

Connecting Devon and Somerset Update

Report of the Head of Economy, Enterprise and Skills

1. Summary

The Connecting Devon and Somerset (CDS) Programme continues to work to extend broadband coverage across Devon and Somerset. There has been good progress in Devon working with Airband since an update was last presented to this committee and the area is also participating in the national Better Broadband Voucher programme which gets underway next month. Plans are also advancing for the first reinvestment of 'Gainshare' funding working with BT which looks set to deliver additional superfast coverage to a further 2,000 homes and businesses in the hardest to reach areas of Devon and Somerset. The situation with the Gigaclear contracts however remains in an uncertain place while Gigaclear continue to work on providing a robust and credible position to take these contracts forward. CDS, working closely with the Department for Digital, Culture, Media & Sport (DCMS), with support from local authority partners, LEPs and MPs has been seeking a funding extension which is supported as a priority by DCMS. In recognition of a CDS/DCMS business case we have had a positive response from HM Treasury and are finalising an agreement for an extension with DCMS as part of their spending review process. CDS is agreeing similar support from other funders. Whilst every effort to resolve the situation with Gigaclear is being made, the programme is also working with DCMS and the LEP to consider alternative options and develop a Digital Strategy for the area.

2. Background

The CDS programme is the largest of its kind in England. It is supported with funding from the Department for Digital, Culture, Media and Sport, the EU's European Regional Development Fund, the Heart of the South West Local Enterprise Partnership and local authorities, including Devon County Council. Somerset County Council is the accountable body, and the programme works very closely with Broadband Delivery UK (BDUK).

To date, the programme has provided access to superfast broadband to more than 300,000 homes and businesses, often in sparsely populated rural areas and over challenging terrain. A further 38,000 homes and businesses have benefited from improved broadband speed. The take up rate for these new services currently stands at 54% and is generating significant resources for reinvestment thanks to the Government's gainshare agreement with BT.

Airband is currently building a new network for CDS that will provide access to superfast broadband for around 16,000 homes and businesses across the area by June 2020 and is completing a network to serve around 5,000 hard to reach properties in Dartmoor and Exmoor National Parks with superfast broadband.

CDS awarded five contracts in December 2016 to Gigaclear Ltd based in Abingdon, Oxfordshire to deliver ultrafast broadband across Devon and Somerset. CDS was able to extend coverage in December 2017, having secured additional ERDF funding to a total of 47,810 homes and businesses. Gigaclear are investing £60.5m of their own resources with CDS contributing £31m public sector subsidy to deliver this coverage. Gigaclear also committed to deliver services to a further 43,000 premises under their own commercial programme and a further investment of £67.3m into their commercial build programme.

The award of these contracts was approved by BDUK and the CDS Board, with BDUK playing a full role in the assurance of the proposed contracts.

An announcement was made at the end of last year that the Gigaclear contracts were in delay. CDS and Gigaclear jointly issued a [briefing](#) to stakeholders, including councillors and MPs at the beginning of November. This sets out detail on the five main reasons that have contributed to the Gigaclear delayed roll out and the current situation for the Gigaclear contracts:

- Poor operational capacity and decision-making within Gigaclear
- Lack of operator capacity
- Slow deployment by contractors
- Lack of detailed planning
- Failure to redesign the build methodology
- Planning.

3. Programme Performance

The Airband contract covering North Devon, Torridge, West Devon and part of Mid Devon has so far delivered 3487 connections and has stood 16 structures. The delivery plan is on track and aims to complete by June 2020. Airband has also indicated that it is considering adding into the later phases of the programme fibre connections to homes and businesses, with wireless backhaul. CDS is open to considering this approach and will work with the company to assess the potential benefits of adopting this method. Any decision will need to be approved by both CDS and BDUK and be able to demonstrate similar levels of coverage and value for money.

Airband continue to engage with local communities and have been working alongside CDS in attending events. To date 19 events and meetings have been held with communities. Airband have also delivered new connectivity free of charge to 8 village halls across the contract area.

