

Lee Harris, Executive Director for Place Services	Ref No: OKD07 20-21
June 2020	Key Decision: Yes
Bid Endorsement: West Sussex Gigabit Voucher Scheme	Part I
Report by Sarah Bazen, Digital Infrastructure Program Manager	Electoral Divisions: All

Summary

West Sussex County Council (WSCC) proposes to apply to the Department for Digital Culture Media and Sport (DCMS) and invest up to £2.85m into a West Sussex Rural Gigabit Voucher (WSRGVS) 'Top Up' Scheme that could attract additional DCMS funding of up to £1.35m. This bid is made on behalf of the West Sussex Councils (WSCs) Business Rates Retention Pilot (BRRP).

As a result, rural eligible (as defined by DEFRA) SMEs and residential premises with download speeds less than 100 megabits per second (mbps) within West Sussex will benefit from an increased topped up voucher amount toward the cost of gigabit capable infrastructure via the DCMS's Rural Gigabit Voucher Scheme (RGVS).

The increase in voucher value will make the scheme more attractive and viable in some of the hardest to reach and underserved areas in the county.

Progressing the scheme at the earliest opportunity will enable West Sussex Councils to maximise the economic benefits associated with the scheme. Furthermore, it will provide communities with a greater opportunity to seek proactive solutions to accessing gigabit capable broadband in advance of commercial roll out activities and future Government interventions. The WSRGVS improves West Sussex Council's ability to promote and market the scheme and in turn will contribute to increasing the availability of gigabit capable infrastructure.

Enhanced digital infrastructure is seen by central government, West Sussex Councils and the Coast to Capital Local Enterprise Partnership as having a key role to play in improving the economic performance of the county including the economic recovery by West Sussex from the Covid 19 crisis.

The government has signalled its intention to invest in gigabit-capable infrastructure in areas where the commercial market is not viable across the UK. The March 2020 budget committed £5bn to a publicly funded programme of build. The design and procurement of the scheme is scheduled for the summer 2021 with the first phase of build expected to start in summer 2022 and running over 5 years. The proposed WSRGVS will offer residents and businesses an opportunity to access solutions and bring economic benefits in areas most likely to have to wait some years for the Government's programme.

West Sussex Plan: Policy Impact and Context

A Prosperous Place – The project proposes to create a dual funded (BRRP & DCMS) WSRGVS that will increase the viability and attractiveness of the scheme to rural eligible SMEs and residential premises. In turn this will increase the availability of

gigabit capable infrastructure that will support economic growth and productivity through faster and more reliable broadband and contribute to the county's economic recovery.

A Council that works for the community – Assets held by West Sussex Council's such as expertise, promotional resources and funding will be leveraged and made available to support communities to navigate the scheme and collaborate with one another resulting in increased availability of gigabit capable connections. Communities' resilience and ability to self-serve will be enhanced as they will not be solely reliant on telecommunications suppliers roll out activities to gain better digital connectivity and share broader social, economic and individual benefits.

Financial Impact

Up to £2.85m has been ringfenced by the West Sussex Full Fibre Programme (WSFFP) Board from the BRRP as part of the £8m allocation within the 2020/21 Capital Programme for Rural Digital Infrastructure Projects. The Executive Director for Place Services was delegated authority by decision [CAB13 19-20](#) to agree the release of the necessary funds from the BRRP to enable the delivery of the scheme.

The scheme will also leverage significant funding from DCMS and potentially suppliers. Should the scheme be fully utilised there would be a £1.35m contribution from the DCMS, which will give a joint funding pot available to rural eligible areas of £4.2m.

Recommendations

That the Executive Director for Place Services endorses a bid for funding to the Department for Digital Culture Media and Sport to enable the establishment of a Gigabit Voucher Top Up Scheme for West Sussex and to commit up to £2.85m from the Business Rates Retention Pilot to act as the investment of the West Sussex Councils.

Proposal

1. Background and Context

- 1.1 The West Sussex economy and its communities rely on having access to fast and reliable broadband. This vital infrastructure supports economic growth and helps to boost productivity and provides increased access to services and enhances levels of health and wellbeing.
- 1.2 Approximately 96% of West Sussex premises can receive Superfast download speeds of at least 24mbps. The remaining 4% of premises (18,000 premises) do not have access to Superfast speeds. It is also estimated a further 35,000 premises have download speeds less than 100mbps. Therefore, a total of 53,000 premises do not have access to download speeds of 100mbps in West Sussex.
- 1.3 The UK Government has made it a priority to invest in 'future ready' gigabit-capable broadband that enables download speeds of up to 1,000 Mbps (1gigabit). Nationally levels of gigabit capable broadband availability are low (approx. 10%) as suppliers have previously prioritised other technologies.

