

READING BOROUGH COUNCIL

REPORT BY MANAGING DIRECTOR

TO:	POLICY COMMITTEE		
DATE:	16 MARCH 2015	AGENDA ITEM:	13
TITLE:	BROADBAND CONNECTION VOUCHER SCHEME		
LEAD COUNCILLOR:	CLLR LOVELOCK	PORTFOLIO:	LEADERSHIP
SERVICE:	ICT, POLICY, ECONOMIC DEVELOPMENT	WARDS:	BOROUGHWIDE
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1. PURPOSE OF THE REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of the report is to provide an overview of the Council's role in implementing the Broadband Connection Voucher Scheme and to seek the Committee's approval to administer the scheme in Reading.
- 1.2 The Broadband Connection Vouchers Scheme is a government-funded project to improve the internet connectivity of Small to Medium Enterprises (SMEs). The scheme is led by Broadband Delivery UK (BDUK) and the Department of Culture Media and Sport (DCMS). It provides Broadband Vouchers (between £100 and £3,000 in value) to SMEs to cover the installation costs of a faster and better broadband service.
- 1.3 Reading Borough Council has been invited to participate in phase 2 of the Connection Vouchers Scheme. Starting 1st April 2015, the scheme is targeting a further 1 year of £40m of capital grant funding to SMEs in 22 additional cities around the UK. The extension of the voucher scheme to Reading (and assuming SME's respond to the opportunity) would provide a further source of funding to potentially improve superfast broadband infrastructure across the borough.

- 1.4 The Council is required to put formal governance and administration arrangements into place. These will be tested by BDUK before the scheme can be confirmed operational locally.
- 1.5 This project, while separate to the Superfast Berkshire Broadband Programme which all the Berkshire Unitary Councils already participate in, will seek to share SME Voucher uptake information to ensure opportunities to improve Superfast Broadband infrastructure are progressed where feasible to maximise the benefit to end customers.
- 1.6 Reading is the only town in Berkshire currently invited to participate in this Voucher scheme, but BDUK and DCMS are keen to explore the possibility of extending the scope of qualifying postcodes into the wider Berkshire County. Further discussions are taking place with Thames Valley LEP and BDUK to determine final scope and participation.

2. RECOMMENDED ACTION

- 2.1 That the Council administer the Broadband Connection Voucher Scheme in Reading to support small medium sized enterprises (SME's) in improving their internet connectivity.

3. POLICY CONTEXT/ BACKGROUND

- 3.1 The availability of superfast broadband can greatly increase the productivity of a business. A good broadband connection means there is greater capacity to send and receive data electronically. This will allow files to be downloaded and uploaded faster and emails sent and received much quicker, which will be particularly beneficial for companies that regularly need to send or archive large data files.
- 3.2 In 2011, the government set aside £100 million for an Urban Broadband Fund (UBF) that created up to ten 'super-connected' cities across the UK. This was followed in 2012 by a further fund of £50 million for a 'second wave' covering a further 12 cities to benefit from this programme. The super-connected cities are benefitting from faster and better broadband for small businesses with a Broadband Voucher Scheme launched to contribute towards the costs of connections for those businesses. The scheme is currently active in 22 cities across the UK and is administered by each city through over 600 registered suppliers.
- 3.3 In the 2014 autumn statement, the Government announced an extension of the broadband connection voucher scheme to 22 additional 'cities', including Reading, from 1 April 2015. Voucher awards are likely to range between £100

and £3,000. The average value of vouchers across the scheme has been £2,671 and this is reducing.

- 3.4 The scheme is only open to qualifying SMEs within postcode areas agreed with BDUK as being in scope. Social enterprises and charities within SME scope are eligible as well. SMEs can apply for funding on a first come first served basis. Qualifying SMEs must deliver a step change in connectivity, usually to over 30 Mbits/s, but are free to spend their vouchers as they wish - they may redeem on an individual basis or may cooperate with other voucher recipients.
- 3.5 The scheme will work within the existing market and will not favour or discriminate by design against any particular supplier. Aggregation of vouchers by businesses and landlords is possible to pool investment for infrastructure, but must not be driven by the Council itself. The Voucher can only meet allowable capital install costs and not any on-going revenue costs. Each Scheme Administrating Council can reclaim 10% of the Voucher value awarded to offset administration costs. These costs claimed must be capitalised/capital based.
- 3.6 The current round of the scheme has seen 1-4.5% take up from SMEs, with an average of 100-200 vouchers issued. 92% of applications have been eligible.
- 3.7 Reading has signed a formal Collaboration Agreement with all other councils in Berkshire, aiming to deliver to an initial government target for December 2015 where 90% of businesses and homes should have Superfast Broadband with the rest not less than 2meg. Further Government funding then became available to move up to 95% coverage by December 2015. Reading is forecast to achieve 98% Superfast coverage by end of 2017. The extension of the voucher scheme will allow Reading to address current gaps in Superfast Broadband and also allow a shorter term solution to slow broadband speeds.

