awarded as part of the Strategic Investment Pot to improve digital infrastructure in the London sub-region. The allocation to Enfield of £1,022,000.00 as part of the successful Local London consortia bid will deliver up to 7km's of new ducting and fibre network in the east of the borough that can increase the availability of high-quality broadband and fibre to Council premises.

Proposal

2. It is recommended that the Council execute the Flow Down Agreement between Enfield Council and London Borough of Bexley (Appendix 1)
3. It is recommended that approval is granted to spend the Local London Grant of £1,022,000.00 to deliver digital fibre enhancements.
4. LB Bexley have set up a Framework Agreement for the award of contracts relevant to the grant and it is recommended that authority be given to the Head of Highway Services to award call off contracts under this framework. Delegated authority is sought to award these call off contracts via the framework.
5. It is recommended that the approval of this operational report allows the Councils Legal officers to sign under seal the Flow Down Agreement to permit the release of grant monies to Enfield Council.

Reason for Proposal

6. The Enfield proposal was worked up by officers in the Place Department who were seeking to maximise the impact of any potential award by creating added

value connectivity in the borough. This would be based on utilising our existing network of ducting, some of which already carries broadband fibre, and seeking to create linking points that could enhance the potential for digital services into some of our deprived wards and industrial centres, mainly in the east of the Borough.

7. Given the final allocation was less than bid for, officers reworked the bid to maximise the available resources. The proposal has earmarked up to 7km of new ducting to be laid in the borough. This will utilise up to 12 strategic sites belonging to the local authority from which connectivity can be enhanced for the surrounding communities. A map showing the intended deployment of the additional ducting in Enfield can be found at Appendix 2.
8. The revised Enfield proposal will allow for significant added value to our existing ducting network, strengthening our position when enhancing the availability of the highest quality broadband in the borough to those that at present have limited availability. This would be based on utilising our existing network of ducting, some of which already carries broadband fibre, and seeking to create linking points that could enhance the potential for services in some of our deprived wards, mainly in the east of the Borough.
9. The proposed configuration of extended ducting presents the optimal benefit to the residents of the borough. This is demonstrated through the number of public buildings that can be encompassed, the relative proximity of strategic industrial land that is presently not well served with digital connection and prevalence of social housing stock that means local people can potentially benefit.
10. It is the best fit when examining the eligibility criteria to receive the grant. It also allows us to potentially link into wider networks in Waltham Forest, Haringey and Hertfordshire in the future.
11. Given the nature of the ducting work it is recommended that the Place Department lead the project with support from colleagues in Commercial and Property Teams where appropriate.

Relevance to the Council's Plan

12. Sustain Strong and Healthy Communities - The benefits of being able to increase availability of broadband to local people should mean that life chances increase in some of our most challenged wards. There should also be the prospect of improvements in health-related outcomes as people are empowered and have more confidence in their neighbourhoods.
13. Build Our Local Economy to Create a Thriving Place - The creation of world class digital infrastructure in Enfield is a cornerstone of our future prosperity. The digital economy continues to grow, and Enfield Council will do all it can to work with local communities and businesses to ensure that the best outcomes are achieved.

Background

14. In 2018/19, the GLA and the 33 London billing authorities were piloting 100%

business rates retention. This allowed London to retain an estimated £349m of extra funding. Of this approximately 50% to be used for strategic investment: 15% (c.£52m, Strategic Investment Pot) to be allocated by the agreement of London government, and the balance for allocation by the Mayor of London.

