

# SRDP

# GUIDANCE NOTES

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Community Broadband Scotland



The European Agricultural Fund  
for Rural Development  
Europe investing in rural areas



The Scottish  
Government  
Riaghaltas na h-Alba



Digital  
Scotland  
Community Broadband



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd's nan Eilean

## **RURAL DEVELOPMENT: BROADBAND SCHEME**

### **Introduction**

This scheme provides grants to groups of communities living in rural Scotland to support the introduction of superfast broadband services in their area.

The scheme is part of the Scottish Rural Development Programme 2014-2020 and is administered by Highlands and Islands Enterprise on behalf of the Scottish Government's Rural Payments and Inspections Division.

These guidance notes provide information on the scheme. These notes cannot cover all the individual circumstances or all possible variations of broadband operations. They should not be looked upon, therefore, as providing complete guidance. We would advise that you seek further advice from the Community Broadband Scotland team at Highlands and Islands Enterprise if there is any uncertainty about potential applications.

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## Overview of the Scheme

The aim of the scheme is to financially help communities across rural Scotland to co-ordinate demand for broadband access by joining together with other community groups to deliver a superfast broadband solution for their area.

The scheme will:

- support communities to establish and grow the demand for superfast broadband services in areas that are unlikely to be served by the Digital Scotland Superfast Broadband Programme
- support community projects that create, improve and extend superfast broadband infrastructure in remote and rural Scotland

This scheme is open to rural communities in Scotland and is administered by Highlands and Islands Enterprise through the Community Broadband Scotland programme.

## Eligibility for Support

The scheme is open to groups of communities in areas that are unlikely to obtain superfast broadband through the Digital Scotland Superfast Broadband Programme or via commercial roll out.

### Your local area

To be eligible, your local area must be designated as a broadband 'not-spot' for next generation broadband (NGA White area) or basic broadband (basic white area).

This means:

- areas where next generation access (NGA) broadband services (30Mbps or more) - are not available at affordable prices and there are no private sector plans to deliver such services in the next three years or
- areas where there is no basic broadband infrastructure (speeds below 24 Mbps), nor any investment plans by a private sector network operator to deliver such infrastructure within the next three years

### Who can apply?

A project to introduce broadband to an area should be led through community groups or organisations working together to co-ordinate efforts.

An application for grant should be submitted by the lead community, acting on behalf of the other communities involved.

To be eligible, community organisations must be community-led and community-controlled, with any profits reinvested back into project delivery.

An existing group or an unincorporated community organisation (such as an association or community council) can be supported by this scheme in the early stages.

However, to receive capital assistance in later stages, an approved community legal entity will need to be in place.

To confirm/check your group's eligibility, you will need to liaise with the Community Broadband Scotland team who will then take guidance from Digital Scotland Superfast Broadband if there are any queries around the eligibility of the premises and postcodes to be served by your project.

## Rates and Limit of Grants

The scheme will provide up to 100 per cent of total eligible costs for eligible projects, although applications demonstrating additional leverage from private or other public sector will be welcomed.

There is no upper or lower limit to the size of the project.

However, it is likely that below a certain threshold, projects will not be economically viable, with projects being subject to a value for money assessment.

It is a main feature of this scheme that the groups involved work to grow interest and demand in their communities, and we would estimate that a project should aim to make at least 500 broadband connections.

Project viability will be discussed with your Community Broadband Scotland officer.

If you receive funding through this scheme, it does not mean you cannot apply for other grant funding.

The support you may receive will be awarded as State Aid either through a notified scheme, a general block exemption or de minimis.

De minimis allows an entity to receive up to €200,000 aid over a 3 year period. In order to determine your eligibility for de minimis you will need to detail any public awards of funding received by your organisation in the last 3 years. This includes grants, loans and subsidised contracts.

## Eligible Costs

The broadband scheme can provide grant assistance towards the capital infrastructure your project/community needs to deliver superfast broadband.

