

Report subject	Smart Place Programme: Next Steps
Meeting date	8 March 2023
Status	Public Report
Executive summary	<p>The Smart Place Strategy adopted by the Council in 2022 sets out how the Smart Place programme aims to generate significant local value by helping to address some of the key challenges across the Bournemouth, Christchurch and Poole area, helping to secure major social and economic benefits. The programme supports the delivery of a number of priorities within the Council's Corporate Strategy, is strongly aligned to government's Levelling Up agenda and is a key foundation for the Council's Big Plan ambitions.</p> <p>Funding of the Smart Place programme is a key challenge as at present there is no statutory responsibility nor associated financial support to enable the full development of Smart Places within the UK. The Smart Place strategy and the supporting Smart Place Investment Plan therefore set out a unique, financially self-sustaining business model aimed at securing major private investment to deliver the Smart Place programme across the whole of the BCP area.</p> <p>Following the production of the Smart Place Investment Plan two years ago, the Smart Place team has had a series of detailed conversations with potential major investors, and in recent months it is has become clear investors are now ready and prepared to make a substantial investment into the programme. In the light of this opportunity for major private investment the time is right to seek to secure one or more suitable strategic investment partner(s) and to create a formal 'special purpose vehicle' (SPV) through which investment can be received and the programme funded and delivered.</p>
Recommendations	<p>Cabinet agrees that:</p> <ul style="list-style-type: none"> a) the Smart Place Team, supported by Law and Governance, Finance and Strategic Procurement, conducts a formal procurement process to select one or more Smart Place Strategic Investment Partner(s); and b) the Smart Place Team, supported by Law and

	<p>Governance, Finance and Strategic Procurement, determines the most appropriate special purpose vehicle, through which investment can be received and that the Smart Place Programme is funded and delivered; and</p> <p>c) Officers report back to Cabinet after this process is completed, for a decision to appoint the Smart Place Investment Partner(s) and to proceed with establishing the most appropriate special purpose vehicle.</p>
Reason for recommendations	<ul style="list-style-type: none"> (i) Delivers significant economic and social benefit for residents, businesses, and communities. (ii) Supports the Council's Corporate Strategy priorities and Big Plan and regeneration ambitions. (iii) Delivers cost savings and potential future income generation for the Council. (iv) Supports government's Levelling Up agenda and UK Digital Strategy. (v) Enables the raising of major private investment to fund the delivery and roll out of the Smart Place programme across the whole of the BCP area. (vi) Delivers employment and investment outcomes associated with previous and current government grant funded projects.
Portfolio Holder(s):	Councillor Philip Broadhead
Corporate Director	Adam Richens
Report Authors	Adrian Hale / Ruth Spencer
Wards	Council-wide
Classification	For [Recommendation/Decision/Update or Information]

Background

Smart Place Strategy

1. The Smart Place Strategy (See Appendix 1) was adopted by the Council following a report to Cabinet in July of 2022. The strategy sets out the aim of the Smart Place Programme which is to:

Generate significant local value, creating digital solutions to improve the lives of our residents, the vibrancy of our communities and the prospects of our local businesses.

2. The Smart Place Programme supports the delivery of the Council's Corporate Priorities and Big Plan and regeneration ambitions, as well as Government's Levelling Up agenda.
3. The programme has the potential to create significant savings for BCP Council, as well as generating new income streams, with revenue being used to support Council services and community initiatives.

Smart Place Delivery Programme

4. The Smart Place Programme is delivered in three key stages:
 - (i) Lansdowne Smart Place Pilot (now complete, £1.9m funded by Dorset LEP)
 - (ii) Boscombe Smart Place Demonstrator (ongoing, £2.7m, funded from the Towns Fund)
 - (iii) Full Roll-Out across BCP (subject to private investment)

Figure 1. Smart Place Delivery Programme Overview



5. The Smart Place Programme (including investment) outline delivery plan is provided in Appendix 2.

Smart Place Business Model and Investment Plan

6. Funding of the Smart Place programme is a major challenge as at present there is no statutory responsibility nor associated regular financial support to enable the full development of Smart Places within the UK.
7. Against a background of considerable public sector budgetary constraints, a unique, financially self-sustaining Smart Place business model has been developed. This model is specifically aimed at minimising any financial burden on the Council by seeking to secure major private investment to help deliver the substantial Smart Place Programme across the whole of the BCP area. In addition, the model also looks at how new income streams can be generated for the Council through the programme.

