

Report to Cabinet
11 March 2015
Report of Executive head of regeneration and development
Subject Superfast Britain Connection Vouchers Scheme

Item

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Purpose

To inform cabinet that Norwich has been offered the opportunity to join the Government's Superfast Britain Connection Voucher Scheme, offering businesses a grant of up to £3,000 to cover the installation cost of superfast broadband; and to cabinet is asked to note the details of the Connection Vouchers Scheme and to approve Norwich's participation in the scheme prior to formal government approval on or before 21 March 2015.

Recommendation

To approve participation in the Superfast Britain Connection Vouchers Scheme commencing on 1 April 2015.

Corporate and service priorities

The report helps to meet the corporate priority "A prosperous city" and the service plan priority to support the development of the local economy and attract inward investment through economic development and regeneration activities.

Financial implications

Project management resources required to deliver the scheme are estimated at up to 0.5 FTE officer time in economic development with additional support from the communications officer. This revenue cost is not recoverable through the scheme but cities are allowed to claim for capitalised project management costs up to a maximum of 10% of the voucher value paid per quarter.

Assuming a voucher take-up of 2% of Norwich's eligible businesses (247 vouchers or just 4 vouchers per week) - the lowest value of vouchers issued (assuming all at £100) would be £24,792 and the maximum £743,760 (assuming all at £3000) – UK average voucher value issued in 2014/15 was £2650. Therefore Norwich would be eligible to reclaim capitalised project management costs of between £2,479 and £74,376 in 2015/16.

Ward/s: All wards

Cabinet member: Councillor Arthur – Leader of the council

Contact officers

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Background documents

None

Report

Background

1. Norwich has been offered the opportunity to join the government's Superfast Britain Connection Voucher Scheme, offering businesses a grant of up to £3,000 to cover the installation cost of superfast broadband.
2. The scheme is currently live in 22 cities and the Chancellor recently announced a £40million extension to the scheme for 2015/16 potentially offering broadband connection vouchers in 28 more cities.
3. At this stage Norwich has made no formal commitment but we are working with colleagues at Department for Culture, Media and Sport (DCMS) to develop a rollout/delivery plan which, subject to DCMS approval, would be formally signed-off by 21 March with a view to the scheme going live on 1 April 2015. The government plans to formally announce the new cities in the scheme at the end of March but has already made an announcement that Norwich has been invited to join the scheme on 19 February as a part of the economic plan for the East of England.
4. Superfast Britain Connection Vouchers offer SMEs (businesses with 0-250 employees including social enterprises) a grant of between £100 and £3000 to cover the installation cost of superfast broadband to their business premises.
5. The grant must deliver a step-change in connectivity for the business – usually as a minimum taking the business broadband speed to over 30mbps but can also take into account other service improvements such as reliability. The scheme is technology agnostic which means that any technology that will deliver this step-change can be employed including fibre to the cabinet (FTTC), fibre to the premises (FTTP), wireless microwave, leased lines or a combination of these.
6. There is no requirement for the SME to match-fund (or part match-fund) the installation charge – unless it exceeds £3000 - and businesses are free to spend their vouchers as they wish in that they may choose freely from a list of registered suppliers and may redeem on an individual basis or cooperate with other voucher recipients – for example in office buildings occupied by multiple businesses where the landlord provides connectivity services to tenants.
7. The vouchers support one-off installation charges only – they cannot be used to pay for on-going revenue charges and the grant will not cover payment of VAT (most businesses will be able to reclaim the VAT). The only commitment required from businesses is that they must sign up to a minimum 6 month contract with a broadband supplier. In some cases this is not inconsequential, for example, leased line subscriptions often exceed £700/month.
8. Strategically, over time the impact of this scheme is intended to increase deployment of hard-wired superfast broadband infrastructure in cities. Alongside this, as more businesses subscribe to superfast services the increased demand will stimulate more investment by providers and drive down prices to make it more accessible.

How the scheme is delivered

9. Cities must work in partnership with DCMS to develop a delivery plan for the voucher scheme; this will include:
 - profiling likely local demand, defining the eligible area and supplying DCMS with a postcode list to cover this area;
 - setting voucher targets with monthly milestones;
 - demand stimulation/awareness raising plan;
 - clear and effective operational plans in place, with a nominated senior responsible officer and project officer/team with day to day responsibility for the scheme.
10. BDUK (the Government's national broadband scheme) will work closely with cities to develop the above and will formally "sign-off" the plan as evidence that the city is ready to launch – all cities taking part in 2015/16 will be signed off by 21 March 2015.

Options for consideration

Scheme administration.

