

Appendix B – Getting Building Fund Project Background Information

Name of Project	Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach areas Essex districts and boroughs of: Uttlesford, Braintree, Colchester, Tendring, Chelmsford, Harlow, Basildon, Brentwood, Rochford, Maldon, Castle Point
Responsible Upper Tier Local Authority	Essex County Council
Delivery Organisation	Essex County Council
Getting Building Fund value	Original GBF funding allocation: £1,820,000 Additional GBF funding allocation (awarded November 2022): £359,074 Additional GBF funding allocation (to be considered at this meeting): £118,182 Total GBF funding allocation: £2,297,256
Project Description	Project to deploy ultrafast broadband for rural premises in Essex, extending the currently ongoing Superfast Essex rollout programme. Potential for economic activity in these areas is substantial. Demand for fast broadband services is nearly 15% higher in these rural areas than the average for Essex. The project will implement fast deployment and maximise the capacity of the current delivery arrangements by adding as much scope as possible within the existing live rollout contracts. This project complements other Essex broadband projects currently in progress or being planned.
Need for Intervention	<p>Within the current Superfast Essex broadband rollout across Essex, it has become clear that in a significant number of cases the cost of deployment in rural areas had been underestimated by suppliers, and up to 10% of the premises in the current rollout scope will exceed the contractual cost cap.</p> <p>These full fibre networks will be delivered either by new alternative operators such as Hyperoptic and CityFibre, or by Openreach and Virgin implementing upgrades to their existing networks. However, given the commercial focus on high-revenue areas, it is highly unlikely that the rural and hard to reach areas that remain without superfast broadband will benefit from these full-fibre upgrades, unless these are delivered via subsidised infrastructure deployments. Hence a market failure exists.</p>
Reasons for seeking additional GBF funding	<p>Planning activities have concluded for all 1,500 premises supported by the original GBF funding allocation. This involved carrying out full, intrusive surveys on all rural developments to fully assess the quality of existing infrastructure and validate the deployment plans and costings.</p> <p>These surveys allow the supplier to know exactly what is required for the build and if there are issues with the network, where repairs are needed. This means the project is now fully planned and the remaining delivery scheduled, underpinned and programmed with highway permits to complete in January 2023. However, the survey results have shown that a number of rural deployments will cost significantly more than the modelled amount – these cost escalations are a result of the COVID-19 pandemic, Brexit and current high inflation levels. It is now apparent that</p>

	<p>17.6% (264) of the premises funded by the original GBF grant exceed the contractual cost cap.</p> <p>In these cases, the supplier has provided cost breakdowns per deployment explaining the rationale for the cost increase and requesting further funding to fill the newly identified cost gap. If no such funding is available, the contractual position will be to remove the premises from the programme.</p> <p>Additional GBF funding is sought to bridge the identified cost gap.</p>															
<p>Project benefits</p>	<ul style="list-style-type: none"> • Reducing economic disadvantage through improving internet connectivity. • Investment in rural superfast broadband connectivity will drive the more widespread commercial deployment of ultrafast broadband. • The extension of the superfast fibre broadband infrastructure will underpin the future rollout of improved mobile communications technology as the fibre network being installed will be available for use by 5G networks. • Creation of 300 jobs and safeguarding of 1,500 jobs. • Assisting 300 businesses and up to 3,000 learners • Delivery of 1,500 new superfast/ultrafast broadband connections <p>Essex County Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission</p>															
<p>Additionality offered by the additional GBF funding</p>	<p>The additional funding will allow gigabit broadband to be connected to 79 rural business premises and allow them to benefit from the growing digital economy and better compete in an economic environment that is more focused on online trading and digital customer engagement. This new gigabit capable digital connectivity is expected to increase business turnover and enable the connected business to create jobs because of increased customer engagement.</p> <p>Additionally, 185 rural residences will benefit from a new gigabit capable broadband service, which is reported to be worth £217 per person per year. This gigabit connection will future proof broadband residents against increased connectivity requirements in the future, predictions for home office users are a connection of 250 Mbps download, this investment will secure that. This planned infrastructure will ultimately allow residents to compete in the global market for remote workers.</p>															
<p>Financial Information</p>	<table border="1"> <thead> <tr> <th data-bbox="456 1711 932 1823">Funding Source</th> <th data-bbox="932 1711 1214 1823">Funding Package (November 2022) £m</th> <th data-bbox="1214 1711 1506 1823">Updated Funding Package £m</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 1823 932 1861">Getting Building Fund</td> <td data-bbox="932 1823 1214 1861">2.179</td> <td data-bbox="1214 1823 1506 1861">2.297</td> </tr> <tr> <td data-bbox="456 1861 932 1899">Supplier Contribution</td> <td data-bbox="932 1861 1214 1899">0.600</td> <td data-bbox="1214 1861 1506 1899">0.600</td> </tr> <tr> <td data-bbox="456 1899 932 1937">Essex County Council</td> <td data-bbox="932 1899 1214 1937">0.118</td> <td data-bbox="1214 1899 1506 1937">0.000</td> </tr> <tr> <td data-bbox="456 1937 932 1975">Total</td> <td data-bbox="932 1937 1214 1975">2.897</td> <td data-bbox="1214 1937 1506 1975">2.897</td> </tr> </tbody> </table>	Funding Source	Funding Package (November 2022) £m	Updated Funding Package £m	Getting Building Fund	2.179	2.297	Supplier Contribution	0.600	0.600	Essex County Council	0.118	0.000	Total	2.897	2.897
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Risks to project delivery	<p>A number of risks are identified in the application for additional GBF funding. The high severity risks are as follows:</p> <ul style="list-style-type: none"> • Inability to meet funding deadlines – delivery profiles have been established and these confirm delivery by the end of January 2023 mitigating this risk. • Need to secure Highways Permits to enable delivery of the project – it has been confirmed that highways permits have been secured which will allow work to be completed within the agreed timescales thereby mitigating this risk. • Difficulties in obtaining permission for delivery in multi-dwelling units – internal build to flats is reliant on securing landowner and resident permission. The supplier has a dedicated team which manage this engagement and who are actively engaging with all affected multi-dwelling units so as to mitigate this risk.
Delivery programme	<p>Delivery of the project is ongoing and is expected to complete in January 2023.</p>
Evidenced compliance with Assurance Framework?	<p>Yes, the project does meet the requirements of the SELEP Assurance Framework.</p>
Link to Project webpage	<p>Extension of the Full-Fibre Broadband rollout in Essex to reach rural and hard to reach premises - The South East Local Enterprise Partnership (southeastlep.com)</p>