- 1.4 Over 400 properties in West Sussex have received gigabit capable connections as a result of the now closed Gigabit Voucher Scheme (GBVS) and the ongoing Rural Gigabit Voucher Scheme (RGVS). This has resulted in over £1m of funding being secured for West Sussex communities. West Sussex has consistently placed within the top 20 Local authorities for both schemes in terms of vouchers claimed demonstrating the demand from residents and SMEs.
- 1.5 On 18 February 2020 the County Council's Cabinet agreed to allocate the funding from the BRRP towards delivering the Full Fibre Programme and delegate project level decisions to the Executive Director for Place services. The programme and this project have the full support of the West Sussex Full Fibre Programme (WSFFP) Board which consists of the chief executives of all West Sussex Councils (County, District and Borough)
- 1.6 Independently, DCMS announced its plans to support the roll out of gigabit capable infrastructure and the Treasury's intention to invest £5bn in public intervention where the commercial marketplace would most likely not invest in building connectivity. This is the 'final 20%' of premises across the UK known as the F20 Programme.
- 1.7 DCMS's F20 Programme will be phased, with the build phase not likely to commence until the summer of 2022 at the earliest.
- 1.8 £5bn may not be enough to cover all the final 20% of properties requiring gigabit-capable infrastructure across the UK, with no guarantee that it will address all premises in West Sussex. The proposed 5-year delivery timescale for F20 is extremely challenging, unless public and private sector capacity/resource is increased significantly. West Sussex Councils consider that early intervention through the WSRGVS top up scheme will mitigate against these risks and unlock economic benefits sooner.

2. Proposal Details

- 2.1 The WSRGVS proposes to top up the current voucher value available to rural eligible SMEs and residential properties via the RGVS of £3,500 and £1,500 respectively to a uniformed voucher value of £4,000 (subject to DCMS approval).
- 2.2 Increasing the voucher value per premises increases the likelihood of a voucher covering the installation costs of gigabit capable broadband for the applicant(s). This removes two established barriers to communities using voucher schemes in the past, namely the need to self-fund (the top up voucher pays the additional costs) and the need to establish governance that allows for financial transactions (the scheme is the governance).
- 2.3 In order to improve connectivity at the earliest opportunity and not risk being left to latter phases within the F20 Programme, this proposal seeks to deliver the WSRGVS top up immediately. This will enable the County Council to:
 - Maximise the opportunity within remaining window of the scheme to enter new applicants before the deadline (31 March 21).
 - Bridge the gap between the launch of the F20 Programme for communities without access to gigabit capable broadband.

- Enhance West Sussex Councils' case for early intervention via the F20 Programme due to demonstrable levels of demand, capacity and knowledge of areas without fast and reliable broadband thereby positioning West Sussex favourably for early consideration for inclusion in the F20 Programme.
- 2.4 DCMS requires that local authorities invest a minimum of £1m to enter the top up scheme. The WSFFP board determined that it wished to allocate a maximum £2.85m to fully exploit the opportunity of the fund. The Digital Infrastructure Team also identified the costs of funding a range of take up scenarios (between 2% and 6% of all properties with speeds less than 100Mbps). £2.85m would enable the 6% take up scenario to be delivered.
- 2.5 'Topping up' the DCMS scheme will encourage greater levels of take up than if the County Council simply promoted the RGVS. It can also leverage greater levels of funding from DCMS for gigabit capable connections. A comprehensive and proactive communications and engagement strategy is being developed in collaboration with District and Borough Councils to maximise the take up of the scheme.
- 2.6 The scheme enables communities to proactively obtain gigabit capable connections without being reliant on commercial and government roll out plans. Furthermore, given the rural focus, it is unlikely that the communities that stand to benefit the most from this scheme would be a recipient of a commercial roll out by a supplier as part of their business as usual roll out plans in the short to medium term.

Factors taken into account

3. Consultation

Cabinet Member & Leader

- 3.1 The Cabinet Member for Economy and Corporate Relations and The Leader of WSCC have been engaged and support the proposals.

Officers

- 3.2 Officers from Legal, Finance and Sustainability teams have been involved in the development of the proposals. The proposals have been considered by the West Sussex County Council Asset & Investment Hub on the 16 April 2020 and was supported.

External

- 3.3 The West Sussex Full Fibre Programme Board which includes chief executives or senior representatives from all the West Sussex Councils has endorsed the allocation of funding from the BRRP.
- 3.4 Regular discussions have been held with officers from DCMS to develop the proposal to maximise the likelihood of the application being successful.