8. To support the business model a Smart Place Investment Plan was developed using £370k of funding from Dorset LEP. This Investment Plan is aimed at securing major private investment (initially £90m+) to support the wider roll out of the Smart Place Programme. The Smart Place Investment Plan Prospectus is given in Appendix 3.
9. The Investment Plan describes four key Smart Place interventions. Individually and collectively these interventions will help to deliver significant social and economic benefits across the BCP area.
10. The four Smart Place interventions are:
 - (i) Gigabit-speed fibre networks - providing affordable broadband and gigabit connectivity for all residents and businesses, including the Council.
 - (ii) Private 5G and wireless networks – supplying local businesses with cutting edge mobile technologies to help provide a competitive advantage.
 - (iii) Place-based data insight platform – providing residents with access to better information and services and opening up local markets for businesses.
 - (iv) Smart Place applications & services – a wide array of ‘smart’ hardware and software applications to support local residents and businesses, including the Council.

Engagement with investors

11. Following the publication of the Smart Place Investment Plan in early 2021 a Smart Cities Investment Showcase Event for national and international investors was hosted by the Department of International Trade, solely featuring the BCP Smart Place opportunity. A series of early market engagement meetings have since taken place with major investors and technology companies.
12. This investor engagement has demonstrated a significant interest in supporting the Smart Place Programme from major investors and technology companies and recently an expression of interest in providing substantial private investment was made.

Next steps – securing private investment and establishing a special purpose vehicle

13. As a result of receiving firm expressions of interest in providing private investment to support the Smart Place programme it is now important to explore the best options for securing any private investment. High level options have been reviewed (see Options Appraisal below). A detailed and open selection process now needs to be conducted to identify the preferred investor partner(s) as well as the most appropriate programme delivery mechanism to ensure the most favourable outcomes for residents, businesses and the Council.
14. The Smart Place Team will work closely with Law and Governance, Finance and Strategic Procurement to ensure that the appropriate governance is established, that the correct legal advice is received and that the right processes are followed.
15. Sunderland City Council has procured a similar Smart City arrangement with BAI Communications being the successful partner, although the underlying business model is slightly different. Sunderland and BAI Smart City Partnership. Sunderland obtained external legal advice to support the procurement.
16. Prior to the confirmation of the successful investor partner(s) a further report will be brought back to Cabinet requesting authorisation to appoint the successful Smart Place Strategic Investment Partner and to proceed to establishing the most

appropriate special purpose vehicle with the successful investor partner(s) through which investment can be received and the programme funded and delivered.

17. It is envisaged that to make the most of the current investor interest in the Smart Place Programme the selection exercise and formation of the special purpose vehicle needs to take place and be completed within the next 9 to 12 months.

Consultation

18. Early market engagement has taken place with a series of potential investors.
19. In a public survey for the Smart Place programme over 78% of respondents to a indicated their support for the aim of the programme (see Appendix 5).

Options Appraisal

Do Nothing Option

20. With the 'Do Nothing' option the Smart Place private investment is not pursued.
21. This option has the following benefits:
22. Costs associated with procuring an investor partner and establishing a special purpose vehicle are not incurred.
23. This option has the following disbenefits:
 - i) Opportunity of securing significant private investment into BCP is lost.
 - ii) Social and economic benefits are not realised.
 - iii) Smart applications and services in support of corporate priorities are not delivered.
 - iv) Smart Place objectives are not delivered.
 - v) The Big Plan ambition of being the best-connected area nationally will not be realised due to lack of investment.
 - vi) Opportunity for generating significant Council savings will be missed.
 - vii) Opportunity to generate income for the Council for use on other Council services will be lost.
 - viii) Loss of funding support creates a high risk of losing key Smart Place staff, jeopardising the future Smart Place programme.
24. On this basis the 'Do Nothing' option is not a viable option.

Do Minimum Option

25. With the 'Do Minimum' option the Smart Place private investment is not pursued although bids for government grant funding continue.
26. This option has the following benefits:
27. Costs associated with procuring an investor partner and establishing a special purpose vehicle are not incurred.
28. This option has the following disbenefits:
 - i) Opportunity of securing significant private investment into BCP is lost.
 - ii) No guarantee that government funding will be available.
 - iii) Social and economic benefits are not realised.

