

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Member for Commercial Strategy, Human Resources and Performance
<b>Date:</b>	20 July 2020
<b>Title:</b>	Rural Gigabit Connectivity Top-up Scheme
<b>Report From:</b>	Director of Culture, Communities and Business Services

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### Purpose of this Report

1. This report will set out the current Rural Gigabit Connectivity Voucher scheme administered by Building Digital UK (BDUK) and explain the rationale and details of a Hampshire top-up which would benefit rural Hampshire communities with poor broadband speeds.

### Recommendation

2. To approve the implementation of a Hampshire top-up to government's Rural Gigabit Connectivity Voucher scheme, further to the decision by the County Council to add £1.0M to the capital programme in February.

### Executive Summary

3. The importance of Broadband has been highlighted by the recent pandemic, with increasing reliance on digital channels to serve the needs of Hampshire residents including access to vital services, food shopping, working from home, school work, and social interactions. However, some parts of the county continue to experience poor broadband connectivity, and they are not due to receive improved speeds through the current Superfast Programme.
4. This report seeks to establish a Hampshire top-up to the Rural Gigabit Connectivity Voucher scheme which is administered by Building Digital UK (BDUK), which is part of The Department of Digital, Culture, Media and Sport (DCMS). The current scheme offers rural residents up to £1,500 to enable a gigabit capable broadband connection. The Hampshire top-up will double the

value of each voucher to up to £3,000, enabling more residents to take advantage of the scheme and improve broadband speeds in harder to reach rural areas.

5. The top-up will be funded from rebates from the first broadband programme contract.
6. The proposed top-up scheme is complementary to the core superfast broadband roll out which will reach around 97% of Hampshire residents, up from 80% provided by the commercial sector. The top-up scheme will help to address those in greatest need as the scheme is self-selecting and will be promoted to locations that the current programme has been unable to reach.

### **Contextual information**

7. Hampshire County Council has invested in the Superfast Broadband Programme in order to bring superfast speeds (>24 Mbps) to as many premises within Hampshire as possible, promoting economic prosperity and social cohesion. Superfast broadband coverage within Hampshire is currently over 96% (*source: ThinkBroadband*) and the programme will reach around 97% through the current contract being fulfilled by Openreach.
8. Extending coverage to those harder to reach areas remains a challenge, and the government's Rural Gigabit Connectivity Voucher Scheme is one mechanism residents can use to deliver access to superfast connections. The government voucher scheme, specifically designed for rural communities, means people living in rural areas with broadband speeds of less than 100 Mbps can get up to £1,500 towards the cost of installing a gigabit-capable broadband connection from any available supplier.
9. The voucher scheme is part of BDUK's Rural Gigabit Connectivity programme which is planned to run to the end of March 2021.
10. The scheme is administered by BDUK, and communities (two properties or more) liaise directly with suppliers to arrange the connection and claim their voucher.
11. Under the government scheme, small and medium-sized businesses (SMEs) in rural areas can also access up to £3,500 for a gigabit-capable broadband connection.

### **Hampshire Top-Up**

12. Evidence from working with local communities and suppliers suggests that the cost to provide broadband speeds in rural areas can often exceed £1,500

per property, and therefore communities may need to raise additional funding to gain access to improved speeds.

13. Hampshire County Council proposes to increase the voucher value from £1,500 to a maximum of £3,000 per residential rural property via the Hampshire top-up.
14. The top-up would not be extended to SMEs as it is believed the current £3,500 cap does not need to be increased.
15. The top-up is expected to provide most benefit to those in hard to reach areas within Hampshire, providing gigabit-capable broadband connections. It is estimated that more than 650 premises could benefit from the top-up voucher scheme, which would otherwise have to wait or fund themselves, but it relies on communities to actively engage and take-up the scheme.
16. The top-up scheme will help to address those in greatest need as the scheme is self-selecting and will be particularly promoted to locations that the current programme has been unable to reach. The programme team will publicise and promote the scheme within target areas (through County Councillors, Parish Councils, press, direct marketing, and digital media) in order to increase uptake and maximise the reach of the scheme.
17. Alternative options to the top-up scheme have been considered and will continue to be considered as complementary options as the programme evolves. A further extension of the current superfast programme at this time is not possible due to the contractual limitations.
18. The option to wait until a future national programme is defined to address the rural gaps has also been considered, however the voucher scheme allows for progress to be maintained as the future direction is defined, and will support residents who wish to be proactive to resolve poor broadband speeds.
19. Administering our own scheme has also been considered, however this would be significantly more costly to the County Council to fully fund the vouchers as well as administer the scheme and would not provide significant benefits over the existing government scheme.
20. A key risk to the top-up voucher proposal is that there is low up-take of the scheme. The voucher scheme is currently planned to run until March 2021 (with a further year for implementation of the infrastructure) giving a relatively small timeframe for communities to take advantage of it. We will try to mitigate this by increased promotions in areas of low broadband speeds and providing guidance to communities.

