

## **Divisions Affected - All**

### **CABINET**

**DATE 19 DECEMBER 2023**

## **Department for Science, Innovation and Technology (DSIT) 5G Innovation Region funding**

### **Report by Executive Director of Resources**

## **RECOMMENDATION**

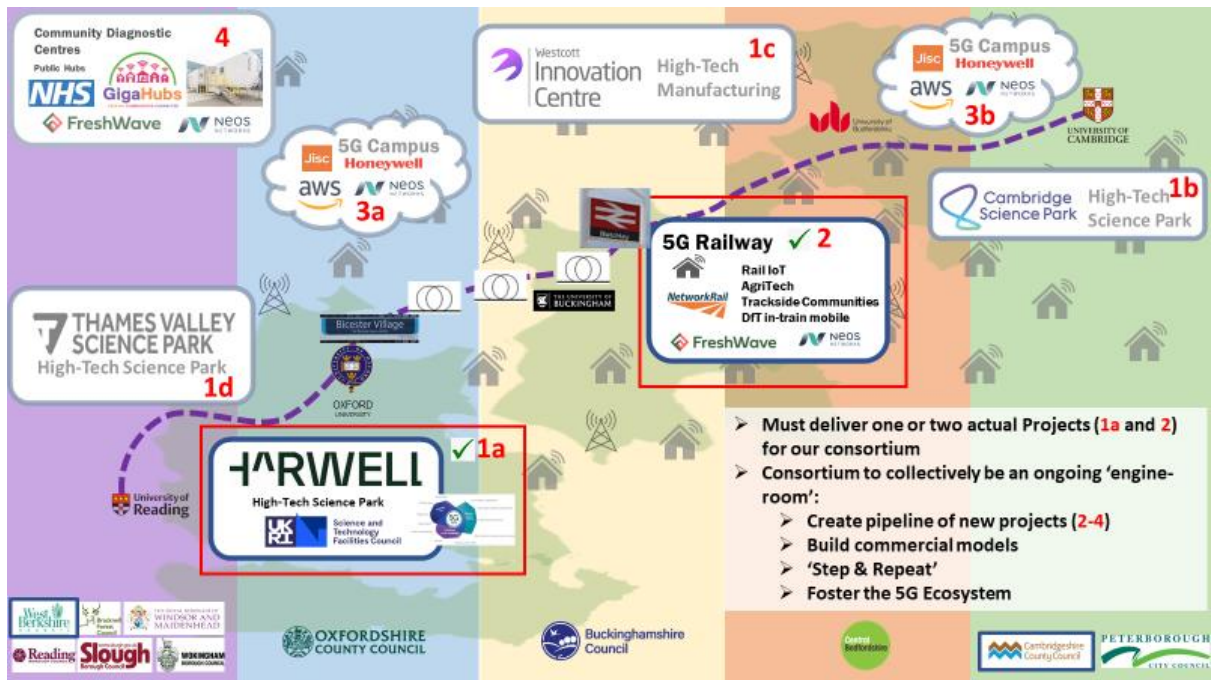
1. **The Cabinet is RECOMMENDED to**
  - (a) Approve the acceptance of £3.8m of Department for Science, Innovation and Technology (DSIT) 5G Innovation Region funding pursuant to Oxfordshire County Council implementing a project to be known as 'England's Connected Heartland'.
  - (b) Approve the use of Gainshare funding previously awarded for Digital Infrastructure projects in the event of deliverability issues to the 'England's Connected Heartland' project or to fund further development of the project.

## **Executive Summary**

2. The Department for Science, Innovation and Technology (DSIT) is the central government department responsible for improving the nation's fixed and mobile connectivity. Under the broad category of the £5bn Project Gigabit, is a sub-section focussing on 5G Connectivity. As part of that, a competitive funding bid for setting up ten 5G Innovation Regions was submitted and for which Oxfordshire has been successful in being awarded the maximum grant of £3.8m. Oxfordshire County Council will be the lead authority with Buckinghamshire, Central Bedfordshire, Cambridgeshire, & all Berkshire councils forming the Region. 5G Innovation Regions focus on developing innovative commercial models within specific targeted sectors and 'England's Connected Heartland' will deliver outputs in two sectors - Rail Connectivity and Research & Development/Science Parks. The project will deliver outputs as described below.

## **Details of the Project**

3. **The Region:** Comprises Oxfordshire County Council (as the lead authority), Buckinghamshire Council, all Berkshire Authorities (represented by West Berkshire), Central Bedfordshire, Cambridgeshire & Peterborough Combined Authority.
4. **The Requirement:** DSIT seeks to unlock opportunities for sustainable economic growth using world-class digital infrastructure and 5G and other advanced wireless technologies are seen as key to harnessing digital transformation in building a more inclusive, competitive, and innovative digital economy. Each of (up to) ten Innovation Regions will be responsible for driving adoption of 5G with each region focussing on one or two key sectors which are relevant to the composition of the region. The funding each Region receives will be aimed at leading on the delivery of the Government's vision for communities across the country to take full advantage of the transformative effect advanced wireless services offer. [UK Wireless Infrastructure Strategy - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/uk-wireless-infrastructure-strategy)
5. **Responsibilities/Finances:** The DSIT funding is secured by a Memorandum of Understanding (MoU) with lump sum payments up front for the 2023/24 and 2024/25 financial years. Oxfordshire County Council is the Accountable Body in reporting and accounting for eligible expenditure, demonstrating compliance with procurement and subsidy control provisions, as well as dispersing funding to Regional Partners for resources and costs relating to their respective inputs to the project. This will be via a grant application process and will need to be detailed at a later stage. The funding must all be allocated/spent by March 2025 with any uncommitted funds returned to DSIT.
6. **Governance:** A Regional Board has been established with each partner organisation having representation. The Chair is held by Oxfordshire County Council. This board will be the formal decision-making entity for all key decisions and reporting and will initially meet monthly and thereafter quarterly. It is anticipated this function will continue beyond the March 2025 funding window, in line with the sustainability ambitions of the DSIT programme. This governance will be dual-tracked such that a governance board will operate in Oxfordshire County Council to approve financial, legal, procurement matters residing with Oxfordshire County Council as the Accountable Body.
7. **Project Infographic: (Suppliers listed for illustration only)**