The eligible costs shall include the following costs:

- investment costs for the deployment of a passive broadband infrastructure
- investment costs of broadband-related civil engineering works
- investment costs for the deployment of basic broadband networks, and
- investment costs for the deployment of next generation access (NGA) networks

Additionally, your project and local area must also meet the following criteria for investment:

- your project must be located in areas where there is no infrastructure of the same category (either basic broadband or NGA network)

- there must be no such infrastructure likely to be developed on commercial terms within three years from the moment of publication of the planned aid measure, which shall also be verified through an open public consultation
- support will be allocated on the basis of an open, transparent and non-discriminatory competitive selection process respecting the principle of technology neutrality
- the network operator should offer the widest possible active and passive wholesale access, under fair and non-discriminatory conditions, including physical unbundling in the case of NGA fibre networks.
- wholesale access should be granted for at least seven years and the right of access to ducts or poles should not be limited in time
- in the case of aid for the construction of ducts, the ducts should be large enough to cater for several cable networks and different network topologies

## Completing an Application

There are 2 application forms associated with potential community broadband programmes under the SRDP Broadband Scheme:

- **Stage One Application** – which can be used to support legal advice or project management costs to help community groups with the public procurement process. As part of the procurement process groups should be in a position to select a preferred bidder to develop their network. The detail and cost assumptions from this process should be used to provide accurate financial and performance information in the Stage Two application. \*(Support for successful applicants will be provided through a recognised public sector framework. CBS Advisers can provide advice for communities in completion of the stage one application.)
- **Stage Two Application** – which must be used to detail the full capital infrastructure costs associated with designing, building and operating a community broadband network.

Full guidance on completion of the Stage Two application is detailed here.

### Part 1 – Your Details

**Question 1.1 – Your Project** – you should provide an appropriate and clear name for your project. Ideally it will include a geographic link to your project.

**Question 1.2 – your organisation** – you should provide details of your community organisation and also have a single, named contact able to lead on your application with whom we can correspond. This will help us to deal quickly with queries we may have during the project assessment, activity and grant claiming process.

### Part 2 - Details of your Proposed Project

**Question 2.1 – What will your project deliver?** – you should provide details of your proposed project. This can be a brief summary of your business plan.

**Question 2.2 – Why is your project needed?** – you should provide details of why your project is needed and justification for your grant application.

**Question 2.3 – How will you deliver it?** – Please provide details of how you will deliver this project, e.g. supplier strategy.

**Question 2.4 – Scope of Community Project** – you should provide details on the location of your project along with postcodes relating to premises in your project.

**Question 2.5 – Community Engagement** –you should provide details on your demand registration and community engagement process summarising how you have engaged with local residents and businesses to establish the level of support for the project.

**Question 2.6 – Strategic Fit** – you should provide details of how your community will benefit economically and socially from this project.

### **Question 2.7 – Summary Project Outputs**

We need to know:

- the number of premises that could be connected up to your project (premises passed) and how many premises you expect will take up the services (premises connected).

This information should be broken down by:

- households (purely domestic premises, where no work is undertaken)
- businesses (any place of business for profit or not for profit, including farms, hotels, households used as places of work, social enterprises)
- other premises that do not meet these definitions, e.g. schools and other public sector organisation premises
- the current broadband speed – upload and download
- total population of the communities being targeted

**Question 2.8 – Employment** – you should provide details on the number of jobs maintained and created by this project.

**Question 3.1 – Statutory/General Consents** – you should provide details of statutory and other general consents (for example planning permission, building warrant) that you have obtained.

These should be supported by a copy of the relevant permissions and consents. These are not necessary at the time of application, however may strengthen your



application when CBS considers your ability to deliver the project to the projected timescales. If they haven't been received by the time your application has been submitted, you may wish to provide details of dates when application for consents are anticipated to be submitted/approved. This can be supported by any communication with the bodies involved.

