



Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

9 September 2021

Report of the Executive Director - Place

**Gigabit Voucher “Top Up” Scheme
(Infrastructure and Environment)**

1. Divisions Affected

1.1 County Wide.

2. Key Decision

2.1 This is a key decision as it will result in the Council incurring expenditure of £500,000 and is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral areas of the County.

3. Purpose

3.1 The purpose of this report is to explain the opportunity afforded to the Council and secure further investment in the Government’s Gigabit Voucher Scheme.

3.2 Cabinet is asked to:

- a) Approve a second “Top Up” contribution of £500,000 to the Gigabit Voucher Scheme.

4. Information and Analysis

4.1 Background

Derbyshire's Superfast programme (Digital Derbyshire) has been in place since 2014 and has provided Superfast Broadband connectivity (>24 Mbps) to over 103,000 homes and businesses. Delivery under the Superfast programme is due to complete in September 2021.

4.2 The County currently has 97.08 % fibre broadband coverage at >24mbps. However, this level of coverage is not consistent across Derbyshire and around 11,500 premises, mainly in rural areas, do not have access to reliable Superfast broadband, in fact, some 4,500 of these premises cannot access broadband speeds above 10Mbps.

4.3 Project Gigabit

The Department of Digital, Culture, Media and Sport (DCMS) is currently rolling out a £5 billion programme over the next years to provide gigabit (1,000mbps) capability to 85% of all homes and businesses by 2025. Derbyshire is expected to be in phase two of this programme and delivery should commence in late 2022 or early 2023. DCMS has stated that "*demand led*" schemes, such as the Gigabit Voucher scheme, are an important part of the overall strategy to increase the fibre broadband footprint to harder to reach communities.

4.4 Gigabit Voucher Scheme

The cost of delivering new digital infrastructure to rural, and particularly 'very hard to reach' locations, is disproportionately expensive and not commercially viable to the operators, making it difficult to secure more reliable, full fibre access to properties in these areas. The voucher scheme helps to bridge some of the funding gap and provides funding support for residential and business premises to access Gigabit capable broadband (full fibre) through vouchers up of £1,500 for each residential premise and £3,500 for each business premise. However, given the high costs of digital connections, there often remains a funding gap for the cost of connection which means many communities remain at risk of being left behind.

4.5 The "Top Up" Scheme

'In October 2020, DCMS provided an opportunity for local authorities to "top up" the voucher values and make it easier for remote and rural communities to get connected. Essentially top up is applied at the point where the existing DCMS vouchers are not sufficient to cover the full cost of the new infrastructure.

- 4.6 In line with stated priorities and commitments to support levelling up and sustainable growth, Derbyshire County Council agreed in January 2021 to allocate £500,000 from the COVID 19 Emergency Recovery Fund to provide additional funding to the top up scheme, effectively doubling the value of each voucher and making it more affordable for more Derbyshire residents and businesses to access gigabit connectivity i.e. exceptionally fast broadband or improved speed and quality of current provision.
- 4.7 The additional funding is utilised by DCMS paying its voucher first (£1,500 or £3,500 for residential and business premises respectively) and then, if required, the remainder of the cost of installation is topped up from the Council's contribution - up to the maximum agreed amount.
- 4.8 The top up scheme has been very successful and to date, £257,000 of Derbyshire County Council funding has assisted an additional 1,066 premises being registered with DCMS for voucher funding.
- 4.9 It is anticipated that the remaining Council contribution of £243,000 will be utilised by the end of September 2021 and that overall, around 2,000 homes and businesses across Derbyshire will have been supported by the "Top Up" scheme.
- 4.10 This report proposes to allocate a further Council contribution of £500,000 to the top up scheme which would enable roll out of this essential asset to even more hard to reach communities – the last 4% - and (based on our results to date) would help connect Gigabit capable broadband to a further 2,000 premises across Derbyshire.
- 4.11 **Funding Proposal**
Derbyshire County Council currently receives "gainshare" revenue from Openreach as part of its existing arrangements in the original Digital Derbyshire Contract. Due to the impending conclusion of the Superfast programme, the Council will be receiving a return of accrued gainshare and residual funding from Openreach of approximately £1.95m. It is proposed that £500,000 of this returned gainshare be utilised to fund the additional top up contribution to the Gigabit voucher scheme.
- 4.12 **Governance**
It is anticipated that the top up scheme will continue to be administered and managed by the Digital Derbyshire Team in parallel with the day to day management of the wider programme and will be governed by the existing Digital Derbyshire governance structure, including the Council's Programme Board.

5. Consultation

- 5.1 No public consultation is required to take part in the second phase of the Top Up Scheme; all local intelligence (customer feedback, business feedback etc) indicates that further help to rural and remote communities accessing better connectivity is long-awaited and would be widely welcomed.

6. Alternative Options Considered

- 6.1 The following options have been considered:
- 6.2 The Council could choose not to engage in the second phase of the Top Up scheme and retain the Gainshare from the Superfast programme. However, this would have the impact of reducing the number of residential and businesses properties in some of the hardest to reach places across the County that could benefit from access to Gigabit capable broadband and would be counter to the Council's levelling up ambitions.
- 6.3 The retained Gainshare could be allocated to alternative projects to improve broadband coverage across the County. However, the costs would be extremely high without the benefit of the DCMS funding contribution and opportunities are very limited at present due to suppliers concentrating on their own commercial programmes or Project Gigabit.
- 6.4 Based on the reported performance of our original top up investment, it is considered that this proposal to extend the top up scheme, represents the best value for money option available at present and would help meet wider economic objectives, including addressing digital exclusion and the levelling up agenda.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 Think Broadband coverage data for Derbyshire June 2021.

9. Appendices

- 9.1 Appendix 1 – Implications

10. Recommendations

That Cabinet:

- a) Approves a further contribution of £500,000 to the Department of Culture, Media and Sport (DCMS) as match funding for the Gigabit Voucher Scheme.
- b) Approves the funding be secured from the returned Gainshare fund from Openreach Contract 1 up to a maximum of £500,000.

11. Reasons for Recommendations

- 11.1 This recommendation gives the Council the opportunity to continue facilitating additional (Gigabit Capable) broadband coverage in rural and remote parts of the County.
- 11.2 This investment can be wholly funded through the gainshare revenue being received from the Digital Derbyshire programme.

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Appendix 1

Implications

Implications

Financial

1.1 As detailed in the report.

Legal

2.1 The Director of Legal Services will advise in relation to any legal documentation relating to the DCMS 'Top Up' Scheme.

Human Resources

3.1 None.

Information Technology

4.1 Based on the return on investment from the first top up scheme, it's anticipated that circa 2,000 premises will benefit from improved access to digital services.

Equalities Impact

5.1 Based on the return on investment from the first top up scheme, it's anticipated that circa 2,000 premises will benefit from improved digital access, speed and reliability. These premises will be in harder to reach locations and as such, will help achieve the Council's, and Government's, levelling up ambitions. Also, typically, such households are more at risk to exclusion of access to necessary services -including, health, education and employment support; the Top Up scheme will help address these issues.

Corporate objectives and priorities for change

6.1 This proposal directly supports a key action in the Council Plan – to implement the Gigabit Voucher Top Up Scheme and increased take-up of fibre enabled broadband across Derbyshire, particularly in rural areas, to improve access, speed and reliability for homes and business. This action supports the Council Plan priority of a prosperous and green Derbyshire.

Other (for example, Information Technology Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.