15. Bids into the Strategic Investment Pot were invited in April 2018 and Enfield developed a proposal that was integrated into a sub-regional bid put forward by our Local Enterprise Partnership, Local London. The Local London bid was approved for implementation at approximately 50% of the value requested - £7.7m rather than £15m.
16. The Local London bid: Investment in Fibre - Local London is the sub-regional Local Enterprise Partnership that Enfield Council is a member of. In Spring 2018 the borough agreed as part of Local London to submit a £15m bid to the Strategic Investment Pot (SIP) to investment in fibre broadband connectivity to increase the robustness of digital infrastructure in the borough.
17. The 8 Local London boroughs (Barking & Dagenham, Bexley, Enfield, Greenwich, Havering, Newham, Redbridge, Waltham Forest) and LB Haringey proposed investment through the scheme to undertake Full Fibre upgrade to key public sector. The chosen sites would be those where there will be significant improvement in public sector service delivery and address areas of digital exclusion.
18. Match funding would be provided in the form of 25% contribution via DDCMS making available business vouchers to allow local SMEs to connect into higher quality full fibre broad band services to their locations.
19. There was no formal commitment for local authorities themselves to earmark funding to support the bid although it was recognised that 'in kind' support to facilitate successful delivery would be required. In the case of Enfield Council, this would be in the form of officer coordination support within the Place Department and options to consider enhanced business involvement through the Commercial and Property Teams.
20. When the decisions to award funding were made in late 2018, the actual allocation to be made to Local London was £7.7m. This represented 50% of the total amount bid and the decision was taken by Local London that the allocation would be split equally across the 9 boroughs (minus a management fee for Local London as 'accountable body', that being the L B Bexley. This meant that Enfield has received an allocation of £800,000 to invest in digital infrastructure in the borough under the terms of the fund. This will allow for a revised proposal that would look at our most deprived wards and strategic industrial land. Further to the SIP Grant, the Authority has received the DLUHC Grant to distribute amongst each partner London Borough in the consortium, including the Recipient, providing further grant funding of up to an additional £222,000 to extend the goals of the Strategic Investment Project. This brings the total grant award to £1,022,000.00
21. Given the final allocation was less than bid for, officers reworked the bid to maximise the available resources. The proposal has earmarked up to 7km of new ducting to be laid in the borough. This will utilise 12 strategic sites belonging to the local authority from which connectivity for residents can be

provided. A map showing the intended deployment of the additional ducting in Enfield can be found at Appendix 2.

22. Even with the reduced funding amount, the Enfield proposal will allow for significant added value to our existing ducting network, strengthening our position when it comes to work with partners on enhancing the availability of the highest quality broadband in the borough.

Main Considerations for the Council

23. The grant award allows the Council to expand the existing fibre infrastructure developed over the last 25 years further.
24. The fibre expansion benefits communities and aims to tackle identified digital poverty.
25. The furthering of fibre assets will facilitate further deployments of CCTV assets to build on established surveillance managed at the Enfield Public Safety Centre Centre (Clavering Industrial Estate).

Procurement

26. Local London have asked that participating boroughs engage in joint procurement to reinforce the sub-regional working aspect of the Partnership. Enfield Council has agreed in principle to this request.
27. The Council will work with the Local London lead officers, to secure the best outcomes from the allocation.

Safeguarding Implications

28. The proposals within this report are for the expansion of the digital fibre network and it is not considered that there are any specific safeguarding implications.

Public Health Implications

29. The extension of digital connectivity in the borough will create opportunities to impact positively on wider determinants of health. The planned location of the extended area will positively affect some of our most deprived and challenged communities, bringing with it opportunities to increase outcomes on associated health benefits. These include positive impacts on mental health and social isolation as access is increased. There is also the potential to positively impact on health and wellbeing outcomes for young people affected by the digital divide and the potential for residents and families to access affordable digital connectivity in the longer term. There should be scope for these improvements to be measured over time as they connect to our Joint Health and Wellbeing Strategy as owned by our multi-agency Health and Wellbeing Board.
30. NHS digital has identified digital inclusion as a target to support health and social care priorities. Those who are in lower income groups, and social

housing are more likely to be digitally excluded than others. One of the barriers to digital inclusion is access and connectivity.

31. This project targeting the east of the borough will hopefully lead to better internet provision for residents in the most deprived wards, removing a barrier for digital inclusion.

