

Taunton Deane Borough Council

Executive - 11 June 2014

Superfast Broadband Extension - Request for Match Funding

Report of the Assistant Director Business Development, Ian Timms

(This matter is the responsibility of Executive Councillor Norman Cavill)

1. Executive Summary

The Current Superfast Rollout programme within Devon and Somerset is set to deliver 90% coverage by the end of 2016. As outlined by this report the Government has made available further funding to extend average coverage from 90% to 95% across the Devon and Somerset area (although coverage will vary in specific areas). In order to deliver this funding there are match funding requirements that cover all local authorities within the programme area. This has led to the request for Taunton Deane Borough Council to provide £360,000 to secure the rollout to an additional 2235 premises.

2. Background

- 2.1 Increasing the availability and take-up of superfast broadband is a key driver for enterprise and growth, and therefore remains a high priority. There are a range of significant benefits for business that access to superfast broadband can unlock, for example, supporting the development of new, more efficient, business models and enabling increased international trade and collaborative innovation. Extending deployment of superfast broadband in under-served areas can also safeguard employment in areas which would otherwise place businesses at a serious disadvantage. Superfast broadband also supports inclusion in the digital economy for consumers in rural areas, allowing, for example, greater e-commerce and interaction with public services through digital communications
- 2.2 Improving the availability of superfast broadband also has role to play in increasing the resilience of the Borough and its infrastructure for the communities. Had superfast broadband been more widely available on the Somerset Levels during the recent flooding then the impacts could have been significantly reduced, for example, employees could have worked remotely from home removing the need to travel.

- 2.3 The current Connecting and Devon and Somerset (CDS) Programme will deliver 90% superfast broadband coverage to the area by the end of 2016. This leaves 10% of the CDS area (Devon and Somerset) without any improvement in broadband speeds, which equates to approximately 90,000 premises. This gap in broadband provision has been recognised by Government, which under the Superfast Extension Programme (SEP) has made available an additional £250m with the objective of bringing the UK up to 95% superfast broadband coverage by the end of 2017.
- 2.4 On 25 February 2014 Government announced how the £250m was to be allocated across the UK. CDS was granted £22.75m - the largest single allocation made to a programme in England. To draw down this funding Government has stipulated that Local Authorities provide 50% match funding. Somerset County Council's (SCC) Senior Leadership Team (SLT) met on 24 March 2014 and took the decision to agree an in principle capital match contribution of up to £2m, which is to be put to SCC Cabinet on 30 June 2014. Devon County Council has undertaken a similar process resulting in an in principle capital match contribution of £2m
- 2.5 Following this is in principle decision by SCC, District and Borough Councils were briefed on SEP and asked to consider in principle their own capital contribution to support a full application to BDUK - the deadline for which is 30 June 2014 -and asked collectively to contribute an additional £2m, matching that of SCC.
- 2.6 In arriving at a position, in terms of an indicative capital contribution for each District or Borough Council and a figure for the number of additional premises expected to benefit from a superfast broadband connection, CDS has analysed the latest available data; however, it should be noted that this is subject to change, if as an example the current CDS programme were to exceed its target of 90% superfast coverage and following a procurement exercise to select a broadband supplier(s) this could change and the exact match funding amount may alter.
- 2.7 A new procurement exercise will be required as the current contract with BT would breach materiality if funding in excess of 10% of the contract value (£94m) was to be introduced. A new procurement is also required so that more appropriate technologies, such as wireless or 4G, could be deployed. Given the nature of the geography in question, CDS expects that these technologies would be required so as to ensure value for money and to deliver 95% superfast broadband coverage into deeply rural areas.
- 2.8 It is recognised that a detailed partnering agreement and governance arrangements will be required which will be agreed at a later date following full consultation with all of the Councils in Somerset that are able to make available a capital contribution.
- 2.9 It should be noted that BD: UK Strategic Economic Plan (SEP) guidance states that any allocations not drawn down by local authorities could be

redistributed to other local authority area throughout the UK. Therefore, there is a danger that a proportion of the current SEP allocation could be reallocated to other Local Authorities if the full match funding requirement were not to be met.

3. Next Actions

- 3.1 Taunton Deane Borough Council is asked to agree in principle a capital funding commitment of £360,000. It is estimated that this will deliver an additional 2235 superfast premises by the end of 2017 – this is in addition to the premises that will be delivered under the current CDS programme. Taunton Deane Borough Council is asked to consider this in principle capital funding commitment on the basis that it could be made available across multiple financial years up until the end of 2017.

4. Finance Comments

- 4.1 The proposal clearly meets the Councils ambitions, but the challenge to Members is around affordability. The financial challenges facing the Council are well understood and this project places an additional “call” on the councils already scarce capital resources. The decision is whether this is more important to the council and the community it serves than some of the other calls on resources.
- 4.2 The funding requested is £360,000 which could be spread over 3 years (£120k in 14/15, £120k in 15/16, and £120k in 16/17). The requirement is for capital funding, and Councillors will be aware that this can come from a variety of sources (RCCO – revenue funding, capital receipts, borrowing).
- 4.3 The report to Full Council on 10 December 2013 presented the Councils position regarding capital and approved the current programme (which was subsequently updated as part of the budget setting reports to Full Council in February 2014).
- 4.4 Currently, the Council has very limited unallocated capital resources – not enough to fund this directly. The programme will be updated over the next few months to reflect expected future capital receipts, but for now, there aren’t sufficient existing capital resources to progress this project. In addition, the list of “aspirational” capital schemes is significant and when reported to Members last year totalled over £2.5m for non-growth schemes alone.
- 4.5 Member will need to prioritise their ambitions in terms of delivering capital schemes. If Broadband is the top priority, then I recommend this is funded from the Growth Reserve (which has the 14/15 NHB funding).

5. Legal Comments

- 5.1 The key issue for this report is linked to financing the extension. However any agreement by the council to supply this funding would need to provide a condition within the final partnering agreement that the funding provided by this council was spent and delivered with the borough boundary.

6. Links to Corporate Aims

The introduction of superfast broadband supports aim 2 of the corporate business plan "A vibrant Economic Environment". The proposed extension to 95% further enhances this so the report directly supports the corporate aims.

7. Environmental Implications

There are no direct links although superfast broadband does enable more effective home working and facilitates a new way of working for businesses who use the internet as a tool. This can theoretically reduce emissions from travel.

8. Community Safety Implications

There are no known implications related to this report

9. Equalities Impact

Any implications will occur as the rollout advances and these will need to be factored in to the detailed project plan. The commitment of this additional funding would enable wider access for individuals to broadband which can be seen as a positive way of assisting rural communities and isolated individuals stay connected to their community.

10. Risk Management

There are two key risks for the council relating to this proposal

1. Failure to commit match funding will reduce the coverage made available in the Deane area through the CDS project. This could damage business and individual prospects and affect the council's reputation negatively.
2. Funding this project will require the potential removal of another capital project from the council's commitment. This will detrimentally affect whatever project is selected.

11. Partnership Implications (if any)

The inability of one partner to provide a contribution may jeopardise the entire funding of the programme. However it is not known as yet what the effect of one partner making this decision will be.

12. Recommendations

- 12.1 Executive consider the request for match funding to progress the Superfast Broadband Extension, and decide whether to agree in principle to fund the share requested from Taunton Deane Borough Council.
- 12.2 Subject to the agreement of recommendation 12.1, the Executive recommend to Council the inclusion of a capital sum of £380,000 within the Councils approved Capital Programme funded from the Growth Reserve.

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