In some circumstances, if your project is approved, funding may not be released until evidence of relevant consents have been submitted. Satisfactory evidence may be required from the relevant authorities when you have indicated permission or consent is not required.

**Question 4.1 - Business Model** – you should provide details on the business and financial model you intend to use for this project. Detail how your organisation will manage and organise the constituent communities.

**Question 4.2 – Your Legal Status** – you should describe how your organisation is constituted and how you involve the community in the management of this project.

**Question 4.3 – Market Research and Demand** – Detail why you believe your community has a particular need and demand for superfast broadband and why you believe this will be sufficient to sustain this service in the long run.

**Question 4.4. – Management Arrangements** – Detail your project governance, financial and quality controls and day-to-day management arrangements, including key personnel in your project team.

**Question 4.5 – Sustainability Strategy** – you should provide details of how you will ensure that your project is able to deliver a sustainable service in the long term, up to and beyond five years.

**Question 5.1 – Open and Fair Procurement of Services** – you should provide details of your procurement strategy for the broadband service.

**Question 5.2 – Technology Neutrality** – you should provide details on how your project will procure a technology neutral solution that is tailored to the conditions faced by your community.

**Question 6 – Evidence and Records Management** – you should provide details of how you will manage and maintain the evidence and records you will need to provide in support of grant claims and in the event of an audit.

**Question 7.1 – Estimated Start and Completion Dates** – you should provide the estimated start and completion date. These dates should be as realistic as possible and you should ensure they take into consideration time for obtaining permissions and assessments of your grant application by the Community Broadband Scotland Team.

**Question 7.2 – Project Milestones** – Provide target milestones – including dates for the progression of your project.

**Question 9.1 – Project Funding and Costs** – you should provide written evidence of how the project is to be funded. This evidence should include confirmation of the amount of funding from all funders and any terms and conditions relating to financial assistance for:

- overdrafts
- loans
- other grants
- other public sector support
- other sources of funding
- donation of physical items

Please note that all costs should be quoted net of VAT at this application stage

**Question 9.2 Claim Dates** – when completing this section please take into account the potential claim dates in consultation with your Community Broadband Scotland advisor. If successful, any award will be based on the dates and amounts you provide.

**Question 9.3 - Previous Grant Funding** – where you have previously been awarded funding from any public body, details must be provided including:

- who the funding was from
- when it was awarded
- amount of award
- a brief description of what the funding was for
- whether this was de minimis funding

**Question 11 - Declaration** – This section must be completed by an authorised person of the applicant organisation. By doing so, you confirm that:

- you have read and understood the guidance of this scheme
- the information detailed in this application form is true and accurate
- you are authorised to sign the application form
- the applicant will undertake to meet all obligations for planning permission and any other certificates or consents.

## **Applications and Approval process**

There will be 12 monthly application windows during the calendar year which open on the 1st day of each month and will close for new applications on the 25th day of each month.. These windows are in place for both Stage One and Stage Two applications. Before we can process your application, it must be complete and contain the information we require, including all supporting documentation.

You must complete the application form clearly and accurately, and ensure that you send us all the supporting documentation.

Once your application is received, an initial assessment will be carried out to ensure it meets basic scheme eligibility criteria. We will aim to issue you an acknowledgement

letter within 14 days of receipt. Where eligibility requirements haven't been met or your application is incomplete, we aim to confirm this in writing within 14 days.

### Selection Criteria Assessment

Your application and supporting documentation will be assessed by CBS based on the selection criteria developed for the scheme. This is to ensure value for money and technical eligibility.

Projects will be screened against the following selection criteria:

- **Financial Model or User Pricing** – does the project deliver a sustainable financial model with affordable user pricing?
- **Sustainability** – is there evidence of a strong plan for the management and deployment of the project?
- **Leverage** – to what extent does the project incorporate private sources of funding?
- **Community Involvement or Benefits** - is there evidence of benefits and impact this intervention will have on the communities involved?
- **Contribution to Local or National Objectives** – does the project demonstrate linkages to local and national social and economic benefits?
- **Coverage** – does the project deliver appropriate coverage for the target area and target groups?
- **Feasibility** – can the project be successfully completed within the agreed timescales?