- iv) Smart applications and services in support of corporate priorities are only partially delivered.
- v) Smart Place objectives are not fully realised and will take considerably longer.
- vi) The Big Plan ambition of being the best-connected area nationally will not be realised due to lack of investment.
- vii) Opportunity for generating significant Council savings will be missed.
- viii) Opportunity to generate income for the Council for use on other Council services will be lost.
- ix) Risk of no future funding support creates a risk of losing key Smart Place staff, jeopardising the future Smart Place programme.

29. On this basis the 'Do Minimum' option is not a desirable option.

Do Something 1 Option

30. With the 'Do Something 1' option the Smart Place private investment is now formally pursued but no formal JV partnership is created.

31. This option has the following benefits:

- i) Opportunity of securing significant private investment into BCP is realised.
- ii) Social and economic benefits are substantially realised.
- iii) Smart applications and services in support of corporate priorities are delivered at scale.
- iv) Smart Place objectives are substantially realised.
- v) Big Plan ambition of being the best-connected area nationally may not be achieved but connectivity will be substantially improved through additional investment.
- vi) government grant funding can still be pursued.
- vii) Opportunity for generating significant Council savings will be substantially realised.
- viii) Opportunity to generate income for the Council for use on other Council services will be substantially realised.
- ix) Key Smart Place staff can be retained securing the future of the Smart Place programme.

32. This option has the following disbenefits:

- i) Costs associated with procurement and establishment of a special purpose vehicle are incurred.
- ii) The potential substantial added value that a formal JV partnership arrangement would bring is not realised.

33. On this basis whilst the 'Do Something 1' option is not the preferred option it is a viable option.

Do Something 2 Option (Preferred Option)

34. With the 'Do Something 2' option the Smart Place private investment is pursued, and a formal Smart Place Strategic Partnership special purpose vehicle JV is created.

35. This option has the following benefits:

- i) Opportunity of securing significant private investment into BCP is realised.
 - ii) Social and economic benefits are fully realised.
 - iii) Smart applications and services in support of corporate priorities are delivered at scale.
 - iv) Smart Place objectives are fully realised.
 - v) Big Plan ambition of being the best-connected area nationally has greatest prospect of being achieved due to full-scale investment.
 - vi) government grant funding can still be pursued.
 - vii) Opportunity for generating significant Council savings will be fully realised.
 - viii) Opportunity to generate income for the Council for use on other Council services will be fully realised.
 - ix) Potential substantial added value is realised through some form of formal JV partnership arrangement.
 - x) Key Smart Place staff can be retained within the newly created Smart Place Partnership securing the future of the Smart Place programme.
36. This option has the following disbenefits:
- i) Costs associated with procurement and establishment of a Smart Place Strategic Partnership special purpose vehicle are incurred.
37. On this basis the 'Do Something 2' option is viable and **is the preferred option**.
38. The above high-level options appraisal has been conducted to sift out unviable and undesirable options. A more detailed options appraisal for the SPV will be conducted as part of the legal and governance process.

Summary of financial implications

39. If the opportunity is taken to receive the potential investment then significant operational savings for BCP Council can be realised as Smart Place infrastructure is rolled out across the BCP area. Typically, the Council will spend far less on digital connectivity costs which will become increasingly important as smart technology deployment increases. 'Smart' applications and services can also be rolled out cost-effectively helping to reduce demand for frontline Council services, such as assistive living devices helping to keep vulnerable people living safely in their homes for longer. Preventative health and well-being advice presented on Smart Place apps will also help to reduce the burden on Council and health services.
40. As well as savings the private investment also unlocks considerable income potential for the Council. Typically, commercial benefits can be shared with investors resulting from the roll-out of gigabit fibre, private 5G networks, the development of innovative Smart Place technologies and services and place-based data analytics, as set out in the Smart Place Investment Plan.
41. £300k has been set as a budget estimate for direct costs associated with running the procurement exercise to select a partner and then to establish a formal special purpose vehicle. This covers procurement and internal and external legal costs.
42. The intention is to avoid using any new monies. The Smart Place programme was allocated £277k from the Corporate Priorities budget for 2022/23 and as much of this will be spent in 2022/23 as possible as resource allows whilst minimising any 'at risk' expenditure. In the context of the overall financial benefits for the Council, it is

probable and advantageous that some of this Corporate Priorities funding will need to be carried over into 2023/24 [Exact amount currently being determined]. This Corporate Priorities funding was specifically allocated to fund legal and procurement advice around capturing financial investment and meets the Council's expenditure controls which enables spend there is the potential to generate commercial income.