21. There is also a risk that enquiries and complaints increase if residents are unsatisfied with the voucher scheme or implementation in local communities. The County Council will not assess applications and is not responsible for the performance of suppliers or speed of delivery of the infrastructure under this scheme, however we will work closely with BDUK to ensure issues are addressed where possible.

## **Finance**

22. The County Council approved £1.0M to be added to the Policy and Resources Capital Programme in February 2020 for a top-up voucher to improve Broadband connections for rural residents. This will be funded from rebates from the first broadband programme contract.
23. The current Superfast Broadband Programme contract management mechanism ensures that if the cost to install the network is lower than originally projected model, the County Council receives a rebate (known as implementation clawback). The contract also provides a rebate if the number of users taking up a service is higher than projected in the original cost modelling (known as take-up gainshare). To date, £1.7M of this rebate has already been invested by the County Council to extend superfast coverage as 'early gainshare' paid into the contract before the accrual date. The current balance within the investment fund (implementation clawback and gainshare) stands at £1.9M with more expected to be added this year (51.1% of this is held on behalf of BDUK, with the remainder due to the County Council).
24. The investment fund can be used for revenue or capital and can be used by the County Council for broadband or non-broadband purposes.
25. The draw-down on this £1M fund will be dependent upon resident demand and the ability for suppliers to meet demand within the timeframes of the government voucher scheme (currently expected to run until March 2021)
26. The voucher scheme is administered by BDUK and the County Council will be billed in arrears for any voucher top-ups claimed within Hampshire. An administrative charge of £50 per community scheme will also be applied.
27. There will be no additional revenue costs to support the implementation of the voucher top-up. Guidance for residents and promotional activity will be absorbed within the existing superfast broadband team.

## **Climate Impacts**

28. Hampshire County Council declared a Climate Emergency in June 2019. This proposal will support the County Council's ambition to reduce carbon

emissions. Through the provision of better broadband across the County, residents can increase their use of digital channels and have a reduced reliance on travel to access services, work, and shop.

### **Future direction**

29. In the 2020 Budget, government have announced that £5bn will go towards getting gigabit-capable broadband in the most difficult to reach 20% of the country by 2025.
30. The voucher scheme is complementary to this ambition and allows the County Council to continue progressing and supporting communities whilst government completes its decision making process over the funding and procurement process to deliver their 100% gigabit-capable ambition. The role of local authorities in this process has not yet been defined in detail and the County Council continues to work with government to support the process.

### **Conclusion**

31. The County Council is in the last stages of its Superfast Broadband Programme, which will deliver superfast connection capability to around 97% of the county. There are however over 20,000 premises with poor broadband speeds.
32. The Rural Gigabit Connectivity Voucher Scheme is one of the interventions that government has put in place to bring faster broadband speeds to rural areas. Whilst this is administered by government and is taken up directly with residents, it provides a timely opportunity to deliver more coverage for poorly serviced areas in the interim between the superfast programme and when government's plans for gigabit-enabled connections are confirmed and delivered.
33. A County Council top-up to the voucher scheme, with rebate from the original broadband contracts, will allow more residents to benefit from the scheme, furthering the coverage in the county and getting more residents connected.

### **Equalities**

34. The proposal outlined in this report is expected to have a low or no negative impact on groups with protected characteristics. Those with some protected characteristics (including older people or those with a disability) may find it harder to access this opportunity, however the impact is expected to be low as the scheme is managed via community groups rather than on an individual basis. There is expected to be a positive impact on those affected by rurality

as this will increase their ability to access and afford the installation of faster broadband.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	yes

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **Equalities Impact Assessment:**

2. The proposal outlined in this report is expected to have a low or no negative impact on groups with protected characteristics. Those with some protected characteristics (including older people or disabled) may find it harder to access this opportunity, however the impact is expected to be low as the scheme is managed via community groups rather than on an individual basis. There is expected to be a positive impact on those affected by rurality as this will increase their ability to access and afford the installation of faster broadband.