8. **Rationale:** This is an evolution of work already undertaken by the Council's Digital Infrastructure Programme. The staff costs are fully funded until 2026 by the Gainshare accrued from the programme's broadband contract with BT Openreach known as Better Broadband for Oxfordshire. The outputs/learnings of the project will be shared with other 5G Innovation Regions and will in turn form HMG's Wireless Infrastructure Strategy. In undertaking the project Oxfordshire County Council and partner Authorities will acquire knowledge of supply chains and ecosystems that will help develop plans for a 'smart county'. With this, the embedding of 'Internet of Things' (IoT) devices with advanced wireless connectivity will create opportunities for improving transport, social care, the environment, and may more applications relevant to residents and businesses.
- (a) **The Importance of 5G:** This new wireless standard is particularly important in business and industry where advanced wireless technologies are proving transformative, especially when combined/incorporated with Artificial Intelligence and other emerging technologies. This Region presents a powerhouse in Research & Development and advanced manufacturing which represent an optimum environment for establishing new commercial models that will demonstrate how stacked use-case may be brought together to support business case development. Equally, with the new East West Rail project in delivery, we have good opportunity to develop combined use cases for investment in trackside connectivity.
- (b) **The Importance of the Region:** Partnership working in specific defined projects such as this provides a good foundation for capturing a regional dimension and can be a catalyst for other specific collaboration opportunities across the wider public sector, not just local government. In Oxford & Cambridge we have two of the world's best academic and research institutions along with other tertiary education facilities which is

just an example of sectors that can be brought together in creating new opportunities for task-focussed joint working.

- (c) **Future Projects:** This funding is drawn from the overarching £5bn of HMG Treasury approved funding under [Project Gigabit - GOV.UK \(www.gov.uk\)](https://www.gov.uk). It is quite likely that additional funds will be made available over the next few years which will be complimentary to this 5G Innovation Region project.

## 9. Financial Implications

- a) **Cost Neutrality:** All capital and resource costs for the project are sourced from the DSIT fund itself and a proportion of the Council's ringfenced Gainshare fund (which may only be spent on digital infrastructure projects). No new funding is sought from the Council's budget.
- b) **Building on Gainshare:** The uncommitted portion of the ringfenced Gainshare fund provides a good opportunity to attract private or publicly sourced match-funding to extend the scope of project outcomes, which is what this project will do. It will set a platform for extending the project beyond the DSIT funded timeline whereby options for extending the scope of the project may be considered towards the end of next financial year.
- c) **Funding Period:** The grant payments are distributed across two financial years. The payments are driven by our project cashflow forecasts which currently set out £1.060m to be received in the current financial year with the balance of £2.740m scheduled for payment next financial year. This second payment is expected in April 2024. The programme team will need to reassess the cashflow profile in January/February 2024 to establish any need to reprofile expenditure and seek approval by DSIT for this.
- d) **Financial Assurance:** The Digital Infrastructure Gainshare Fund will serve as a means of underwriting the project such that if there were to be any financial exposure that has not been forecast, the project will not require any financial support from OCC treasury. This has also been included as a recommendation above.

Comments checked by:

Prem Salhan – Finance Business Partner (Resources)

## Risk Management

10. The financial risks for consideration are marginal for OCC. Funding for the project is by way of grant payments in advance predicated on cash-flow forecasts to the Donor (DSIT). It is noted these forecasts can be changed within reason provided the overall grant sought does not exceed £3.8m. Furthermore, the Digital Infrastructure Gainshare fund provides a means of underwriting the council's financial position. The greatest risks have been mentioned in preceding sections of this report.

## Legal Implications

11. The primary legal considerations pertain to ensuring we can comply with UK Subsidy Control rules and run fast but compliant procurements. In addition to Oxfordshire County Council legal representation in all relevant project governance to date (and continuing), the project team has engaged expert external legal advice on state aid provisions (DAC Beachcroft). We have an evaluation report which can be provided but the stage of the project initiation/mobilisation is fluid and this aspect will be continually monitored.
12. We will need to conduct procurement activity which will be managed with Oxfordshire County Council legal and procurement colleagues.
13. There are a number of Non-Disclosure Agreements entered into both between public sector partners and also the supply chain.
14. Intellectual property rights must be shared with DSIT under the conditions of the MoU and consequent funding.

Comments checked by: Bede Murtagh, Solicitor, Legal Services

### **LORNA BAXTER**

Executive Director of Resources

Annex: Nil

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