

CABINET – 21 JULY 2016

SUPERFAST TELFORD – MARCHES BUSINESS BROADBAND GRANT SCHEME

REPORT OF ASSISTANT DIRECTOR: BUSINESS, DEVELOPMENT & EMPLOYMENT

LEAD CABINET MEMBER – CLLR ANGELA McCLEMENTS

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 Superfast Telford is the Councils £5.6m broadband programme which will see 9,300 homes and businesses across the borough benefit from a new network of fibre broadband infrastructure. Combined with commercial activity, this will result in 98% of Telford & Wrekin being covered by the end of 2017.
- 1.2 The Council is committed to continue to seek solutions for the 2% of the borough that won't benefit from the current programme to get as close to 100% as possible. Savings and efficiencies made during the life of the programme will be re-invested as will income received from the take up of broadband provision that exceeds 20% at any upgraded or new cabinet.
- 1.3 The Council has also continued to seek other funding streams to support broadband roll-out. The current European Structural Investment Funds (ESIF) programme (2014-20) prioritises the provision of broadband infrastructure to businesses in order to support economic growth. As part of the Marches Local Enterprise Partnership, Telford & Wrekin has the opportunity to benefit from £2.2m of EU funding for this priority and the Council has therefore been working with Shropshire and Herefordshire on the development of a bid for funding for a Broadband Grant Scheme for Small and Medium Sized Enterprises (SME's) across the Marches.
- 1.4 The Marches LEP Project Delivery Plan 2015-2020 was approved at SMT on the 24th August 2015 and Policy Review on the 3rd September 2015 and included the business broadband grant scheme as a project. This report provides an update on the status of this project and sets out the delivery model. It also seeks approval of the match funding mechanism and for the authority to enter into a formal Partnership Agreement with project partners and the Department of Communities and Local Government (DCLG).

2. RECOMMENDATIONS

- 2.1 **Cabinet approve proposals for the project match funding mechanism**
- 2.2 **Cabinet grant approval to enter into a Partnership Agreement with project partners, with Hereford Council acting as Accountable Body**
- 2.3 **Cabinet delegate authority to the Assistant Director; Business, Development & Employment, in discussion with the Lead Cabinet Member, to take all actions necessary to complete the Partnership Agreement**

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Protect and create jobs as a Business Winning and Business Supporting Council.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/ DELIVERY DATE	<p>Subject to approval in June 2016, the project will launch on October 1st 2016 and remain open until the end of 2018.</p> <p>NOTE: These timescales will likely change as a result of the EU referendum outcome. At present all projects that are not yet in contract are being held by DCLG as they seek clarification on the situation.</p>	
FINANCIAL/ VALUE FOR MONEY IMPACT	Yes	<p>The Project cost of approximately £0.396m will be funded from £0.237m ERDF and £0.159m from TWC match funding from within the approved capital programme, discussed fully in Section 4.8 of this report.</p> <p>Costs associated with the marketing and promotion of the scheme will be met from the existing Growth Hub revenue base budget.</p> <p>Financial support will be provided as required as the project progresses.</p> <p>DMR 22/6/16</p>
LEGAL ISSUES	Yes	<p>State Aid law recognises a variety of public support which is compatible with the internal market including support for small and medium enterprises and promoting the local economy.</p> <p>The Council will be mindful of State Aid Rules and any General Block Exemptions available to SMEs in relation to grant funding to commercial entities who engage in tradable activity. The Council will construe its behaviour against Constitutional standards of financial probity and stringent financial planning and financial risk management as well as risk and equality impact assessments and procurement requirements, which may impact its grant making, support package coordination and delivery to third parties.</p> <p>Legal Services will be available to support the legal formalities for any incidental agreements with the Lead Authority, partnering bodies and third parties generally including Non-Disclosure Agreements, Partnership Agreement and Grant Agreements.</p> <p>MG Legal ext 80787</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	

