

From: Derek Murphy, Cabinet Member for Economic Development
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To: Growth, Economic Development and Communities Cabinet Committee - 17 November 2021

Subject: **'Project Gigabit' Broadband Programme**

Classification: Unrestricted

Past Pathway of report: None

Future Pathway of report: Publication

Electoral divisions: All

Summary: The purpose of this paper is to update Cabinet Committee Members on:

i) the Government's new national 'Project Gigabit' broadband programme – including the proposal to allocate up to £203 million of new capital funding to improve broadband connectivity across Kent and Medway.

ii) how the Project Gigabit programme will be delivered across Kent.

Recommendation

Cabinet Committee Members are asked to note the current position and support the proposed approach.

1. Introduction

1.1 On the 2nd of August 2021, the Government published further information on their new 'Project Gigabit' broadband programme (formerly known as the 'Outside-In Programme').

1.2 The Project Gigabit programme seeks to deliver future-proofed gigabit-capable broadband connections across the UK. Gigabit capable connections offer download speeds of at least 1 gigabit-per-second (1 Gbps) or 1000 megabits per second (Mbps) and are usually delivered through full-fibre connections (i.e., fibre-to-the-premise). Increasingly, these faster and higher capacity connections will be required to ensure that Kent's digital infrastructure is able to meet future demand.

1.3 The national targets and objectives for the Project Gigabit Programme, (which is being led by Building Digital UK¹ (BDUK)), are as follows:

¹ This is part of the Department for Digital, Culture, Media & and Sport (DCMS)

- 85% of UK premises to have gigabit coverage by 2025 with the aim of achieving 'near universal coverage as soon as possible' but before the end of the decade.
- Commercial investment (i.e., upgrades funded by telecoms providers) to provide gigabit capable connections to 80% of homes and businesses across the UK.
- The remaining 20% of properties that remain outside the scope of commercial investment to be connected via new government-funded programmes. £5 billion has currently been allocated to fund these connections – and the Government's intention is for properties that cannot currently access a superfast broadband connection to be prioritised wherever possible within the new programme.

1.4 The new Project Gigabit Programme will build upon the work of the Kent BDUK Superfast Project which, since 2013, has connected over 143,000 homes and businesses across Kent with faster broadband connections. As a result of this work, 96% of homes and businesses in Kent now have access to a broadband service of at least 24megabits per second.

2.0 Delivering Project Gigabit in Kent.

2.1 Under the Government's current plans, the Project Gigabit programme targets will be delivered via three workstreams. These are explained in more detail below.

Workstream 1: Commercial build programme

2.2 BDUK expect the majority of gigabit connections (at least 80%) to be funded by telecoms operators and not require public subsidy. These market-led investments are known as commercial build.

2.3 Over the past year, we have seen a significant increase in telecoms providers announcing upgrade programmes across Kent for gigabit capable connections. The availability of gigabit-capable connections across Kent is currently 44.0% (compared to 7.8% in January 2020). Operators such as Trooli, Virgin, City Fibre, Neotomia and Openreach have already announced substantial further investments in Kent.

2.4 BDUK is currently consulting with operators to understand the exact extent and detail of telecoms providers' plans to connect local areas with gigabit connectivity. They are also encouraging local authorities to provide support to telecoms operators, where required, to help overcome any barriers encountered during network build. Examples include providing support where wayleaves (i.e., legal agreements to cross private land and property) prove challenging to obtain and ensuring that operators understand and are able to comply with the national requirements for street works.

Workstream 2: Project Gigabit Procurement for Kent

- 2.5 BDUK have announced that they have allocated between £119- £203 million to deliver gigabit-capable connections to parts of Kent and Medway that are not expected to benefit from the above market-led investments. (Please see paragraph 2.9 for detail on how the final size of the investment will be determined).
- 2.6 BDUK's current intention is that a single contract will be established to deliver these new connections across Kent. The procurement will be led by BDUK. Kent County Council's broadband team has been asked by BDUK to partner with BDUK and support the local delivery across Kent.
- 2.7 BDUK estimate that the Kent and Medway project will cover circa 122,000 properties. They have also announced that the formal procurement will start in May 2022, with the contracted work commencing in April 2023.
- 2.8 BDUK has already started progressing the pre-procurement work (which is required to meet current subsidy control and procurement legislation) with Kent County Council and Medway Council. This work includes the formal Open Market Review Process, which will identify those areas which are expected to benefit from commercial build plans.
- 2.9 It is important to note that if the Open Market Review work identifies more commercial investment than anticipated, it is likely that BDUK will reduce the project size and the proposed funding allocation. This is because under current subsidy control legislation, public funding can only be invested in areas where telecoms operators have no coverage plans.
- 2.10 BDUK and the KCC broadband team are meeting regularly and the pre-procurement work is proceeding to plan. BDUK are also publishing quarterly updates on the national progress of their Project Gigabit Programme.