4. THE PROPOSAL

- 4.1 A conference was held by BDUK in London on the 29th January 2015 to formally brief invited cities on the roll out of the scheme. Reading has confirmed its participation in the Voucher scheme on the 5th February, 2015. The start date for the project was set for the 1st April 2015, to allow for a period of time to prepare for the commencement of availability of Connection Vouchers within Reading.
- 4.2 The Council is required to agree to administer the Broadband Voucher Scheme and put formal governance arrangements into place. These will be tested by BDUK before the scheme can be confirmed operational locally.
- 4.3 The Council's role for administering supplier packages ("off the shelf") would involve checking the eligibility of SMEs, paying the supplier and claiming the

money back from BDUK. For bespoke packages (“DIY”), including aggregate schemes, businesses will apply to the city; the city checks their eligibility and issues a voucher, pays the supplier and claims back from BDUK.

- 4.4 To enable the scheme to start 1 April 2015, BDUK will need to see evidence of the following to confirm it is ready to launch:
- A senior responsible officer has been identified
 - Enter into a funding agreement
 - A project team with day-to-day responsibility for administering the scheme.
 - A project plan with monthly milestones
 - A demand stimulation plan
- 4.5 Further responsibilities for the Council include
- Local Demand profiling and strategy
 - Applicant advice/support
 - Local Delivery - anti-fraud and VFM
 - Contact information and postcodes
 - Administrate & Operate within framework
 - Supplier registration Supplier engagement at local level
 - Local branding of scheme
 - Participation and collaboration
 - Payments to suppliers
 - Regular reporting to BDUK: monthly (for bespoke applications) or weekly (for pre-registered package)
 - Local Intermediary plan and delivery
- 4.6 That discussions with Thames Valley LEP, BDUK, DCMS and the other Berkshire Unitary Councils continue to determine the final scope of the scheme across Berkshire.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 Administering the Broadband Voucher Scheme in Reading will contribute to our service priority of providing infrastructure to support the economy
- 5.2 The availability of superfast broadband can greatly increase the productivity of a business and foster economic development.
- 5.3 Superfast broadband can also have positive environmental implications through enabling home working, reducing journeys through technology including video conferencing and sending files over the internet.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 By administering the Broadband Voucher Scheme, the Council will be supporting and strengthening the role of SMEs, including social enterprises and charities, within Reading.
- 6.2 BDUK has developed a toolkit for cities to use and adapt when promoting the scheme to SME's. It contains a range of materials including content for leaflets, social media feeds and branding guidance which will be tailored to Reading's promotional activity and which other stakeholders can use to help raise awareness of the scheme locally.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 The Broadband Connection Voucher Scheme will support digital inclusion.

8. LEGAL IMPLICATIONS

- 8.1 To enable the rollout of broadband vouchers in Reading, the Council will need to enter into a formal agreement with BDUK and meet a number of requirements including governance arrangements, project team, project plan and demand stimulation plan.
- 8.2 As the details of the formal agreement are not yet known, this report delegates authorisation of the formal agreement to the Head of Customer Services. Legal advice will be provided in this matter to ensure that the agreement is in accordance with relevant statutes and the Council's constitution.
- 8.3 If the scope of the scheme widens to include other councils within Berkshire, then appropriate legal agreements will need to be put in place to ensure governance and liability responsibilities are documented and clear to all parties.

9. FINANCIAL IMPLICATIONS

- 9.1 The broadband voucher scheme is providing £40m of capital grant funding to SMEs on a first come first served basis in 22 additional cities around the UK for 1 year.
- 9.2 There is no specific allocation of funding per city; therefore there is no guarantee of funding for any area. Any vouchers properly issued will be honoured by BDUK, as it is a Guaranteed Grant Scheme.
- 9.3 The Council will be responsible for issuing the broadband vouchers and paying the supplier, once the work is complete, claiming back from BDUK on a quarterly basis. Realistically there will be a bridging period to finance between paying suppliers and reclaiming the grant from BDUK (1-2 months). Declarations are required to BDUK to track and claim back payments.
- 9.4 The rollout out of vouchers will be based on demand and therefore at this stage cannot be quantified. Any adjustments to budget for delivery of this scheme will be subject to the normal budgetary approval processes. The scheme will run across year-end, as vouchers may be approved but the infrastructure not installed and signed off for several months.
- 9.5 Ongoing costs shall be recouped through the principle agreed with BDUK that cities can capitalise up to 10% of claims as capitalised costs, for scheme related costs that the S151 Officer or equivalent approves as capital or capitalisable expenditure.
- 9.6 So far, 122 SMEs in Reading (and 844 SMEs in Berkshire) have expressed interest in the scheme under limited promotion by the DCMS. The scheme also links in with the wider Berkshire-wide agreement to deliver the Superfast Broadband rollout, as it provides further capital income to support infrastructure roll out or improvements.
- 9.7 If the scope of the scheme widens to include other Berkshire Councils, agreements will be needed to ensure each authority is responsible for the payment and reclaiming of vouchers issued in its own bounded area so as to not place any unreasonable financial burden on Reading if it leads the scheme.

10. BACKGROUND PAPERS

- 10.1 Broadband Connection Vouchers, New Cities Conference, 29th January 2015
- 10.2 Broadband Connection Vouchers, Support Scheme Documentation, DCMS, 22nd January 2015