Equalities Impact of the Proposal

32. Please see Appendix 3

Environmental and Climate Change Considerations

33. Digitisation offers major potentials for improving environmental information and knowledge which might lead to more sustainable policies and environmental innovation. Digital technologies extend environmental knowledge as they help to create and spread relevant data at high speed and on a massive scale, e.g. by continuously delivering data by remote sensors on Earth observing systems, which can be used for new research approaches and collaborative experiments. Increasing attention is being given to possibilities to generate and exchange knowledge about the environment by citizen science which the expansion of Enfield's fibre network will assist.
34. Carbon emissions generated by the broadband network and internet whilst in use are not insignificant. However, this is mitigated by the more efficient delivery of services remotely, which has benefits such as reducing the need to travel.
35. In line with the Council's Ethical and Sustainable Procurement Policy local contractors delivering the works will be sourced where possible.

Risks that may arise if the proposed decision and related work is not taken

36. In circumstances where the grant funding is not taken up the result will be the loss of opportunity to expand the Councils ducting/fibre network and to enhance digital connectivity to the wider public in those in areas where digital poverty is identified.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

37. The key risks and their mitigation are shown in the table below.

<i>Risk Category</i>	<i>Comments/Mitigation</i>
<i>Strategic</i>	Risk: Approved schemes do not fully exploit the proposed duct/fibre provision Mitigation: The schemes are the result of surveys, inspections and analysis to prioritise schemes and optimise benefit to the areas enduring the greatest digital poverty.
<i>Operational</i>	Risk: Disruption during works. Mitigation: Works are planned, and residents / businesses informed. Works will also be co-ordinated to take account of other work in the area.
<i>Financial</i>	Risk: Cost escalation / underspend Mitigation: Contracts in place to deliver the works at agreed rates. There is a risk that rates will increase during the year due to renewal of contracts, however these will be managed. Grant monies will be utilised to maximise duct/fibre roll out up to the budget allowance.
<i>Reputational</i>	Risk: Poor delivery of the programme Mitigation: Experienced contractors employed under direct supervision and management of council officers.
<i>Regulatory</i>	Risk: Failure to comply with statutory requirements. Mitigation: Experienced contractors used, ensuring compliance with all environmental, street works and health and safety requirements.

Financial Implications

Summary

38. DAR requests new capital expenditure code to be set up with budget of £1,022,000 fully funded by external grant to be claimed in arrears.

39. Council can only set up capital budgets unless the expenditure is fully funded by grant (source : Financial Regulations para 5.13)

40. Financial Regulations permit DAR to provide second level approval if delegations are already in place from Council or Cabinet (source : Financial Regulations para 5.15)

41. Works will improve broadband access within Borough and improves Council owned assets therefore qualifies as capital expenditure

Budget – capital

42. Expenditure of £1,022k to be added for financial years 2022/23 and 2023/24 with equivalent grant funding assumed.

43. Grants to be claimed in arrears and are expected to be recognised in same financial years of expenditure resulting in no additional borrowing as shown in table overleaf:

Capital account, all in £'s	2022/23			2023/24		
	Approved budget	Addition requested	Revised budget	Approved budget	Addition requested	Revised budget
Works	0	177,600	177,600	0	640,000	640,000
Project management, design and supervision incl. staffing	0	44,400	44,400	0	160,000	160,000
New code required - expenditure	0	222,000	222,000	0	800,000	800,000
Financing - Grant	0	-222,000	-222,000	0	-800,000	-800,000

Budget – revenue

44. Scheme qualifies as capital as improves infrastructure of Council broadband network – no additional revenue expenditure expected over that budgeted unless there is abortive works which will have to be written off to revenue.

Borrowing

45. Capital expenditure fully funded by external grant

46. Assuming scheme proceeds as planned and all grant claims accepted and paid within the financial years incurring expenditure no additional borrowing of that approved by Council 24th Feb 2022 (KD5353) expected.

Taxation

47. Input Vat to be recovered as normal

48. No other tax implications identified

Risks

49. Table below sets out the key risks with plausible mitigations and demonstrates the Authority is not exposed to undue financial risk as a result of entering into this scheme.

Significant risk identified	Mitigation
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[1] Project over run results in part/all of grant from being paid (applications are in arrears)	Project Managers to regularly report progress to Grant provider and through Quarterly monitoring cycle alerting any risks of grant withdrawal
[2] Grant prohibits funding from other grant providers	Confirmed no other grant funding available
[3] Abortive works or expenditure not qualifying as capital resulting in unbudgeted revenue expenditure	As [1] above

Legal Implications

50. Section 111 of the Local Government Act 1972 gives a local authority power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to the discharge of its functions. In addition, the Council has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals generally may generally do provided it is not prohibited by legislation. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way. The proposals contained within this report are within the Council's powers and duties.

