

NORTH LINCOLNSHIRE COUNCIL

**REGENERATION
CABINET MEMBER**

**BROADBAND FUNDING:
UNDERWRITING OF BID TO BDUK**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To consider the options available for match funding of the BDUK Broadband allocation.
- 1.2 To seek approval for North Lincolnshire Council to underwrite their contribution to the BDUK scheme, i.e. £2.4m, whilst ERDF funding is sought for that amount.
- 1.3 This matter is urgent as the council has to give this undertaking alongside submitting its bid to BDUK, which they must receive by 29 February 2012.

2. BACKGROUND INFORMATION

- 2.1 NLC and NELC have been allocated £2.62m under the government's BDUK rural broadband programme in order to stimulate the investment of commercial broadband in rural areas. A stipulation of getting access to this funding is for an equal match amount to be guaranteed by the local authorities. This criterion has been applied throughout the UK.
- 2.2 Understandably many local authorities are not in a position to allocate significant financial resources from internal reserves. The councils have been advised by BDUK to seek funding from European Regional Development Fund (ERDF - Priority 2) to achieve the required match.
- 2.3 Of the £2.62m of BDUK South Humber allocation, NLC's portion is £2.4m and NELC's £0.22m. It is intended to use this same proportion for underwriting the £2.62m. Without an agreement to underwrite the BDUK allocation, submission of a Local Broadband Plan will be unsuccessful.

- 2.4 South Humber broadband project team are currently in discussion with CLG Yorkshire and Humber regarding the new eligibility rules, which have been recently relaxed. When the Local Broadband Plan has been submitted and approved, NLC broadband project team and NLC ERDF specialists will need to concentrate on creating a strong proposal for ERDF funding.
- 2.5 There is a strategic need for super fast broadband and it has the potential to benefit a wide range of stakeholders across the South Humber Bank. The added value created from this investment could directly contribute to the council's strategic ambitions for service delivery and realising savings in the medium and long term, stimulating economic growth and empowering local communities.

3. OPTIONS FOR CONSIDERATION

- 3.1 If the council is to seek funding from BDUK, then it needs to agree to underwrite the BDUK funding of £2.4m whilst ERDF funding is sought. If this is not done, the bid to BDUK will not succeed.

4. ANALYSIS OF OPTIONS

- 4.1 Underwriting the £2.4m will allow the local authority to bid for funding from BDUK and pursue ERDF match funding. ERDF funding is a low risk match route, and is the route strongly advised by BDUK. The rules for utilising ERDF funding for broadband projects has recently been relaxed. We are taking advice from North Yorkshire County Council and Cumbria Council who have already submitted full ERDF bids which are close to approval, to ensure that this council's bid is successful.

5. RESOURCE AND OTHER IMPLICATIONS

5.1 Finance

The council's financial strategy for 2012/16 was approved by council on 21 February 2012. That included a policy on the council's use of reserves: over £8m is available in the Revenue Account Support Reserve throughout the period. This would be the appropriate account to use should the underwriting be called upon, in the unlikely event that the ERDF application is unsuccessful.

6. OUTCOMES OF CONSULTATION

- 6.1 BDUK have reiterated that the plan cannot be approved without local authorities providing match funding to the BDUK allocation. This can be in the form of direct council contribution, or ERDF/other funding.

7. RECOMMENDATIONS

- 7.1 That the £2.4m underwriting of the council's share of the BDUK project be approved

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Background Papers used in the preparation of this report

None