It is very important that you **must not start work** on your project before receiving notification that your application has been successful. This will take the form of a grant offer letter that will have to be signed and returned to us. Only then can you begin work.

Failure to meet this key condition will constitute a breach of the scheme rules and will result in your application being rejected when discovered post offer your award will be withdrawn and any funding paid will have to be repaid to Highlands and Islands Enterprise.

We understand that preparatory work may be necessary and expenditure incurred relating to professional fees will not disqualify the project and may be eligible for grant funding. Please contact your Community Broadband Scotland officer to discuss beforehand. Fees connected to the preparation of your application are not eligible.

### Conditions of Grant

If your project is successful and the funding approved exceeds €500,000 you must erect a permanent sign. The detail must include:

- a description of the project

- the European Union flag, to standards detailed in European Union regulations. (see a related information document based on EU structural funds - <http://www.gov.scot/Resource/0047/00475528.pdf> )
- the statement: “The European Agricultural Fund for Rural Development: Europe investing in the Rural Areas” – this shall take up at least 25 per cent of the billboard

### **Grant Control Period**

The grant control period is seven years from the date your project is complete and in use.

### **Continued Use**

All items purchased or constructed with the assistance of a grant must remain in use for the purpose for which the grant was approved, which is normally seven years (or for their useful life if this is less than seven years and correct and regular maintenance is carried out).

### **Retention of Assets**

If you dispose of assets that have been the subject of a grant within seven years of receipt of that grant, we would normally expect you to repay the whole amount of the grant with interest. However, if the asset was to remain in use for the purpose set out in the grant, this recovery could be waived in whole or in part. Please contact your Community Broadband Scotland officer for formal consent prior to any disposal, which consent may be subject to conditions.

#### **Insurance**

The responsibility for the design, execution of the works, post installation and any liability arising from this lies solely with you.

We advise that you or your contractor are insured against all risk of injury, damage or loss arising, from whatever cause, in the course of the work.

Any additional expense that may be incurred because of the failure to insure or inadequate insurance will not be covered by the grant.

### **Provision of Accurate Information**

You are responsible for ensuring that all information provided in support of an application or claim is accurate in all respects. Failure to do so may result in the refusal of payment and/or recovery of any grant already paid plus interest.

Allow authorised persons access to land or premises

You are required to allow an authorised person, at reasonable hours and producing authorisation, access to inspect land and premises relating to an application or claim.

### **Other**

Additional conditions of grant maybe required by Highlands and Islands Enterprise. These will be detailed in the award letter (e.g. requirement to supply documentation for statutory consents, evidence of match funding etc.).

## **Variations**

It may be possible to vary your approved project prior to, or during, its implementation. This may be necessary because of changed business circumstances, delays or other factors.

However, it is important that you seek prior approval before you implement them as it may have an impact on your eligibility to receive support. It is also possible that Highlands and Islands Enterprise or Scottish Government may require grant already paid to be returned plus interest.

If you wish to change a cost, this must be supported by the same details required as the initial application.

You must obtain prior approval if you wish to increase the costs of an approved item. For example due to the cost increasing as a result of market conditions. However the overall approved amount of the grant cannot be increased.

Therefore, you will need to identify savings elsewhere to allow these increased costs to be considered.

A Variation must also be requested where you are unable to submit claims as agreed (date and/or amount) in your approval letter.

Variation will be dependent on various factors, including fit with available budget, and should be requested, where possible, before claims are overdue.

## **Claiming Grants**

Grant payments must be claimed using the proper claim form provided by Highlands and Islands Enterprise which will be forwarded to you on receipt of a signed grant award letter.