4. Financial (revenue and capital) and Resource Implications

4.1 Capital consequences

	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
Capital budget	500	2,000	2,000	3,500
Required for Proposal	1,140	1,710	£0	
Funding brought forward	640	-290	-350	
Remaining budget	0	0	1,650	3,500

- 4.2 The scheme is administered by the DCMS who will establish the eligibility of the SME's and residents for the vouchers. The DCMS will apply their funding (£3,500 for SMEs and £1,500 for residents) in the first instance and the proposed funding from WSCC will be used, if required, to top up the funding to a maximum of £4,000. The contribution from WSCC will be paid over to the DCMS on a quarterly basis.
- 4.3 The last day for new entrants to join the scheme is 31 March 2021. Suppliers have then 12 months from the date of claiming a voucher to complete the build/connection phase. Therefore, the last possible date scheme payments can take place is 31 March 2022.
- 4.4 Upon the project's completion any unspent/uncommitted funds from the BRRP will remain with West Sussex Councils to determine how they wish to utilise the funding at a future date.
- 4.5 There are no revenue implications from this decision. All resources to meet the WSCC obligations under the scheme can be met from existing budget allocations.

5. Legal Implications

- 5.1 Upon successful application, WSCC will be required to enter a memorandum of understanding (MOU) with DCMS regarding the overall value and administration of the WSRGVS. The terms of which have been reviewed by Legal Services. Either party can withdraw from the MoU at a period of 10 working days.
- 4.6 The scheme is supplier led. Scheme related agreements are between the supplier and the lead signature on behalf of the SME's/residential property owners. SMEs and/or residential premises must apply by forming a group of minimum of two premises.

6. Risk Implications and Mitigations

- 6.1 The following risks and mitigations have been identified as part of the project.

Risk	Mitigating Action (in place or planned)
Not having enough funding to meet demand or not being able to spend our top up contribution before the DCMS funding runs out/expires.	<p>Performance of the current GBVS has been used as a guide to create assumptions of the value of future applications in harder to reach areas.</p> <p>WSCC will only pay for the top up contributions which have been connected in arrears on a quarterly basis. Any unspent money remains with WSCC and can be reinvested.</p> <p>In the instance the funding proves not enough other options can be explored to make the funding go further by reducing the top up amount and/or help communities raise their own funds through signposting and engagement.</p>
The topped-up Voucher Value may still not be enough to support some of our most remote and hard to reach premises	<p>It is inevitable that a minority of unique and extreme cases may be found for which the topped-up amount isn't enough to cover the full installation costs for all premises/communities.</p> <p>The County Council will utilise the insights gained from these locations to influence the build locations of future WSCC and Government-led interventions.</p>
Covid 19	<p>The WSRGVS relies on communities collaborating with one another to develop projects and suppliers being able to undertake the build of digital infrastructure to connect premises.</p> <p>National suppliers of digital infrastructure have expressed that during the current Covid 19 emergency their quotes and building (outside the premises) work can safely continue whilst complying with social distancing guidelines. The supplier would then connect the premises later when it is safe to do so.</p> <p>The communications strategy for the scheme has a mix of online, physical and public engagement channels and tools, the mix of which can be tailored as appropriate.</p>
Businesses premises may claim vouchers as residential premises	<p>Many business premises within West Sussex are also the residential property of that individual. There is a chance that these individuals may apply as a resident rather than as a business which will mean a greater draw down on the BRRP funding. The County Council will work with suppliers and DCMS to ensure business premises are identified prior to the awarding of vouchers. Messaging will be included within promotional material to highlight how West Sussex communities will benefit further from the scheme if individuals apply as a business, where this applies.</p>

7. Other Options Considered (and reasons for not proposing)

- 7.1 A range of top up voucher values were considered for the proposal to submit to DCMS. These were considered against the key objectives of the scheme to increase the viability of the scheme in rural eligible areas and encourage communities to aggregate demand.
- 7.2 Two further options were considered and discounted. These included "Do nothing" and "create a County Council voucher scheme". Do Nothing was discounted as it does not increase the viability of the scheme for SMEs and residents and fails to maximise the opportunity to leverage additional investment and supplier capacity towards gigabit capable connections within West Sussex.
- 7.3 The option to create a County Council scheme was discounted as it would not be able to leverage funding from DCMS. Furthermore, WSCC would also be responsible for developing and managing the administration of the scheme as well as taking on all risk and liabilities.

8. Equality and Human Rights Assessment

- 8.1 The overall scheme terms and eligibility are set by DCMS. As such the WSRGVS top up is available to all premises in rural eligible post codes.
Other non-eligible areas are likely to be commercially viable and be served by suppliers as part of their gigabit roll out activity.

9. Social Value and Sustainability Assessment

- 9.1 The proposal will enable West Sussex Councils to more confidently promote the scheme and will lead to increased uptake of gigabit capable connections. As a result, the project will support the economic productivity and growth and enable residents and businesses to benefit from improved connectivity for their work and daily living.

10. Crime and Disorder Reduction Assessment

- 10.1 None.

Sarah Bazen

Digital Infrastructure Programme Manager

Contact Officer: Sarah Bazen, Digital Infrastructure Program Manager, 0330 2222374

Appendices

None

Background papers

None