The situation with the Gigaclear contracts remains challenging and the company is continuing to develop acceptable plans for each contract area backed by fully costed analysis of the network delivery options. CDS and BDUK require key reassurances particularly regarding capacity and acceleration of deployment. In response, Gigaclear is investigating further options to improve its operations in Devon and Somerset in light of the significant delays the company has incurred.

Gigaclear is currently building full fibre networks in 31 areas in Devon and Somerset for CDS, providing access to ultrafast broadband speeds to 6000 homes and businesses. The company is also continuing its commercial build which will serve a further 6000 premises. Gigaclear is continuing to work with telent and McNicholas, part of the Keir Group to undertake this build. One of the knock-on effects of the delays incurred by the company is that exact details about which communities will be in the next phase of the roll-out have yet to be confirmed.

Gigaclear says it will provide updated information for the public and stakeholders about its roll-out timetable on its website

The company remains on notice of default. Pending a satisfactory outcome CDS is withholding public subsidy and Gigaclear is continuing to build the network in the CDS area

at risk, providing substantial investment of its own. Gigaclear has also opened a regional office in Taunton and has increased its staff.

Although this regrettably means a further period of uncertainty over Gigaclear's roll-out, the potential benefits of allowing the company some further time to complete its analysis are judged to be better than the disbenefits of bringing the contracts to an end at this time. The ultimate aim is to ensure maximum coverage of ultrafast fibre to the premises so future proofing the installation for the consumer. However, CDS has made it clear to the company that this period of uncertainty cannot continue indefinitely.

DCMS and CDS, supported by local authority partners, LEPs and MPs, have also been working to secure a funding extension to the capital grant awarded to the programme. The original deadline for spending this was March 2020. DCMS and CDS have made a case to HM Treasury and have met with the Digital Minister recently to further the case. DCMS judges it is sensible to extend the funding deadline to ensure rural communities and businesses will benefit from the grant funding of £17.8m awarded to CDS for the Gigaclear contracts to deliver full fibre broadband. Following good discussion with HM Treasury, DCMS will make this funding extension a priority in the Department's submission to the Spending Review, and CDS will work with DCMS on a revised funding agreement. Conversations are taking place with other funders on a similar basis. CDS working with BDUK are investigating all possible options for the future roll-out of full fibre broadband while this interim period with Gigaclear continues.

The programme board has taken the decision to join the national Better Broadband Voucher Scheme, which is being launched next month. This scheme will benefit some residents and businesses receive support towards improving connectivity. Any home or business with less than 2 Mbps and not part of planned deployment from another publicly funded scheme within the next 12 months can request a voucher. There are a number of providers who can then be selected to provide a new service, including 4g, wireless and satellite solutions. Homes or businesses benefiting from the scheme will not have their status in any future superfast broadband roll-out affected.

BDUK are also operating their Gigabit Voucher programme which provides businesses and residential properties with vouchers of up to £2,500 and £500 respectively when they come together to develop local partnerships to provide fibre connections capable of at least 100Mbps.

CDS is advancing plans to extend BT's network applying the first £6 million of 'Gainshare' Funding. It is anticipated that this initial expansion will extend superfast coverage to a further 2,000 homes and businesses in the hardest to reach areas of Devon and Somerset. CDS will provide full details once the final plans have been agreed with BT and BDUK.

Further reinvestment sums are expected up until 2024. CDS working with BDUK and the LEP is developing a Digital Strategy for the Heart of the South West area which will include connectivity and infrastructure, as well as considering digital skills and innovation. This will help guide the approach for extending coverage and applying these reinvestment sums, and other funding opportunities. The first stage of this is to run an Open Market Review which will begin over the coming weeks. CDS is committed to working with BDUK to take forward Government's Full Fibre ambitions and options emerging around a Rural Broadband Connectivity Programme.

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Local Government Act 1972: List of Background Papers

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Background Paper

Date

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Nil

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