The grant award letter will state the maximum amount of the grant awarded and the conditions under which the grant will be paid by Highlands and Islands Enterprise.

Claim forms must be accompanied by such evidence as HIE may require to substantiate the claim, details of which shall be set out in the grant award letter.

If any such claim or evidence is not satisfactory to HIE, payment may be refused or reduced at HIE's discretion.

All approvals regulations and notification must be complied with before grant is claimed. These may include:

- planning permission
- building regulations
- completion certificates
- National Park requirements
- fire certificates
- health and safety
- food hygiene
- sites of special scientific interest (SSSI)
- Areas of Outstanding Natural Beauty (AONB)
- National Nature Reserve (NNR)
- ancient monument
- listed building
- public rights of way
- felling licence or tree preservation orders
- conservation areas
- Scottish Environment Protection Agency (SEPA) regulations

This list is not exhaustive and it is your responsibility to ensure all relevant regulations are complied with.

### **Other Funding**

If you receive funding from another public body, such as a local authority you must provide evidence of any instalment of grant paid by these agencies with each claim submitted.

### **Expenditure ineligible for this grant**

The following items or areas of expenditure are ineligible for grant aid. Inclusion of any of these items in a claim would not normally render the whole project ineligible, but their costs will not be included in the amount upon which grant is calculated. They should be included in the record of invoices and supporting documents (part of the claim form) but should be identified as ineligible.

- The community's own labour and equipment costs
- Consumables (items normally written off within one year)
- Repair and maintenance costs
- One on one replacement
- Landscaping work
- Technical charges exceeding 12 per cent of the total capital cost of the project
- Land purchase costs exceeding 10 per cent of the total capital costs of the project

### **Variations**

Variations to the approved project will not be accepted at claim stage. All variation requests should be made in writing to Highlands and Islands Enterprise in advance of incurring any revised expenditure.

Your variation will be considered in relation to the original project and the general aims of the scheme. In certain circumstances, if it is necessary to amend the technical nature of the project, the amount of grant may be reduced.

Payment of the grant may be suspended while a modification is being considered, even if the claim relates to work not directly affected by the modification.

### **Submitting your Claim**

Completed claims should be sent directly to the CBS Project Co-ordinator at the address below. As the claim will contain original documents e.g. invoices you should consider how best to ensure their safe arrival. You should also keep copies for your own records. Full details of the claims process will be set out in the grant award letter to successful applicants. Any questions regarding the claim or claim process should be directed to the CBS Project Co-ordinator.

CBS Project Co-ordinator  
Highlands & Islands Enterprise  
The Centrum Building  
38 Queen Street  
Glasgow  
G1 3DX.

### **Payment of Claims**

Payments will be made by BACS to the bank account registered to the applicant group. This must be the same account form which invoices have been paid.

If you are claiming in installments, the final installment should/must be for at least 20% per cent of the award. In limited circumstances, the final installment will be reduced. However, this will be considered on a case by case basis. You should not submit a final claim until all approved costs of the project have been paid.

### **Inspection and Verification**

We may carry out checks or seek clarification or further supporting evidence or information relating to any aspect of an application or a claim for payment.

Additionally:

- we may, at any reasonable time, seek to verify the accuracy of any information contained in an application or claim for payment or any other information provided by the applicant relating to the project
- we will monitor the project as detailed in the grant offer letter to ensure that outcomes are met and an evaluation of the project will be required upon completion. A request may be made for a progress report, and, after completion, a report on the project's performance

You will also be required, to co-operate by permitting full access to records relating to the project. You must:

- retain all invoices and bank statements, accounts, and other relevant documents in relation to the application and produce them for inspection if required to do so
- provide such additional information in relation to the investment or project or grant monies paid in pursuance of that investment or project as required
- retain all records relating to a project for a period of five years following the completion of the project and the payment of the final grant in support of that project

## **Breaches and Penalties**

If we find you have not been following the terms of the scheme we will call this a breach and you could face a financial penalty. We must penalise breaches to make sure we are complying with European Commission law.

