

**DERBYSHIRE COUNTY COUNCIL**

**MEETING OF CABINET MEMBER – JOBS, ECONOMY AND  
TRANSPORT**

**5 August 2014**

Report of the Strategic Director for Economy, Transport and Environment

**DIGITAL DERBYSHIRE DEMAND STIMULATION**

(1) **Purpose of the Report** To seek approval for the submission of an application to D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Local Enterprise Partnership (LEP) to support continuing and enhanced work on Digital Derbyshire demand stimulation.

(2) **Information and Analysis**

**Strategic Context**

Increasingly, the availability and take up of superfast broadband is a key driver for enterprise and growth. High speed broadband has significant benefits for business productivity through supporting the development of new, more efficient, business models, enabling businesses to re-engineer their processes to improve efficiency and competitiveness.

Faster broadband helps support the creation of new business and provides easy access to market information. Continual improvements in broadband services for both business and domestic markets also help stimulate business innovation and improve overall levels of productivity in the economy.

**Introduction**

The Council is making significant headway in resolving the supply side issues of broadband infrastructure through the existing contract with BT (worth £27.68m) which will deliver over 95% fiber broadband coverage.

The Government's announcement of the Superfast Extension Programme from Broadband Delivery UK (BDUK) and the allocation of £2.19m for Derbyshire, will potentially bring more investment in broadband infrastructure in future across the County.

With such a significant investment, it is important that focus is given to maximising the return by encouraging and supporting both businesses and residents to take up and exploit superfast broadband.

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The total take-up of superfast services in the area has value as it increases access and reduces social and economic isolation by residents; it also creates a market for innovative services, gives the technological capacity to entrepreneurs and enables small businesses to innovate and grow.

### Progress

Take-up figures for fibre broadband (based on areas covered by the commercial rollout of fibre broadband only) show a very low take up of 10.40% currently across Derbyshire and a combined take-up rate of 30.55% across the LEP area. Given the above mentioned levels of public subsidy being invested in fibre broadband infrastructure, it is essential these rates are increased to secure the very best value for money and return on investment.

Local Authority	Superfast broadband availability	Superfast take-up
Nottinghamshire	79.9%	25.30%
Derbyshire	<b>54.70%</b>	<b>10.40%</b>
City of Nottingham	92.90%	54.40%
City of Derby	95.90%	32.10%

There is evidence from other areas in the UK delivering rural broadband programmes and demand stimulation work, that broadband adoption is at a far greater rate than that in the commercial deployment (as the table above).

Additionally, there is evidence to suggest that network quality impacts on the demand for superfast broadband. This suggests that once the appropriate levels of awareness are achieved, rural areas, with poor current broadband, have the potential to attain higher levels of take-up of fibre broadband than urban areas.

Notwithstanding this, it is the exploitation and use of broadband networks that deliver economic and social benefits. In order to justify the level of funding and attention given to broadband infrastructure over the last few years, the challenge now is to focus on exploiting the broadband. This is the most important metric in assessing the quality of broadband across the region.

Within the Council's Local Broadband Plan, the ambition to increase take up of broadband services is clearly stated and is a critical measure of the success of Digital Derbyshire, bringing economic, social and organisational benefits.

The Council, along with Nottinghamshire County Council, has been in discussion with D2N2 LEP regarding the importance of broadband adoption for the region's economy, attractiveness and ongoing competitiveness. D2N2 is fully supportive of the need to increase take-up and is keen to make

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progress, giving an indicative £100,000 contribution towards a joint business case to support a LEP-wide demand stimulation activity.

This allocation from the LEP Growing Places Fund revenue pot was originally required to be supported by match funding of 2:1; to clarify, Derbyshire's match funding contribution would be £50,000 for 2014/15 and £50,000 for 2015/16.

However, Government recently announced that flexibility would be provided for the D2N2 LEP to re-allocate underspends from 2014/15 projects in 2015-16 to enhance delivery of the D2N2 broadband projects. This being the case, it is likely that previously expected County Council match funding would be replaced by Local Growth Fund.

The existing Digital Derbyshire programme is already actively promoting and stimulating demand through press releases, identifying and supporting Digital Champions, Business Champions, social media and web-based promotion. The BDUK funded 3D project "Delivering Digital Derbyshire" is providing additional business support across Derbyshire and aims to provide over 50 businesses with 12 hours of development support, each for utilising the internet for business benefit whilst also engaging with all businesses to promote the benefits of broadband.

The additional funding from the D2N2 LEP would be used to further extend these activities and develop a more concerted programme of additional support and promotion, using available intelligence to identify problem areas, gaps and high levels of demand so that support can be more effectively targeted. This will include:

- Building on the existing work of the Digital Derbyshire programme, a resource will be recruited to work in those communities that are benefitting from the infrastructure programme, to liaise with both businesses and the wider community, and encourage broadband take-up and use.
- A series of business and community information sessions will be delivered, showcasing the benefits of fibre broadband and providing key information on how to access services.
- A range of innovative mini projects will be supported, such as App competitions, code clubs, hackerthons; these will be delivered through enterprising partnerships between business and local schools.
- Additionally, the Digital Derbyshire First Steps Online programme will be developed and embedded further across the business and wider communities to raise confidence levels and encourage the adoption of broadband for its business and social benefits.

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Within the existing BT contract, BT is targeted to deliver 20% take-up of broadband services. Under state aid law, if this level is exceeded then there is the potential for clawback; this clawback can be re-invested in the network. It is therefore beneficial for the D2N2 funded programme of activities to be targeted to achieve at least 30% take up, which could return over £1m to the Council over a period of time.

(3) **Financial Considerations** There are known resource implications for the Council associated with the opportunities presented in the report. Match funding requirements to secure the D2N2 LEP investment via Growing Places Fund (GPF) to a maximum value of £100,000 (over 2014/15 and 2015/16) is proposed to be underwritten from departmental reserves. However, it is likely that the proposed County Council contribution will be replaced by any D2N2 Local Growth Fund slippage in 2015/16. In this case, the Council contribution would not be required.

(4) **Human Resources Considerations** A Project Officer post will need to be established on a fixed term basis to co-ordinate and deliver the demand stimulation activities. The post will be fixed term for a period of up to two years and part funded by D2N2 and the Council for the duration of the demand stimulation project. The post will be advertised and recruited in accordance with the Council's procedures on a more of the same basis – Project Officer grade 9. It is currently anticipated the post will be aligned to the Digital Derbyshire Team within the Economic Regeneration Service.

The provision of the Council's Redundancy and Redeployment Policy will be implemented at the end of the fixed term contract. Every effort will be made to redeploy the postholder when the fixed term contract ends. However, if this is not possible, a redundancy payment will be provided if the postholder has two years or more service and will be accounted for as part of the overall cost of the project.

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

(6) **Key Decision** No.

(7) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(8) **Background Papers** Previous Cabinet reports:

- Local Broadband Delivery Plan
- Contract to deploy broadband services
- BDUK SEP Allocations

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(9) **OFFICER'S RECOMMENDATIONS** That the Cabinet Member approves:

- 9.1 The submission of a business case to secure the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) allocation of £50,000 to support delivery of demand stimulation activities.
- 9.2 To underwrite the match funding of £100,000 from Economy, Transport and Environmental departmental reserves with future expenditure dependent of further D2N2 funding being available through Local Growth Fund slippage or further funding government allocations via BDUK.
- 9.3 The commencement of demand stimulation work and the appointment of a Project Officer upon approval of the D2N2 grant, subject to appropriate human resource processes and policies.

**Mike Ashworth**  
**Strategic Director – Economy, Transport and Environment**