Workstream 3: New national voucher scheme

- 2.11 The Government launched a new national rural broadband voucher scheme in April 2021 to replace the former Rural Gigabit Voucher scheme.
- 2.12 BDUK UK expect to deliver most publicly funded connections through the above Project Gigabit procurements (workstream 2). However, national broadband vouchers will remain available for rural communities² wishing to take forward small community-led broadband schemes, where these are identified and agreed by BDUK in advance of the launch of the Project Gigabit procurement Invitation to Tender.
- 2.13 The new national voucher schemes offers eligible rural businesses up to £3,500 and rural homes up to £1,500 towards the costs of a broadband connection (the same as under the previous scheme). To qualify for funding,

² BDUK use the Defra/ONS rural classifications to determine whether a property is rural.

homes and businesses must not be in line to receive a broadband connection from any telecoms provider or other publicly funded programme.

- 2.14 Demand for broadband vouchers in Kent has been extremely high and Kent has had one of the highest take-up of national broadband vouchers of any county in England. Up to April 2021, 3,699 vouchers worth £6.14 million were taken up by Kent homes and businesses, accounting for 9% of all BDUK vouchers issued in England. In comparison, total voucher requests for Scotland and Wales, accounted for £3.54 million and £3.35 million of spend respectively.
- 2.15 This take-up has been boosted by the Kent County Council broadband voucher top-up scheme. Phase 1 offered a top-up of up to £1,000 for residential properties applying to the BDUK national voucher scheme that could not get a superfast broadband service. One-off funding from the Getting Britain Building Fund was secured in September 2020 (Phase 2) which enabled an exceptional enhancement with the aim of connecting some of Kent's hardest-to-reach rural properties that could still not be fully funded by the existing Government and Kent voucher schemes.
- 2.16 We have agreed with BDUK to continue with the original Kent top-up voucher scheme of up to £1,000 per residential premise. £1.5 million is being made available to further assist hard-to-reach properties with poor connectivity that cannot be fully funded by the Government's standard voucher scheme.

3.0 Connecting 'Very Hard to Reach Premises'

- 3.1 The Government has indicated some of the UK's most expensive and difficult to connect premises (known as 'Very Hard to Reach') may fall outside of the scope of the Project Gigabit procurement programme where the connection costs become 'prohibitive'.
- 3.2 We understand that the Government intends to announce later this year further details on their plans to connect 'Very Hard to Reach' premises – including clarifying the 'Very Hard to Reach' definition. At present, it is not known what premises could fall into this category and what the national policy and delivery approach for connecting these premises will be until this announcement. Kent County Council has already written to the Minister requesting that a higher value national broadband voucher scheme is introduced to help connect very-hard-to-reach areas.

4.0 Financial Implications

- 4.1 In contrast to the previous programme, local authorities are not being required to provide any new capital match funding for the new £119-£203 million 'Project Gigabit' procurement. However, local authority broadband teams are expected to work in partnership with BDUK and support the procurement and local operational delivery of the Project Gigabit Workstreams.

- 4.2 To date, £3.19 million of capital funding from Kent County Council has been committed to projects in Phase 1 and Phase 2 of the Kent Top-Up Voucher. This includes £2.29 million of 'Getting Britain Building funding' from the South East Local Enterprise Partnership. £1.5 million remains available for Phase 3.

5.0 Legal Implications

- 5.1 As highlighted in section 2.6 above, BDUK will be the contracting authority for the new Project Gigabit Programme. As a result, Kent County Council is not being required to enter into any new legally-binding agreements with suppliers following the conclusion of the Project Gigabit procurement process.

6.0 Equality and Diversity

- 6.1 An Equalities Impact Assessment has been undertaken for the Kent Broadband Voucher scheme. No issues have been identified.

7.0. Information Governance

- 7.1 The Kent Broadband Voucher Scheme applications are processed by BDUK, who administer the Kent top-up funding as part of their national Gigabit Voucher Scheme. A privacy notice for the Gigabit Voucher Scheme can be found at https://gigabitvoucher.culture.gov.uk/privacy_notice/).

8.0 Conclusion

- 5.1 The new Project Gigabit programme represents significant new investment and will bring a further step-change to Kent's broadband connectivity.
- 5.2 Kent County Council is committed to working with BDUK to support the delivery of the new Project Gigabit Programme, which will help future-proof the County's digital infrastructure.

Recommendation

Cabinet Committee Members are asked to note the current position and support the proposed approach.

9.0 Contact details

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