

Template for additional funding ask for Getting Building Fund (GBF) projects

Project name	Broadband Extension
Responsible Upper Tier Local Authority	Essex County Council
Organisation responsible for project delivery	Essex County Council
Federated Board	
Project description	<p>Superfast Essex has an ongoing rural broadband build programme to deliver gigabit-capable, full fibre broadband to help future-proof very rural, (as defined by DEFRA) hard-to-reach businesses and residential premises across Essex. Residents in these premises do not currently receive a basic superfast service and are excluded from the benefits of digital connectivity.</p> <p>The project is to deploy ultrafast broadband for rural premises in Essex, extending the currently ongoing Superfast Essex ██████████ programme. The potential economic advantage for these rural areas without a basic superfast is substantial – demand for fast broadband services is nearly 15% higher in these rural areas than the average for Essex.</p> <p>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 – as set out in the table below - and mechanisms are in place to ensure there is no scope overlap between these projects.</p>
Existing GBF allocation	£1,820,000
GBF spent to date	£270,109.61 - spent and claimed £53,103.30 - spent but unclaimed
GBF committed to date	£1,496,787.09 - contractually committed
Additional GBF sought	£477,256

Why is additional GBF investment required?
This should clearly explain how the COVID-19 pandemic, Brexit or current high inflation levels have impacted on the project.

The initial funding request was sought from the Getting Building Fund in August 2020, it was planned and modelled by [REDACTED] based on forecasts using data before the implications of the pandemic and Brexit were understood. Final approval for this piece of work was granted by BDUK in November 2021 after BDUK assurance introduced a 12-month delay. As a result of the BDUK delay, an extension to the GBF funding deadline was requested and approved allowing the existing grant to be claimed by March 2023.

To ensure the tight delivery schedule is achieved and to help mitigate against rising and unexpected costs, since November 2021 [REDACTED] have concluded all planning activities for the 1,500 premises supported by this GBF grant. This involved carrying out full, intrusive surveys on all rural deployments to fully assess the quality of existing infrastructure and validate the deployment plans and costings.

The full, intrusive surveys allow [REDACTED] 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 highways permits to complete in January 2023. However, the survey results have shown that a significant 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 17.6% (264) of the premises funded by the extension GBF grant exceed the contractual cost cap.

In these cases, [REDACTED] have supplied 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 programme. Where premises are to be removed, some subsidy will be returned and will be used to fund some of the higher costs. However, for those premises which cannot be funded, sunk costs for planning and project management so far would be written off.

[REDACTED] are in receipt of the Change Impact Assessment to continue to build these premises or descope them. In order to maintain the build pipeline all high cost deployments have been retained in the build plan to maintain delivery slots with

contractors and road permits with Essex Highways and will continue to do so until a decision is made on additional funding in September. The premises are shovel-ready for build and if additional funding is secured, build will commence in September and conclude in January 2023.

During the past 24 months and since the initial application was submitted, infrastructure and workforce costs escalations have increased dramatically. It is important to note that no additional funding is being sought to cover project management costs, as Essex County Council (ECC) has an existing team organised to cover the duration of the project, which includes assurance and financial closure.

Each rural deployment has specific costs associated with it; the cost increases broadly fall into four distinct categories:

- Increased global demand as a result of the Covid-19 pandemic, combined with the additional impact that Brexit has had on import. This has resulted in huge increases in infrastructure cost – [REDACTED] pricing has risen up to [REDACTED] since March 2021 and lead times have more than doubled.
 - While the cost escalations have had a significant impact on the cost of the project, the biggest impact is because of the increased lead times.
- Increasing cost of [REDACTED] is a result of the lead times for supplies and the number of gangs isolating due to Covid-19. Contractors usually work as a single gang of between 5-15 members and in most instances they live and travel to work together. During the pandemic this meant that gangs could operate within a workforce 'bubble', but if one member tested positive the entire gang had to isolate. With a single gang living in one house, Covid-19 did spread from one contractor to another, therefore prolonging the isolation period.
 - The impact of the delays and unexpected workforce isolation impacts traffic management costs because road space and road permits are secured at least 12 weeks in advance. If the road space is not utilised during its



allocated period, the permit space is lost. In order to work on the site again, a further permit needs to be applied for with a subsequent 12-week wait.

- With Covid-19 isolation no longer a requirement gangs have returned to normal capacity and [REDACTED] are no longer missing permit slots. Additionally, in order to complete the contract with ECC by the January 2023 deadline, priority is being placed on this contract and contractors from [REDACTED] commercial build in Essex are being drafted in, to ensure that this contract's delivery remains on track.
- Traffic management costs increased during the pandemic period, as works had to be re-designed to avoid priority routes to vaccination centres, Covid-19 testing facilities and inland border facilities. These re-routes caused delays in gaining access to the road space, additional manpower was needed to manage the elongated diversion routes and regular requirements for [REDACTED] to mitigate road impact, with a significant impact on the [REDACTED] during [REDACTED].
 - To facilitate town centre recovery, post-pandemic road closures were avoided during the daytime, to encourage people back into shops and offices and mitigate against unnecessary traffic delays. While permits were granted, they were for evening or night work, which increased rate cost for the work.
- The final factor affecting costs is the reduction in available workforce since Brexit and the associated additional contractor costs. With the buoyancy of the broadband market in the UK and lack of available resources – traditionally European gangs of workers decided not to return to the UK post Brexit – costs have dramatically risen. In 2020 the average cost per metre of laying [REDACTED] was £[REDACTED], it is now almost £[REDACTED]. There is a similar increase across all other build methods, [REDACTED].