51. The Council must comply with its Contract Procedure Rules (CPRs) and the Public Contracts Regulations 2015 (PCR 2015), and its obligations with regard to obtaining best value under the Local Government Act 1999. CPR 14.4 states that Frameworks, where they exist, should be used provided Best Value can be demonstrated and managers are required to retain sufficient evidence to demonstrate compliance. A due diligence exercise must be carried out by the Procurement department prior to calling off from a Framework and the Council must be clearly identified as a contracting authority able to use the Framework when the Framework was set up. The contract award must be in accordance with the process set out in the Framework Agreement and the terms of the call off contract must be consistent with the framework terms

52. The Council is further required to act in accordance with the Public Sector Equality Duty under section 149 of the Equality Act 2010 and have due regard to this when carrying out its function which includes making new decisions.

53. The Council must be mindful of the new subsidy control regime when awarding contracts relating to the grant. In awarding subsequent contracts, the Council must consider, seek advice and ensure compliance with the relevant subsidy control regime applicable to the award at the relevant time, namely the UK-EU Trade and Cooperation Agreement and/or the Subsidy Control Act 2022 (SCA 2022). The SCA 2022 was enacted in April 2022 and is due to come into force in the Autumn of this year. This includes but not limited to assessment of any subsidy against the seven subsidy control principles and complying with any applicable record keeping, transparency and publication requirements.

54. As this is a Key Decision the Council must comply with the Key Decision

procedure. Any subsequent decision that is above the Key Decision threshold must further comply with the Key Decision procure.

55. Any legal agreements (and ancillary documents where relevant) arising from the matters described in this report must be approved in advance of contract commencement by the Director of Law and Governance. Any contract with a value above £500,000 must be executed under seal by Legal Services.

Workforce Implications

56. The work programmes described in this report will be delivered by in-house staff within Highway Services. The Head of Service is aware of the additional demand on workload this project will generate and is resourcing appropriately.

Property Implications

57. Given that the Council is only procuring works under Lot1 of the Framework Agreement, this means that the Council will be managing and using the new network infrastructure solely for its own delivery of public sector applications (e.g. CCTV) and thereby will not give rise to granting rights to a commercial entity to install cables and have access to the ducts (as confirmed in Appendix 4). As such there are no material property implications arising from the proposals in this report.

Other Implications

58. No other implications have been identified with this report.

Options Considered

59. Do nothing. In circumstances where the grant funding is not taken up the result will be the loss of opportunity to expand the Councils ducting/fibre network and to enhance digital connectivity to the wider public in those in areas where digital poverty is identified.

60. The capacity of the whole borough was considered and the decision to focus on the selected area as part of a sub-regional bid co-ordinated through Local London to secure investment in digital infrastructure represents optimum usage against grant conditions.

61. Other parts of the borough were considered for the scheme but given the relative lack of existing ducting networks and lack of connectivity to strategic industrial land and concentrations of social housing and public buildings they were discarded.

Conclusions

62. The digital fibre enhancement as depicted on plan (Appendix 2 -

2022_189_SK001 SIP Expansion Phases 1 and 2) constitutes an approach that tackles digital poverty by ensuring that high quality ducting/fibre is serving multiple Council buildings in areas of digital poverty where the public can access both Council services and broader internet services.

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APPENDICES

**Appendix 1 (TO REMAIN CONFIDENTIAL)
FLOW DOWN AGREEMENT**

Appendix 2

2022_189_SK001 SIP Expansion Phases 1 and 2

Appendix 3

EQUALITIES IMPACT ASSESSMENT

Appendix 4

COMMERCIAL ACCESS TO LBE ASSET CLARIFICATION

Appendix 5 (TO REMAIN CONFIDENTIAL)

CONFIDENTIAL LEGAL IMPLICATIONS