

## SWLEP £2m Ultrafast Broadband Match Funding Bid Update

### 1. Overview

The aim of the bid is for Wiltshire Online to formally secure £2m match funding from the SWLEP, utilising the Local Growth Fund mechanism, to support Ultrafast (>100 Mbps) broadband connectivity roll out to targeted business areas in the county, to include some postcode areas of Swindon, within an eligible and agreed State Aid compliant intervention area.

On 16 February 2016 BDUK formally wrote to Wiltshire Council (Wiltshire Online) as follows:

*“I am pleased to say that your application for £2 million from the Fund has been successful, on the expectation that this will be matched with £2 million of local funding. We understand your local match funding is not yet approved by the Local Enterprise Partnership and we would therefore encourage you to do all you can to gain approval quickly. As we have discussed, we would be happy for your project to include premises within the Swindon Borough Council boundary.”*

Subsequently, Wiltshire Council (Carolyn Godfrey) replied to BDUK on 24 March 2016, with a “Letter of Intent,” stating that:

*“any match funding we manage to secure with the Swindon & Wiltshire Local Enterprise Partnership, would be turned back into the Ultrafast project in full (the match funding will include some Swindon postcode areas).”*

### 2. Strategy

As the scheme promoter, Wiltshire Online will carry out the necessary data analysis to identify eligible intervention postcodes across both areas, giving specific priority to delivering Ultrafast broadband speeds of 100 Mbps and above and will work with Broadband Delivery UK (BDUK – Department for Culture, Media & Sport (DCMS)) to determine the most effective way of delivering this outcome. BDUK will also provide the necessary assurance through the National Competency Centre (NCC), to ensure all activities are State Aid compliant, in line with the new guidance expected from the EU Commission circa May 2016.

The key objectives of the project are summarised as follows:

- Priority 1 – A State Aid compliant Ultrafast Broadband solution to circa 1,252 businesses identified within our mutual strategic business growth areas, currently shown as “No Build” within our approved Phase 2 Superfast Broadband Intervention area and in line with our mutual SWLEP Economy & Regeneration policies and aspirations, at a cost of £2m (£2m / circa 1,252 premises = £1,597 per premise). These costs are broadly in line with the Wiltshire Online current Superfast Broadband contract “premise cap”. (See [Note](#) Below.)

- Priority 2 - If we cannot technically achieve 100Mb Ultrafast postcode coverage, we will re-model the State Aid compliant intervention areas, clearly demonstrating a significant “step change” in speeds, utilising a combination of both Ultrafast & NGA technologies. (Eg Current speed 40Mbps – Target speed 80Mbps – 100% targeted speed uplift).
- An Open Market Review (OMR) and Public Consultation Process (PC) will precede any formal procurement activity, in line with European State Aid compliance.

**Note** – Any agreed match funding from the SWLEP would clearly mean that the “premises covered” figure of circa 1,252 above, would be significantly increased to circa 2,500 premises, and that there may be some additional benefits realised with the economies of scale, in the deployment modelling. The above costs in Priority 1 are based purely on the coverage achievable with the £2m BDUK Grant Fund ONLY.

### 3. Independent Technical Assessment

Working with Matthew Croston (Strategic Economic Programme Manager), Wiltshire Online prepared and submitted an Early Assessment Selection Template (EAST), for independent assessment by Cushman Wakefield.

Following the submission on the 18 December 2015, “Cushman Wakefield” (Ben Pretty) ITA summary narrative was as follows:

*“In summary, this appears to be a reasonable scheme at this stage with a strong strategic case for LEP investment support, based on a review of the information provided and my discussion with Adrian Grant at the Council. There is a risk around securing the BDUK grant to deliver the scheme but the LGF is required as match to potentially unlock this funding and timing is key. The Council has also already secured significant investment from BDUK previously and so has a track record in doing so. The other main risk (aside from State Aid/procurement risks which are mitigated to some extent based on the promoter’s experience) relate to the business/end user demand for the ultrafast broadband infrastructure and further evidence to support take-up/demand projections needs to be provided at the next stage as part of a more comprehensive assessment of the economic case which at present has not been quantified. At the OBC stage, the economic case needs to focus on the likely net additional productivity/GVA enhancements to enable a BCR/VFM benchmark to be derived. It has the potential to present a strong economic case assuming the reference case does not result in elements of the scheme being delivered in the absence of the LGF funding, with evidence to support these assumptions (ie to demonstrate the market won’t deliver the scheme or that the Council will not provide the local BDUK match).”*

As per the decision taken at the SWLEP Board meeting on 20 January 2016, Wiltshire Online, as the scheme promoter, was invited to and subsequently submitted, a further written clarification response to the ITA, on 12 February 2016.

Following a second round of assessments by the appointed Independent Technical Advisors, and a strategic review of projects by SWLEP officers, the SWLEP Board met on 16 March 2016 to review all projects. At that meeting, the BDUK £10m South West Fund Ultrafast Bid project was identified as a strong project and was deemed to be in a position to potentially be asked to provide an Outline Business Case and to potentially be put forward for funding, subject to any constraints stipulated by Central Government and the amount of funding available.

#### **4. Proposed Funding Timeline for Local Growth Fund (LGF 3)**

At the moment, information from Central Government on the process going forward is limited. At the LEP Conference on 22 March 2016, Greg Clark MP, the Secretary of State for DCLG, did say that the department will be writing to LEPs in the near future to provide more clarity on these matters. Once this information has been received and considered, the SWLEP will write again to confirm the process and, at this time confirm whether or not an Outline Business Case will be requested for the BDUK £10m South West Fund Ultrafast Bid project. Greg Clark did say that proposals would be required to be submitted by July of this year, before the Parliamentary summer recess, as a high level timescale.

#### **5. HM Treasury Green Book Business Case**

Wiltshire Online has recently started the process of drafting a Green Book OBC, should this become a prerequisite for the next stage of submissions.

#### **6. Terms of Reference**

“Terms of Reference” have yet to be established and agreed between the Swindon and Wiltshire authorities.

Adrian Grant  
19 April 2016