The penalties for a breach may mean you have to pay back some or all of your grant, as well as a penalty and interest. You may also be prohibited from applying for further grant assistance from the scheme for a specified period.

## **Data Disclosure**

We have a legal duty to keep the conditions of:

- the Data Protection Act 1998
- the Freedom of Information (Scotland) Act 2002 (FOISA)
- the Environmental Information (Scotland) Regulations 2004 (EIR)

It is the policy of Scottish Ministers to share relevant data, including historical data, that is held on your business with other organisations for legitimate purposes and when required to do so and also to share relevant data on FOISA and EIR when it is in the public interest.

It is also the policy of Ministers to release information on recipients and grants provided under the Scottish Rural Development Programme.

We will protect other personal data we receive in line with the Data Protection Act 1998.

We will use the data you have provided primarily for the purpose of processing this application.

However, personal data may also be used subject to the safeguards of the 1998 Act for purposes connected with the administration of the Common Agricultural Policy, the Scottish Rural Development Programme and other aid schemes.

Data may be passed (when necessary for these purposes) to other bodies. For example to the Scottish Environment Protection Agency (SEPA) for environment and water monitoring purposes, or to local authorities for milk or health purposes.



Data may also be used for statistical purposes, not identifying individuals, which may reduce the need for some statistical data collection. It may also be used when necessary to comply with the Freedom of Information Act or the Environmental Information Regulations noted previously.

## Appeals and Complaints

### Appeals

If we refuse, reduce or recover any grant, you may have the right to appeal against this decision. Please contact your Community Broadband Scotland officer to discuss this further. Please note however that you cannot use the formal Appeal process where we have not approved your application for funding.

### Complaints

If you have a complaint about this scheme or its administration, you should in the first instance discuss the matter with the Director of Community Broadband Scotland, who may be able to answer your concern to your satisfaction:

Director of Community Broadband Scotland  
Highlands and Islands Enterprise  
An Lòchran  
10 Inverness Campus  
Inverness  
IV2 5NA  
Scotland

Email: CBS-enquiries@hient.co.uk  
Tel: 01463 245245

## Governing legislation

**Regulation (EU) No 1305/2013** of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

**Commission Implementing Regulation (EU) No 808/2014** (laying down rules for the application of Regulation (EU) No 1305/2013).

**Regulation (EU) No 1303/2013** of the European Parliament and of the Council laying down common provisions on the European Agricultural Fund for Rural Development.

**Regulation (EU) 480/2014** supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Agricultural Fund for Rural Development.

**Regulation (EU) 1306/2013** of the European Parliament and of the Council on the financing, management and monitoring of the Common Agricultural Policy.

**Commission Delegated Regulation (EU) No 640/2014 (supplementing Regulation (EU) No 1306/2013)** with regard to the integrated administration and control system and conditions for the refusal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance.

**Regulation (EU) No 651/2014** declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

**The Rural Development (Scotland) Regulations 2015 SSI 2015/192**

The purpose of the SSI is to provide the appropriate domestic powers to implement the Scottish Rural Development Programme 2014 – 2020 (“the SRDP”) which has been prepared under the framework of Regulation (EU) No 1305/2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

**SA. 40720 (2016/N) – National Broadband Scheme for the UK for 2016-2020.** On 26 May 2016 the European Commission approved BDUK – The National Broadband Scheme 2016-2020 which is the UK Government recommended umbrella scheme for all publicly funded broadband projects in the UK.

## **Contact Details**

Address:

Community Broadband Scotland  
Highlands and Islands Enterprise  
An Lòchran  
10 Inverness Campus  
Inverness  
IV2 5NA  
Scotland

Email: [CBS-enquiries@hient.co.uk](mailto:CBS-enquiries@hient.co.uk)  
Tel: 01463 245245

