



European Union

European Structural
and Investment Funds

**European Structural and Investment Funds
2014 - 2020**

Growth Programme for England

ESI Funds Growth Programme Board

Priority Axis 2 – Enhancing access to, and use and quality of ICT

Purpose:

To provide the Board with an update on digital priorities and impacts on ERDF investment.

Recommendation:

That the Growth Programme Board notes the report.

Summary:

- The last 5% of UK homes and businesses will be funded by EAFRD or other Government funding.
- Any further availability of ERDF for mobile broadband network infrastructure is subject to the outcome of the Government review and state aid.
- ERDF will primarily focus remaining funding on revenue business support activity; to increase the number of SMEs fully exploiting the opportunities of ICT.

1. Industry and the UK Government are investing £1.7 billion in broadband roll-out initiatives such as the BDUK Superfast programme. Broadband speeds of at least 24 Megabits per second (mbps) are available to 91 per cent of homes and businesses in the UK – up from 45 per cent in 2010. Alongside private sector investment, DCMS are on track to deliver superfast broadband access for 95 per cent of UK homes and businesses by the end of 2017.
2. The Government's current approach to providing financial support for broadband is based on a locally-led delivery model. Under this approach, Local Authorities, or other local bodies such as community groups, identify gaps in coverage and develop plans to help fill them using public subsidy to reduce risks to commercially acceptable levels (gap funding model). For all projects proposing to use public funding, the Local Authority (or other project proposer) is required to undertake an open market review to identify currently planned coverage within an area, followed by a consultation of at least one month on the proposed project plans. Any areas where there are credible plans for coverage within the next three years should be excluded from the proposed coverage area. This process will prevent double funding for coverage, including avoiding any overlap between projects funded through ERDF and those seeking EAFRD funding.
3. ERDF funding for additional broadband coverage targets Next Generation Access "white" areas i.e. where there are no other credible plans for step change in coverage within at least three years. The Budget outlining funding available and call for evidence by DCMS means that any funding gap will not be known for a number of months. It would be difficult

to undertake additional PA2 infrastructure calls until this information is known. The managing authority has also recently completed a consultation with LEPs on local needs and their requirements for balance of funding between capital infrastructure investment (IP2a) and business support (IP 2b) to increase the number of SMEs making productive use of digital technologies.

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11 March 2017