

Programme Management Group

13 September 2018

Capital projects – 5G Project – Phase 3 – Item 6a

Programme Management Group members are asked to:

CONSIDER the details of the 5G Project – Phase 3, the issues raised by the AECOM due diligence report and the response to these

AGREE that expenditure from the Local Growth Fund (LGF) of £1.5million is approved for this project

1. Background

- 1.1 The 5G Project – Phase 3 was approved to progress to due diligence by the Programme Management Group on 10 May 2018
- 1.2 Over the summer, due diligence has been undertaken by Peter Holding of AECOM and a report received.

2. Details of the project

- 2.1 The purpose of Phase 3 of the 5G Project is to improve the sector support and expertise in three key strategic 5G growth areas. These growth areas are Blockchain/Cyber Security, IOT and Smart Cities, Digital Gaming and Immersive Technologies. This phase will result in a wider impact for the region and provide benefit to the Basingstoke and planned Aldershot 'Step out' facility. It will also enable local start-ups and SMEs to have direct access to 5G technologies for VR, and will allow other sectors looking to explore gamification to benefit and develop solutions utilising VR and 5G.
- 2.2 The project will
 - Reduce the complexity of the technology and allow businesses to work with the 5GIC with increased technical expertise and sector specialists
 - Support the interactions and connections between and across business and universities will to deliver local growth through the adoption of new knowledge and knowhow.
 - Deliver better connections between larger organisation and SMEs to enhance their ability to collaborate and bring new ideas to market quicker, driving local and UK competitiveness
 - Maximise opportunities for Enterprise M3 businesses to take advantage of Government and private sector innovation funding and support – increasing the number of Enterprise M3 businesses and drive inward investment.
- 2.3 The total Project cost is estimated to be £3,108,796 and the University of Surrey and the 5GIC members will contribute £1,608,796 'in kind' and capital support with the remaining £1,500,000 sought as a grant from Enterprise M3.

- 2.4 This application follows Phase 1 and Phase 2 which have been completed following support funding from Enterprise M3. Whilst Phase 1 focussed on the initial set up of the 5G Centre, Phase 2 focussed on the development of the core 5G technologies and infrastructure for the digital games sector in Rocket Desk. Both of these have been very successful and have resulted in the creation of the world's largest Open Innovation 5G Test Bed at the University of Surrey and the 5G Games Hub at Rocketdesk. This investment alongside the investment made by 5GIC industry partners to date of over £27m has provided Guildford with the world's only open "end-to-end" 5G test bed developing the key technologies and international standards which will be at the heart of future global 5G network roll-out. With Phase 3, the UoS now wish to build on this infrastructure to provide technical support and 'toolkits' to ensure rapid 5G uptake in the region.
- 2.5 The funding from Enterprise M3 will be used to purchase equipment and provide the 5G technical posts. The equipment spend breakdown is for the following
- SME Toolkit Development
 - Enhancements to the Basingstoke step out
 - Step out facility for Whitehill and Borden
 - Upgrades to Rocket Desk digital games hub
- The 5G technical posts will include test bed management and coordination, tech support for Basingstoke, Step out 5G system designer and technical support for expanded engagement along with a 5G Architect
- 2.6 Over the first 2 years of Phase 3, the project will deliver 5 new business start ups, 200 new jobs created and 200 business supported. There will also be opportunity for the exporting of knowledge and further inward investment following contact from overseas VC funds keen to invest in innovation UK technologies. In addition, opportunities in other sectors such as Healthcare, FinTech and Retail will emerge from enabling technologies developed in the chosen areas. Such opportunities will become clearer as the programmes develops but could well deliver at least the same level of inward investment opportunity as from the core programme.

3. Independent scrutiny and Assurance

- 3.1 AECOM has carried out due diligence to consider the efficacy of the project and to review its outputs.
- 3.2 In the due diligence report, AECOM have provided the following recommendations
- the UoS to provide a detailed breakdown of the recruitment and equipment procurement programme
 - the UoS to provide the basis for this estimate of jobs and new business starts.
 - UoS to provide a detailed breakdown of this estimate of equipment as the scheme develops to ensure the actual costs are within the allowance included in the Business Case.
 - the UoS to provide confirmation that the capital contribution has been approved by the UoS governing body, together with written confirmation that the £750,000 to be contributed by the 5GIC members will be available in kind and in what form. This information was requested from UoS but due to staff illness, has not yet been provided.
 - EM3 obtain details from the UoS about how this value of staff time has been calculated and how it will be monitored during the course of the Project.

- The costs analysed within this report and provided by the UoS are not the same as the costs included in the Business case (due to the fact costs have been updated between the writing of the business case and the due diligence activity). The Business Case should be updated to reflect the proposed use of the funding.
- 3.3 The Applicant is in receipt of the AECOM recommendations and Stuart Fenton, key project contact at the University of Surrey has provided confirmation that all recommendations will be undertaken to the satisfaction of Enterprise M3 without delay.
- 3.4 AECOM suggest that the grant is approved, subject to the above recommendations being undertaken.
- 4. Summary and recommendation**
- 4.1 On the basis of the due diligence report and the positive response from the University of Surrey, approval is sought from the PMG to release the funding, subject to legal contract.

Deborah Wyatt

29 August 2018