

**CITY OF NOTTINGHAM AND NOTTINGHAMSHIRE ECONOMIC
PROSPERITY COMMITTEE – 25 JULY 2014**

Subject:	Broadband - D2N2 Growth Deal		
Presenting authority / representative):	Report of Matt Lockley, Economic Development Team Manager at Nottinghamshire County Council		
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Key Decision <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Value of decision: £5.26 million	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital		
Authorities affected: Nottingham City and Nottinghamshire local authorities	Date of consultation with relevant authorities: N/A		
Summary of issues (including benefits to citizens/constituent authorities):			
<p>a) This is the fourth report presented to the Economic Prosperity Committee regarding the Government's Superfast Extension Programme (SEP)[now interchangeably referred to by Government as 'Phase 2'], which aims to extend the reach of fibre broadband coverage across Nottingham city and the County beyond 95%.</p> <p>b) The previously reported submission to Broadband Delivery UK (BDUK) of the Expression of Interest and the Full Application, as well as the continued lobbying of D2N2 LEP to secure match funding resources, looks to have turned this extension programme into reality.</p> <p>c) The recent publication of the D2N2 Growth Deal indicates that funds will be forthcoming through this route to support the Superfast Extension Programme.</p>			
Exempt information: None.			
Recommendation(s):			
<p>As a matter of record, the Economic Prosperity Committee notes the recent publication of the Growth Deal and the specific signals of Government's intention to:</p> <p>a) provide the flexibility for D2N2 LEP to re-allocate underspends on other projects in 2015-16 to enhance delivery of the D2N2 broadband projects (£4.8 m), retaining the overall allocation to projects which have slipped, and;</p> <p>b) If there are no underspends of Local Growth Fund in 2015-16, provide further funding up to that level (£4.8m) to ensure that the additional superfast broadband is delivered.</p>			

1 REASONS FOR RECOMMENDATIONS

- 1.1 To update the EPC on the positive outcome of the D2N2 Growth Deal in terms of the broadband Superfast Extension Programme.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 As previously reported, Nottinghamshire's allocation is £2.63 million for the Superfast Extension Programme [£1.83m/£0.8m respectively to the county/city]. This is essentially BDUK's best assessment (given the margin for error and the many uncertainties surrounding modelled data) of what is required to secure the national objective of 95%+ fibre

coverage. The Nottingham City allocation was modelled to raise superfast coverage from 96.0% to 98.0% and for Nottinghamshire County from 94.3% to 96.8%, which would mean a total for the partnership from 94.8% to 97.3%.

2.2 Efforts made to secure the full match funding allocation through the D2N2 Local Economic Partnership (D2N2 LEP) Local Growth Deal have proved successful. The 7 July 2014 publication of the D2N2: Growth Deal 2014 has signalled Government's intention to:

- provide the flexibility for D2N2 LEP to re-allocate underspends on other projects in 2015-16 to enhance delivery of the D2N2 broadband projects (£4.8 m), retaining the overall allocation to projects which have slipped, and;
- If there are no underspends of Local Growth Fund in 2015-16, provide further funding up to that level (£4.8m) to ensure that the additional superfast broadband is delivered.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 Do nothing option – In light of the Government's stated intention to allocate the mandatory full match funding allocation to the SEP through Local Growth Funds this option has been discounted.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

4.1 It is proposed that change control of the existing contract will offer the quickest and lowest administration cost to extend coverage outcomes and will ensure maximum likelihood of outcomes remaining compliant with the UK's State aid National Broadband Scheme. The change control route will be subject to materiality limits and timeframes but importantly would ensure that the private sector supplier investment ratio of 31% to the combined public sector investment of 69% is maintained as illustrated in the following table:

Funding Partner	Amount	Investment ratio
BDUK	£2.63m	69%
D2N2 Local Growth Fund	£2.63m	
Supplier	£2.36m	31%
SEP TOTAL	£7.62m	100%

4.2 Any appointed telecommunications supplier will deliver value for money via the BDUK process in addition to various auditing measures to ensure that this is the case.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

5.1 Nottinghamshire County Council will be leading the extension of the existing contract (and/or any tendering) and will be acting as lead authority.

5.2 There are no financial risks on any party until a contract is signed between BT, BDUK and the County Council.

6 **SOCIAL VALUE CONSIDERATIONS**

6.1 The County Council is likely to utilise the BDUK Framework for any additional funds secured. This process considers the economic, environmental and social benefits of any approach to procurement.

7 **EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

8 **LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

- BDUK Superfast Extension Programme Funding Guidance
- Letter from the Chair of the Economic Prosperity Committee to the D2N2 LEP CEO dated 6 June 2014

9 **PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

- Nottinghamshire County Council [Economic Development Committee Report](#) on the Superfast Extension Programme [11 March 2014]
- The City of Nottingham and Nottinghamshire [Economic Prosperity Committee Report](#) Better Broadband for Nottinghamshire (BBfN) Programme Update and Superfast Extension Programme (SEP) [21 March 2014]
- The City of Nottingham and Nottinghamshire [Economic Prosperity Committee Report](#) Broadband - Superfast Extension Programme [16 May 2014]
- Nottinghamshire County Council [Policy Committee Report](#) on the Superfast Extension Programme [4 June 2014]
- The City of Nottingham and Nottinghamshire [Economic Prosperity Committee Report](#) Broadband – Options for matching the Superfast Extension Programme (SEP) [20 June 2014] Cabinet Office, Deputy Prime Minister's Office [Policy Paper](#) on D2N2: Growth Deal 2014 [7 July 2014]

10 **OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

None.