MARCHES BUSINESS BROADBAND GRANT SCHEME (MBBGS)

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1. Summary

The report sets out a recommendation to reallocate unspent Phase 1 Broadband Delivery UK (BDUK) grant funding to support a complimentary Marches ERDF (European Regional Development Funding) project. This will enable SME's who are not benefiting from current Connecting Shropshire contract delivery projects, to get a grant towards Next Generation Access (NGA) broadband (capable of 30 megabits per second) or Business Grade broadband (BGB).

2. Recommendations

Cabinet agrees:

2.1   That £842,853 from decommissioned contract obligations, in its BDUK Phase 1 project, is swapped for capital ring fenced funding in its Phase 2b procurement. The released capital of £842,853 will be used to enable Shropshire Council to draw down an additional £1,331,825 ERDF funding to support businesses with individual grants that will enable NGA or BGB.

REPORT

3. Financial Implications

3.1   Following decommissioning of some contract obligations in the Connecting Shropshire BDUK Contract 1, £842,853 match funding has been identified. BDUK have endorsed and approved the reuse of the grant funding for this purpose.

3.2   A sum of £842,853 will be reallocated. The funding will be swapped with capital funding currently allocated in Connecting Shropshire's Phase 2b procurement that is in progress.

3.3   Shropshire Council will need to contribute £23k revenue funding which can be found from within existing budgets.

4. Background

4.1 Connecting Shropshire, together with Superfast Telford and Herefordshire Council, who are acting as the lead applicant, applied for project ERDF funding. The funding will enable the roll out of NGA and BGB that will support the adoption of emerging technologies within the digital economy.

4.2 The MBBGS project is valued at £3,956,572 in total (from partners' contributions and ERDF grant funding) and was approved by the Department for Communities & Local Government in November 2016, with subsequent ratification by the Marches ESIF committee on 28th November 2016. Herefordshire, and Telford and Wrekin Councils have pro rata funding secured and committed for the MBBGS project.

4.3 The MBBGS project is designed to complement current BDUK contracts that are in deployment by all three local bodies. ERDF funding will enable the LEP to focus its intervention specifically at qualifying SME's that currently are projected to fall outside of the current commitments. The MBBGS project will provide both individual and groups of business, with access to financial support to get access to NGA and BGB. The project will support an essential component that all businesses now rely upon in the evolving digital economy.

4.4 The project will only be open to those SMEs within Herefordshire, Shropshire and Telford & Wrekin, which at the point of award have neither been enabled with superfast broadband by the mainstream Fastershire, Connecting Shropshire and Superfast Telford projects or any commercial broadband investment across the participating Local Authorities areas. In this regard the MBBGS project will add significant value to those extensive efforts to achieve wide scale superfast broadband coverage (which is agnostic to connectivity need or demand) by enabling more intensive intervention to be applied to qualifying SMEs in the local bodies unserved areas.

4.5 It is anticipated that 253 businesses will be supported across the Marches through the programme based on an average grant sum of £15,000. It remains highly possible that the average costs will be reduced over the term of the contract to enable significantly higher outputs to be achieved.

4.6 The anticipated number of businesses directly benefitting from the intervention in Shropshire will be a minimum of 150.

5. Risk and Opportunities

4.1 Connecting Shropshire are currently undertaking a new procurement (Phase 2b) to address the remaining projected gaps in the Shropshire Council area. This new procurement includes a strategy that will specifically incentivise bidders to address registered business premises as a priority. The approach could potentially reduce the number of business premises that could qualify for a grant from the MBBGS project.

4.2 The Local bodies' project have adopted a cautious approach in estimating the numbers of business, which could qualify for, grant funding and the average cost in doing so. Should the average scale of grants materialise at a lower average cost, or if aggregation schemes enable solutions to be provided across multiple occupancy sites, a higher call targets may ultimately be deliverable.

4.3 Take up of grants may be lower than expected. The risk can be managed with close coordination with key stakeholders and a proactive marketing strategy.

5 Conclusion

6.1 The reallocation of Phase 1 current funding will support an additional project, which will specifically support the critical area of improved broadband for qualifying businesses.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)   13-07-2016 Cabinet – Connecting Shropshire Broadband Strategy   27-07-2016 Cabinet - Connecting Shropshire Phase 2 Procurement Strategy   28-11-2016 The Marches ESI Funds Sub-Committee
Cabinet Member (Portfolio Holder)   Councillor Steve Charmley – Deputy Leader
Local Member   All members
<u>**Glossary**</u>   **BDUK**   Broadband Delivery UK   **BGB**   Business Grade Broadband can be described as   - Dedicated/uncontended   - Can be symmetric   - Supported with service level guarantees   >20Mbps Download & capable of being configured/upgraded to support >30Mbps; and   >2x faster than any current business grade connection to the location   **ERDF**   European Regional Development Funding   **LEP**   Local Enterprise Partnership   **MBBGS**   Marches Business Broadband Grant Scheme   **MBPS**   Megabits Per second   **NGA**   Next Generation Access (defined as capable of 30 Mbps