11. Norwich City Council can elect to operate the scheme in-house or alternatively it could choose to sub-contract the administration to another area participating in the scheme such as Ipswich, Peterborough, Southend, Cambridge, or Cambridgeshire. While sub-contracting the Scheme gives the same benefits to the city's business community it would mean that the City Council did not receive any income from the Scheme whilst it would still carry the reputational risk for any failure.
12. An offer to administer the Scheme on behalf of Norwich has been received from Cambridgeshire County Council which would essentially give Norwich just 1% of the income whilst still requiring the City Council to deliver the demand stimulation/marketing/supplier liaison activities and carrying the reputational risk.
13. The LGSS finance team is potentially already well-equipped to carry out their part of the Scheme as Cambridgeshire Council has been running the Connection Vouchers successfully in 2014/15. It is therefore recommended that Norwich does not sub-contract delivery of the Scheme to another council.

Implications for the council

Financial implications:

14. The value of vouchers issued/paid is reclaimed from DCMS quarterly in arrears which will have an impact on cashflow. In order to quantify this and as part of the delivery plan required by DCMS we have estimated penetration levels for the vouchers within the city's eligible business population as follows.
15. The majority of private sector businesses are not registered for VAT or PAYE i.e. classed as 'unregistered' in terms of government statistics - these are the smallest

non-employing businesses not registered for VAT. There were an estimated 3.0 million unregistered businesses in the UK at the start of 2014, representing 57% of all private sector businesses. (Source: p.8 BIS Statistical Release November 2014 Business Population Estimates for the UK and Regions 2014).

16. Therefore if the total number of registered businesses (including large) in Norwich is 5,495 and this is estimated to be just 43% of the total number of businesses in Norwich, then the total number (registered and unregistered) is actually 12,779 (including large). Based on this assumption, the estimated number of SMEs in Norwich is 97% of 12,779 - that is 12,396 businesses.
17. Taking this figure, and assuming a voucher take up of 2% or 247 vouchers - average voucher take up in the 22 cities participating in the scheme in 2014/15 was 1-3%- the lowest potential value of vouchers issued (assuming all at £100) would be £24,792 and the highest £743,760 (assuming all at £3000) – UK average voucher value issued in 2014/15 was £2650.
18. On a flat profile at the highest level this would result in the city council paying out and having to reclaim c. £186,000/quarter.

Political, environmental and reputational implications-

19. Participation in the scheme is important both to partners and businesses; improvements to Norwich's broadband is high on the agenda and there would be extremely negative implications if Norwich did not embrace the opportunity to lever in funding to support improvements to this key business infrastructure. Broadband is now seen as essential infrastructure and from an environmental perspective is clean infrastructure. The internet is also key to driving down unnecessary journeys and vehicle movements – particularly where road and rail connectivity is seen as poor.
20. This scheme is particularly attractive to businesses as it is one of very few grant schemes with no requirement for match funding.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	11 March 2015
Head of service:	Andy Watt
Report subject:	Superfast Britain Connection Vouchers Scheme
Date assessed:	27 February 2015
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The voucher scheme represents government investment in broadband utilities in Norwich. Increased take up of superfast broadband will benefit many small and medium sized businesses, enabling them to use the technology in many different ways from marketing their offer to efficiencies in travel and communications. Delivering the scheme in Norwich will require officer time to process applications, market the scheme, and complete the necessary performance reports and financial claims. This is estimated at approximately 0.5 FTE in Economic Development, this revenue cost is not recoverable through the scheme.</p>
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The vouchers will make superfast broadband services more affordable and accessible to small and medium sized businesses in Norwich
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Although it is not possible to calculate the impact of the scheme, use of broadband technology by the businesses is effective in reducing levels of travel for businesses and their customers.
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Although it is not possible to calculate the impact of the scheme, increased adoption of broadband technology by the business community is highly effective in reducing resource consumption and waste because, amongst other benefits, increased online marketing reduces the requirement for printed literature and marketing materials therefore reducing levels waste paper and the energy used in their production.
Pollution	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Although it is not possible to calculate the impact of the scheme, increased adoption of broadband technology by the business community is known to reduce requirements for travel. A reduction in journeys will deliver reduced levels of pollution.
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are potentially considerable reputational risks involved in the administration of the Scheme if applications are not processed efficiently. However, these can be mitigated with appropriate levels of due diligence in the issuing and processing of vouchers and also by provision of accurate information to applicants and good levels of stakeholder engagement. A well run scheme will be very positive in terms of the council's reputation.

Recommendations from impact assessment
Positive <p>Overall participation in the scheme will be highly beneficial for small and medium businesses in Norwich as it represents a grant with no match requirement that will enable them to install superfast broadband services in their business premises regardless of the technology required to achieve this, thus making superfast broadband more accessible to more businesses in Norwich.</p>
Negative

Neutral
Issues