[REDACTED] are not the only broadband supplier facing these escalations, [REDACTED]

Additional funding will enable fast deployment and maximise the capacity of the current delivery arrangements. By retaining the planned delivery scope within the existing



programme timescales, road space allocations will remain secure, allowing the build to continue. This project complements other Essex broadband projects currently in progress.

What are the implications for the project, and its' ability to deliver in accordance with the Business Case, if additional funding is not awarded?

This should set out whether the project will be able to proceed without additional GBF investment. It should also be clear as to whether elements of the project scope set out within the Business Case will not be able to proceed and the associated impact on forecast project benefits

If the funding is not made available, 79 of the 300 rural business premises won't be able to benefit from the growing digital economy and may lose momentum in this post Covid-19 economy, which is expected to be more focused on online trading and customer engagement. Digital connectivity is expected to increase turnover and enable the connected business to create jobs as a result of increased customer engagement.

Additionally, 185 of the 1,200 rural residences would be left without even a basic superfast broadband service. Gigabit broadband coverage is reported to be worth £217 per person per year, which would be lost to Essex. Predictions for future home office users is that they will require a connection of 250 Mbps download, without this planned infrastructure residents living at these addresses will be unable to compete in the global market for remote workers.

The funding in this bid is to secure connectivity to these 264 premises, the remaining 1,236 premises in the initial GBF bid are not subject to the cost escalation.

In addition to the 264 contracted premises highlighted above [REDACTED] and ECC have worked collaboratively to maximise the reach of this investment and estimate that a further 110 premises will benefit from this work.

Gigabit broadband connectivity is currently 60.85% in Essex. BDUK have started work on a Project Gigabit procurement in Essex – the operators' coverage data has been received and validated and the procurement areas are in design. The premises impacted in this request are not eligible for this procurement as they currently sit within the existing [REDACTED] contract. Therefore, if these premises are not completed as part of this contract, they are unlikely to see any broadband provision until after 2025 and only if BDUK announces further work.

Additionally significant sunk costs have been incurred as part of the [REDACTED] and would be lost, any released funds would not be able to be reinvested in the project due to timing constraints and would have to be returned.

What are the main project risks impacting the ability of the project to proceed?

The only unmitigated challenge to project delivery is the procurement of additional funds.

The risk register for the project is summarised below, all risks have adequate mitigation in place to guard against impacts to the projects ability to deliver on time.

3 high severity risks

- Funding deadlines – Delivery profiles and confirmed for January 2023 delivery, ahead of the March 2023 deadline
- Highways Permits – Highways permits are secured sufficient to conclude the build by January 2023
- Multi-dwelling Unit (MDU) delivery – Internal build to flats is reliant on landowner and resident permission, [REDACTED] have a dedicated team for this and are working with all MDU's that are part of the build.

2 medium severity risks

- Highways safe working – road safety issues can shut down a site and lead to future permit refusals, [REDACTED] have monthly engagement calls with ECC highways and their own audit checking team.
- Civils work disruption – disruption to the community where works occur can cause unrest, [REDACTED] are working with highways to ensure disruption kept to a minimum.

2 low severity risks

- Adverse weather – delivery profile anticipates slower delivery in winter months
- Private wayleaves - works on privately owned land require wayleaves, [REDACTED] has identified all landowners as part of the planning and is engaged with landowners to ensure timely access to site.

If additional funding is awarded to the project, are there any remaining barriers to project delivery?

The Change Impact Assessment has been validated by [redacted] and returned to ECC. [redacted] have commenced the build [redacted]

If additional funding is awarded to the project, will it be possible for the GBF funding to be spent in full by 31 March 2023?

The remaining GBF funding for both the existing acceleration and additional coverage grants will be fully spent by January 2023 when the build concludes. Planning spend has already been incurred against this project, while build spend has been incurred on the acceleration project.

The spend to the middle of January 2022 on the extension fund is £270,109.61 which evidences the speed at which [redacted] began survey and planning activities (after BDUK approval was granted) throughout November and December 2021 and part of January 2022. Build progress has increased substantially since January 2022 and [redacted] achieved the build target for April 2022 and ECC financial assurance is underway which will be reported in a fortnight. [redacted] have also successfully hit the delivery milestone for July 2022 and financial reporting is being prepared by [redacted]. The delivery programme for September 2022 through to January 2023 is fully underpinned and represents a run-rate that is consistent with achievement to date.