43. The remainder of the £300k funding is proposed to come from the Smart Place 2023/24 Revenue Account and where appropriate from grant funded projects where inward investment or jobs are identified as an outcome.

Summary of legal implications

44. The Council has general power allowing it to act for the good of its area in ways that are not specified by statute. The Council will consider the following general powers as part of the delivery of the strategy:
 - Section 111 of the LGA 1972. This section enables a local authority to do anything that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. It provides local authorities with a general power to enter into contracts for the discharge of any of their functions.
 - Section 3(1) of the Local Government Act 1999 (LGA 1999). This section contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of:
 - economy;
 - efficiency; and
 - effectiveness.
45. Further Section 1(1) of the Localism Act 2011 introduced the "general power of competence" for local authorities, defined as "the power to do anything that individuals generally may do" and which expressly includes the power to do something for the benefit of the authority, its area or persons resident or present in its area. The generality of the power conferred by subsection (1) is not limited by the existence of any other power of the authority which (to any extent) overlaps the general power.
46. The Council will consider all available legal routes as part of the delivery of the strategy, for example use of a company. For this purpose, the Council may apply Section 4(2) of the Localism Act 2011 which, provides that where, in exercise of the general power, a local authority does things for a commercial purpose the authority must do them through a company. Section 95 of the Local Government Act 2003 also authorises the Council to do for a commercial purpose anything which it is authorised to do for carrying on any of its ordinary functions (other than where it is under a statutory duty to provide that function) however, this power is only exercisable through a company.
47. Particular elements of the strategy and programme will require specific legal advice as and when they come forward for consideration. Typically, advice from Law and Governance and Strategic Procurement will be required on Subsidy (formerly State Aid); competition legislation, procurement options, contract law, intellectual property, the setting up of joint venture companies, as well as other general legal matters.

48. As part of the Smart Place Investment Plan work, options are being considered on potential preferred Smart Place 'Special Purpose Vehicle' (delivery vehicle) options. These will be explored in more detail as and when different Smart Place components come forward for consideration.
49. Consideration will also need to be given to statutory requirements, typically around equality and diversity, health & safety and employment law.
50. Allowance has been made within the Smart Place budget for additional legal and procurement advice, including external advice where necessary.
51. In the context of securing investment this requires an open competitive process to identify the preferred investor partner(s) and to ensure that the Council obtains the best overall investment proposals and share of the benefits. An open process is also necessary to ensure that all interested investors are given fair and appropriate opportunity to make the case for their investment offer.
52. The above legal advice will be taken into account in exploring and identifying the most appropriate special purpose vehicle, such as a Smart Place Strategic Partnership, through which investment can be received and the programme funded and delivered.

Summary of human resources implications

53. Two existing permanent BCP members of staff from the Smart Place Team will most probably be required to transfer into the special purpose vehicle organisation. The remaining temporary members of staff from the Smart Place Team will also transfer into the special purpose vehicle organisation.

Summary of implications upon the Levelling Up agenda

54. The Smart Place programme strongly supports government's Levelling Up agenda. ([Levelling Up the United Kingdom: Executive Summary](#)). In particular the programme supports the following Levelling Up 'Medium Term Missions':
 - a. Productivity: By 2030, pay, employment and productivity will have risen in every area of the UK,
 - b. Digital Connectivity: By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.
 - c. Skills: By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK.
 - d. Health: By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed.
 - e. Well-being: By 2030, well-being will have improved in every area of the UK.
 - f. Pride in Place: By 2030, pride in place will have risen in every area of the UK.
 - g. Crime: By 2030, homicide, serious violence and neighbourhood crime will have fallen, focused on the worst affected areas.
55. At a local level the Council's 'Levelling Up' priorities are:
 - Address cost of living issues including affordable housing
 - Address skill shortages and low skill attainment

- Reducing health inequalities and the wider determinants and disparities between wards
- Increase support/development/opportunities for children and young people
- Improve transport links including cycling infrastructure

56. In addition, the Council has adopted the following 'Levelling Up' Goals with its three priority goals being 8 - Good health and well-being, 12 – Building homes and sustainable communities & 14 - Achieve equality through diversity & inclusion.



