

REPORT OF THE CABINET MEMBER FOR FINANCE AND PROPERTY AND THE CABINET MEMBER FOR CULTURE AND COMMUNITY

BD:UK BROADBAND PROGRAMME: UPDATE

Purpose of the Report

1. The County Council is leading in the planning and delivery of Super-fast broadband for Nottinghamshire. Super Fast Broadband is one of the key priorities for economic development helping businesses and creating new jobs.
2. This report sets out the County Council's progress towards completing a Local Broadband Plan for Nottinghamshire, required to secure Government funding through the BD:UK programme as the Council enters the more formal stages of negotiating with Government and local delivery.

Information and Advice

3. The Government's Broadband Delivery UK (BD:UK) programme was announced in early 2011. It will invest £530 million by 2015 to enable 90% of households and businesses gain access to a superfast (25Mbps+) broadband service by 2015. It is expected that the remaining 10% of households will be connected to a service of at least 2Mbps. The funds, are managed by BD:UK and are only available to upper tier authorities. The focus of the programme is on access to high quality broadband for rural communities and businesses.
4. Nottinghamshire County Council submitted an expression of interest to the BD:UK bidding round in the spring, with the expectation that a full bid would be submitted in the early summer. However, in June the Government announced a change to the way the funding would be devolved, and removed the competitive bidding process. Local authorities were told that they would instead receive indicative allocations during the summer, and that these would be confirmed once a Local Broadband Plan had been agreed with BD:UK.
5. The announcement of indicative allocations was made on 16th August, along with further information about match funding requirements (confirmed as 50% of the total project subsidy). Nottinghamshire has an indicative allocation of £4.25 million from BD:UK requiring a match from the public sector of £4.25million and a further £8.5 million from private sector businesses, making a total of £17 million.
6. The County Council has led the negotiation and development of the plan with support from partners from across Nottinghamshire and the business community. Successful consultation exercises have been undertaken with local communities, residents and businesses over the summer to ensure involvement and inclusion.

7. An application for European funding (ERDF) was submitted by the Council on 30th September. The bid is for £535,000 to be used as match funding. Due to geographical eligibility criteria ERDF can only be utilised in Bassetlaw. Rushcliffe's Local Strategic Partnership has indicated that they will consider allocating their £150,000 LAA Performance Reward Grant to the broadband programme and discussions are ongoing with other public bodies including District Councils.
8. BD:UK is currently tendering for a national broadband infrastructure 'framework', which will enable local authorities to select providers to deliver their local broadband plans. Alongside this, the Government is pursuing a national State Aid exemption¹ for BD:UK funding and projects which will negate the need for individual councils to secure their own exemptions. Both of these will be in place by summer 2012.
9. BD:UK has made it clear that it will not be feasible for all local authorities to access providers from the framework at the same time. It therefore intends to prioritise delivery against indicative timescales for each separate area. Factors that will affect councils' placing in the pipeline include agreeing a Local Broadband Plan with BD:UK; the security of the proposed match funding package and the presence of ERDF monies in any match funding (which would have to be spent by 2013).
10. The project is now entering a critical phase in negotiations with Government on the BD:UK allocation. Securing match funding is a key milestone without which Nottinghamshire's Local Broadband Plan cannot be submitted.

Other Options Considered

11. Detailed options for delivery of the Nottinghamshire Local Broadband Plan will be fully detailed in the final version of the plan. Project delivery options will be rigorously tested by BD:UK in its appraisal of our Local Broadband Plan, and again at the procurement stage. Value for money considerations will be prioritised at all stages of the process.

Reason/s for Recommendation

12. The recommendations are proposed to enable timely submission of Nottinghamshire's Local Broadband Plan and robust internal governance arrangements for the project.

Statutory and Policy Implications

13. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

¹ State Aid regulations exist to stop anti-competitive practice which could distort the open market. State Aid exemptions can only be secured from the European Commission and typically cover public sector investment in specific sectors or regions of the EU.

Financial Implications

14. The £4.25 million BDUK funding is reliant on securing £4.25 million in public sector match funding. The County Council is leading negotiations to identify available sources of match funding and to date the Council has submitted a bid for £535,000 of ERDF funding for Bassetlaw. In addition the Council is lobbying for a relaxation of the rules regarding the application of regional ERDF for investment in Broadband. There is currently £24 million available for the East Midlands; pro rata the Council could if successful secure approximately £3 million of this funding. Given the importance of this agenda and the uncertainty of securing match funding, the County Council may be required to underwrite the matched funding gap through its capital programme. Every effort is being made to secure matched funding from all relevant and available sources including negotiating with District and Borough Councils for contributions.
15. Secured match funding including ERDF will be confirmed in a further report to Cabinet to enable the County Council to draw down the funding and confirm the amount the Council will need to provide to complete the funding package.

Implications for Sustainability and the Environment

16. The project will deliver positive implications for sustainability and the environment in a number of ways. It will enable greater use of technology to support initiatives such as home working and e-appointments (i.e. with GPs). It will enable businesses to make better use of virtual office systems and video-conferencing, and will also ensure that Nottinghamshire businesses have a faster and more future-proof connection to global markets.

RECOMMENDATION/S

- 1) That Cabinet notes the update on progress with the Nottinghamshire Local Broadband Plan.

Councillor Reg Adair
Cabinet Member, Finance and Property

Councillor John Cottee
Cabinet Member, Culture and Community

For any enquiries about this report please contact: Matt Lockley, Economic Development Manager

Constitutional Comments (SG 30/09/2011)

17. The Cabinet is the appropriate body to consider the recommendations set out in this report.

Financial Comments (PS 04/10/2011)

18. The Council will consider the necessary investment in Broadband as part of its capital programme.

Background Papers

None

Electoral Division(s) and Member(s) Affected

All