ECC are in receipt of the returned Change Impact Assessment, [redacted] have the road space secured and have agreed to continue to build.

Please provide the most up to date delivery programme for the project, ensuring that this covers all elements of the project as set out in the Business Case.

Milestone/Activity	Expected Completion date
1,500 premises connected including 300 businesses	Build complete by January 2023
What was the value of the Benefit Cost Ratio included in the original Business Case approved by SELEP?	31.2 : 1

What is the expected impact on the Benefit Cost Ratio of the additional GBF funding sought? This should also take into account the impact of any other public sector funding which has been added to the project budget since Business Case approval.

The original BCR was 31.2, the request for additional funding reduces the BCR to 25.7 but it is not considered a significant impact as the BDR remains well above the 2:1 threshold.

	DCLG Appraisal Sections	Additional funding request
A	Present Value Benefits [based on Green Book principles and Green Book Supplementary and Departmental Guidance (£m)]	£ 74.5 m
B	Present Value Costs (£m)	£ 2.9 m
C	Present Value of other quantified impacts (£m)	£ 0
D	Net Present Public Value (£m) [A-B] or [A-B+C]	£ 71.6 m
E	'Initial' Benefit-Cost Ratio [A/B]	25.7
F	'Adjusted' Benefit Cost Ration [(A+C)/B]	

Summary of project benefits

The project will deliver gigabit broadband connectivity to rural and hard-to-reach areas, where no commercial business case exists and BDUK's Project Gigabit will be unable to intervene. Without this investment, the target areas – which are already suffering from an economic disadvantage now – will be left behind and will also risk missing out on future digital connectivity upgrades and 5G mobile technology.

The proposed project will meet SELEP's objectives by providing investment into digital infrastructure and leveraging central government grant opportunities to deliver against local economic priorities. The SELEP Evidence Base prepared in support of the updated Strategic Economic Plan articulates this objective: "12.0.1 In order to improve our productivity, we must upgrade our commercial property, digital, energy, transport, water and flood infrastructure, and better align central government infrastructure investment with local growth priorities."

The deployment of superfast broadband infrastructure for use by the public and businesses is expected to result in the creation of 300 new jobs, 300 businesses assisted with gigabit connections and 1,200 residences provided with gigabit broadband.

The continued investment in rural superfast broadband connectivity will also drive the more widespread commercial deployment of ultrafast broadband in these areas. Often, full fibre technology is the deployment method preferred by suppliers commissioned to deliver the subsidised superfast rollout. At the same time, the subsidised deployment of the key infrastructure elements in these remote areas will improve the commercial business case for further local deployment of ultrafast broadband.

In addition, the implementation of full fibre broadband infrastructure as planned – by using the additional funds requested here to maintain the planned scope – will also underpin the future rollout of improved mobile communications technology as the fibre network being installed will be available for use by the 5G networks.

Have the project benefits changed since the original Business Case was approved by the Accountability Board?
If yes, please state the nature of these changes and the likely impact on the Value for Money offered by the project

No

Please detail the additionality which will be achieved through the award of additional GBF funding.
This should include reference to any elements of the original project scope which it will not be possible to deliver without additional GBF funding or any additional work that needs to be completed to facilitate realisation of the forecast project benefits outlined in the Business Case.

The additional GBF 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 complete 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.

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.

Original funding breakdown (as per the original Business Case)

Funding source	2019/20	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
Getting Building Fund			£1,820,000				£1,820,000
Supplier contribution from BT			£600,000				£600,000
Total			£2,420,000				£2,420,000

Updated funding breakdown (including additional GBF funding request)

		2021/22	2022/23										Total
			Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	
Getting Building Fund	Spent	£270,110											£2,297,256
	Expected	£189,077	£71,622	£85,946	£100,270	£114,595	£128,919	£143,244	£157,568	£318,740	£345,302	£371,863	
Supplier contribution	Spent	£53,103											£600,000
	Expected	£37,172	£26,828	£32,193	£37,559	£42,924	£48,290	£53,655	£59,021	£64,386	£69,752	£75,117	
Total		£549,462	£98,449	£118,139	£137,829	£157,519	£177,209	£196,899	£216,589	£383,126	£415,054	£446,981	£2,897,256



Sign off of additional funding ask– required from lead County/Unitary Authority

Dear Colleague,

In submitting this project application for additional GBF, I confirm on behalf of *[Insert name of County or Unitary Authority]* that:

- The information presented in this application is accurate and complete as at the time of writing.
- The application states all substantial project risks known at the time of submission.
- The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.
- The delivery body has access to the skills, expertise and resource to support the delivery of the project
- Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting
- The project will be delivered under the conditions in the signed GBF Service Level Agreement with the SELEP Accountable Body and SELEP Ltd.

I note that the information presented in this application will be presented in the public domain as part of the Strategic Board’s prioritisation of projects. Any information presented in this application which is considered commercially sensitive and confidential has been highlighted as such within this application.

Yours Faithfully,

S151 Officer (for County/Unitary authority)

Name

Signature

Date

Senior Responsible Officer

Name

Signature

Date