PART B – ADDITIONAL INFORMATION

4. INFORMATION

Project Summary

- 4.1 The Marches Broadband Grant project is seeking funding from the current ESIF Programme to provide grant funding to qualifying SME's to pay for bespoke solutions that will allow businesses to benefit from Next Generation Access¹ and/or Business Grade Broadband Connectivity. It will only be open to businesses that have not been broadband enabled by either the current BDUK Superfast Telford Programme or by other commercial broadband investment.
- 4.2 Based on costs and grants provided by a recent and similar project operated in Herefordshire, it has been assumed that the average level of grant payment will be £15,000 per business, with costs ranging from £7,000 to £25,000. It is anticipated that many grants are likely to be towards the lower end of this spectrum in Telford & Wrekin which has more accessible, semi-rural areas, but in recognition of the more remote rural areas in Shropshire and Herefordshire the maximum grant level will be set at £25,000 per eligible beneficiary.
- 4.3 Based on the allocation within the ERDF ICT priority, as well as eligible number of businesses and forecasted take up the total value of the project for the Marches is £3.9m. This is shown below, split between Shropshire and Telford & Wrekin which are classified by the EU Commission as 'Transitional' areas (where a 40% match is required) and Herefordshire which is classified as 'More Developed' and therefore eligible for a lower level of intervention (requiring a 50% match):-

Funding Sources	Transitional (T&W / Shropshire)	More Developed (Herefordshire)	Total
EU Funding	£1,566,853	£67,2575	£2,239,428
Match required	£1,044,569	£67,2575	£1,717,144
Total	£2,611,422	£1,345,150	£3,956,572

- 4.4 The funding split within this for Telford & Wrekin is as follows:-

ERDF	£237,818
Match required	£158,545

- 4.5 Across the Marches there are around 4,300 businesses that may qualify for a grant. The table below shows the breakdown of eligible businesses across the Marches and the likely level of grant take up:-

Local Authority Area	Eligible Businesses	Outputs/Take up
Hereford	2,070	77
Shropshire	2,150	151
Telford	124	27

¹ **Next-Generation Access** (NGA) describes a significant upgrade to the Broadband available by making a step change in speed and quality of the service. This is typically thought of as asymmetrical with a download speed of 24Mb plus and a fast upload speed.

- 4.6 An output of 27 businesses is around a 22% take up rate of the scheme in Telford & Wrekin. Analysis of the eligible businesses indicates that there are a significant number of micro enterprises which gives an indication of economic impact:-

Number of Employees	Number of eligible Telford & Wrekin SME businesses
10+	25
2-9	39
1	60
Total	124

Match Funding

- 4.7 It is proposed that grants will be available directly to beneficiaries based on the following intervention rates:-
 Herefordshire (more developed area) – 50% ERDF / 50% match funding
 Shropshire and Telford (transition areas) – 60% ERDF / 40% match funding
- 4.8 More investment into the Superfast Telford programme has been confirmed. This will allow the Council to use funding already allocated against the programme as summarised in the table below:-

BDUK funding for the Superfast Telford Programme	TWC funding for the Superfast Telford Programme	TWC ERDF Marches Broadband Grant Scheme funding
£2,153,670	£1,846,330	£158,545 (£153,670 capital + £4,875 revenue)

- 4.9 The Council has made a commitment to extend coverage across the borough as far as possible. The priority is the delivery of Superfast Telford which is still in the early stages of delivery. As well as deployment the focus remains on making savings through efficiencies or reinvestment of take up payments to get further with the funding that we already have in place. It is also important to note that as a result of this, over the life of the Superfast Telford programme, some of the eligible businesses for the grant scheme may well receive superfast connectivity via the main programme.

Project Delivery

- 4.10 Herefordshire Council will be the accountable body for the project, undertaking management and administration responsibilities. Each of the local authority partners will be responsible for the promotion of the grant scheme in their area, and for Telford & Wrekin this will be done through the Council's Growth Hub team.
- 4.11 The project partners will jointly approve grant payments and the interface between suppliers, businesses and the local authorities will be a locally branded on-line portal.

5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

None

6. **PREVIOUS MINUTES**

Marches LEP Project Delivery Plan 2015-2020

7. **BACKGROUND PAPERS**

None

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