57. The Smart Place programme will particularly support:

- Goal 8: Good Health and well-being
- Goal 9: Extending enterprise
- Goal 10: Closing the digital divide
- Goal 11: Infrastructure for opportunity
- Goal 12: Building homes & sustainable communities (sustainable communities' aspect)
- Goal 14: Achieve equality through diversity and inclusion

58. The public consultation exercise conducted for Smart Place Strategy highlighted many community priorities which are reflected in the objectives of the programme. A key priority from the survey was the need to provide digital skills training for 'everyday' purposes for those people at risk of digital exclusion. Enabling the improvement of personal digital skills is now a key objective of the strategy helping to close the digital divide.

Summary of sustainability impact

59. A Decision Impact Assessment has been created at Programme level, with recognition that if the recommendations in this report are approved, further DIAs will be created on a project level. The current DIA has a 'low risk' outcome overall and the Interim Report is included at Appendix 5.
60. Positive impacts only have been identified in the following areas: Climate Change and Energy; Communities and Culture; Economy; Health and Wellbeing; Learning and Skills; Natural Environment; Transport and Accessibility.
61. Waste and Resource Use is rated amber because we have not yet assessed whether the proposals will reduce water use and Sustainable Procurement is rated amber as there is further work to do to consider sustainable resource use within the whole life cycle of the individual projects.
62. The Sustainable Development Goals supported by the proposal are 1. No Poverty 2. Zero Hunger 3. Good Health and Well Being 4. Quality Education 7. Affordable and Clean Energy 8. Decent Work and Economic Growth 9. Industry, Innovation and Infrastructure 10. Reduced Inequalities 11. Sustainable Cities and Communities 13. Climate Action 16. Peace, Justice and Strong Institutions 17. Partnerships for the Goals.

Summary of public health implications

63. The Smart Place Programme will have a major positive impact upon public health. Examples include enabling remote surgery appointments and earlier interventions. Better connectivity to individuals' homes will enable people to access greater support, including more contact with friends and family. Improved and affordable gigabit connectivity will accelerate the deployment of healthcare technology, such as assistive living devices, helping to keep people living independently in their own homes for longer, thereby reducing the demand upon healthcare and Council services. Public services will be able to move and share health data around more quickly and cost-effectively.

Summary of equality implications

64. Equality implications are positive. The Smart Place programme will benefit low-income households in the area with numerous positive outcomes anticipated, including increased access to skills, jobs and services, better access to information, targeting of services, and better access to digital connectivity.
65. There are many positive implications for people with protected characteristics, particularly those who experience a greater level of digital exclusion such as people with disabilities or who are in older age groups. The COVID pandemic has highlighted the digital divide for children in low-income families with access to sufficient bandwidth, digital devices and skills impacting on their learning. The programme seeks to address these inequalities and to enable people with other

protected characteristics and organisations supporting them to benefit from better access to information and to online services.

66. An Equality Impact Assessment: conversation screening tool (Form 1) has been produced at a programme level. The Equality Impact Assessment (EIA) form was completed predominantly based upon evidence collected from the two consultation exercises that have taken place.
67. The EIA conversation screening tool form was reviewed by the Equality Impact Assessment (EIA) Panel on 5th August 2021. The Panel did not find any issues that would contravene the Council's statutory equalities responsibilities. The Panel further concluded that as this was a Programme Level EIA there was no requirement for a full EIA at this stage but that a full EIA would be required for any significant underlying projects.
68. The key finding from the panel was that as the EIA form had been based solely upon auditable evidence it had not captured the full potential and ambition of the Smart Place programme to have a significant beneficial impact upon all people including those with "protected characteristics". For this reason, the panel awarded the EIA 'Amber' status. The Screening Tool has since been enhanced to reflect these comments and is included at Appendix 6.

Summary of risk assessment

69. A Smart Place Investment and Programme Key Risk Register covering the key risks of investor and stakeholder support; finance and funding; programme delivery and legal considerations has been produced and can be found in Appendix 7.

Background papers

None

Appendices

- Appendix 1: Smart Place Strategy [2022 - adopted]
- Appendix 2: Smart Place Programme (Including Investment) - Outline Delivery Plan
- Appendix 3: Smart Place Investment Plan Prospectus
- Appendix 4: Smart Place Strategy Public Consultation Results
- Appendix 5: Smart Place Programme Decision Impact Assessment Interim Report
- Appendix 6: Smart Place Programme EIA Screening Tool
- Appendix 7: Smart Place Investment and Programme Key Risks Register