SELEP GBF – Digitally Connecting Rural Kent and Medway

Name of Project	**Digitally Connecting Rural Kent and Medway (CRKM)** This project will enable broadband connections to businesses and residents that are unable to access connectivity of 30 Mbps or above, within postcode areas in the 'final 4%' that are not served by the rollout of existing schemes. These postcode areas are located in rural areas across Kent and Medway. Under the scheme, premises are defined as rural if they meet the ONS D1-F2 rural classification definition.
GBF value	£2,290,152 (£260,543 GBF in 2020/21 and £2,029,608 GBF in 2021/22)
Promoting Authority	Kent County Council
Description of what Project delivers	The Project will provide a **top-up voucher** to the existing Rural Gigabit Voucher scheme funded by Government and delivered by Broadband Delivery UK. This will mean that residents and businesses in the 'hardest to reach' areas will be able to get a voucher worth up to £7,000 to obtain connectivity, with the value of the voucher capped at the actual cost of connection. Based on our estimates of take-up and the average value of the voucher, KCC anticipate that the CRKM voucher scheme will directly bring connectivity to 671 premises. In addition, because increased connectivity will reduce the marginal cost of connection to neighbouring premises, KCC anticipate that at least 222 further premises will be connected as a result.

Broadband connections enabled through the CRKM project			
	Direct, through voucher use	Indirect, through reductions in the marginal cost of connections	Total connections
Business	179	59	238
Residential	492	163	655
Total	671	222	893

Need for Intervention	High quality broadband infrastructure is essential to the functioning of modern life. This has been further demonstrated in the Covid-19 pandemic, as more people have worked from home, and there has been an increasing reliance on digital communications for work, education and household activities. For small businesses, the ability to trade online has become increasingly important, and

	demand or bandwidth is expanding as new technologies are introduced with higher demands on capacity.
	Over the past decade, much progress has been made in bringing broadband connectivity to those (mainly rural) areas where the costs of connectivity make commercial delivery unviable. Through the **Kent and Medway Superfast Broadband** programme, funded through BDUK, 138,000 superfast broadband connections were delivered, meaning that around 96% of premises in the county now have connectivity at 30 Mbps or more.
	However, for the 'final 4%', the costs are high, and connectivity will not be achieved without public subsidy. To partially bridge the gap, BDUK's national **Rural Gigabit Voucher** (RGV) scheme offers a voucher to specific postcodes worth up to £3,500 for businesses and £1,500 for residents towards the costs of connectivity. However, take-up has been slow, mainly because the costs of connectivity greatly exceed the subsidy available.
	To further bridge the gap, Kent County Council, with the support of BDUK, launched a **Kent 'top-up voucher' pilot scheme** in September 2019. This makes available an additional £1,000 on top of the RGV scheme, with the eligibility criteria exactly the same as the RGV scheme. This has been successful in raising take-up, with connections in Kent around 65% higher per head of rural dispersed population than the England average.
	But even with this scheme, many premises remain unable to secure connectivity. KCC have therefore discussed with BDUK the scope for a further voucher scheme to support those that are further from viability, as well as providing additional support to businesses. The proposed CRKM voucher scheme meets this need, and as well as directly enabling new connections, will also provide evidence to BDUK of the tipping point for intervention.
Project Outcomes	**Increased productivity within businesses benefiting from improved broadband connectivity:** Total £1.525 million uplift in GVA over 10 years. Increased employment **Increased productivity through ability of residents to telework:** Total £8.778 million uplift in GVA over 10 years. **Increased participation in the labour force as people currently unable to access employment are enabled to work from home:** Total £1.462 million uplift in GVA over 10 years **Increased network construction activity:**

Total net £495k uplift in GVA over two-year construction period

Other project benefits include:
- Delivering economic benefits through improved business and workforce productivity and by increased labour force participation (set out in the Economic Case)
- Stimulate the market for network construction activity in the short term, supporting employment in Kent's broadband infrastructure sub-contractor supply chain (particularly in small, Kent-based firms)
- Deliver social and educational benefits associated with access to learning, reduced isolation, household savings and increased leisure time
- Deliver environmental benefits through reductions in unnecessary car journeys.
- Contribute to Kent and Medway's economic recovery from the Covid-19 pandemic, supporting the county's Renewal and Resilience Plan

Financial Information	Total value of project: **£ 4,235,711**		
	Funding source	**Amount, £**	**Constraints, dependencies, risks, mitigations**
	Kent County Council	131,227	This funding is committed. It constitutes revenue funding to support programme management costs and to ensure final project completion in 2022/23 following the completion of all capital works and spend the previous year.
	BDUK (Rural Gigabit Voucher)	1,814,333	This funding is estimated as the value of Rural Voucher contributions to the costs of connections enabled by the CRKM top-up scheme. The basis for this estimated amount is set out in the Economic Case.
	Getting Building Fund	2,290,152	TBC
	Total	**4,235,711**	

Project constraints	Community Capacity/Awareness – there is a risk that communities might not be aware or have the capacity/know-how to access the scheme. Solution: KCC will continue to work with voucher applicants and suppliers to raise awareness and facilitate applications through a dedicated programme of demand stimulation and support. Traffic management – some works will require permits for street works Solution: KCC will work with Kent Highway Services and suppliers to secure the necessary road permits. KCC have experience and a proven track record in this from their existing broadband work.

	Need to secure wayleaves (legal agreements for when broadband infrastructure crosses private land). Whilst these are led and initiated by the broadband infrastructure providers, KCC have extensive experience in resolving issues where they arise. KCC do not expect this to be a high-risk area for this project, given that demand-led voucher schemes benefit from greater local community support and help to facilitate any wayleave issues arising. NB, not all projects will require wayleaves and in the few instances where they arise, the supplier plans around the issue.
Options consideration	A long list of nine options have been considered in the business case and justification is provided as to why the preferred option has been selected.
Project Timeline	<table><tr><td>**Task/ milestone**</td><td>**Completion date**</td></tr><tr><td>Governance processes</td><td>21 September 2020</td></tr><tr><td>Formal scheme launch, inc. start of demand stimulation and open to applications</td><td>22 September 2020</td></tr><tr><td>Scheme closes to new applications</td><td>31 March 2021</td></tr><tr><td>All connections in place</td><td>18 March 2022</td></tr><tr><td>Last date for defraying voucher schemes</td><td>31 March 2022</td></tr></table>
Outcome of ITE Review	The project has been assessed as presenting high value for money with high certainty of value for money being achieved.
Evidenced compliance with Assurance Framework?	Yes. The project has met the current requirements detailed in the Assurance Framework in relation to Local Growth Fund, which is the appropriate approach for GBF Projects in advance of the Assurance Framework being updated to incorporate GBF.
Link to project webpage	*https://www.southeastlep.com/project/digitally-connecting-rural-kent-and-medway/*