

Connecting Devon and Somerset Update

Report of the Head of Economy, Enterprise, and Skills

1. Summary

This report provides an update on broadband coverage across Devon and progress of the publicly subsidised Airband and Openreach contracts and the Mobile Boost programme. It also sets out the approach for Project Gigabit, the national broadband programme being led by Government. There are several ongoing challenges being experienced across the Connecting Devon and Somerset (CDS) contracts, including capacity and workforce, availability of components and supply chains and access to infrastructure and assets that are affecting the delivery of new broadband services. Building to rural and hard to reach communities is complex and these issues are common to several providers and local body areas.

The capacity within the industry to resource build at the pace required is a universal issue to all providers. This is driven by a current lack of skilled resource nationally and further exacerbated by remoteness from major population centres where work is more dependable. This has fuelled considerable staff churn and difficulties in securing stable partners in areas like civils and fibre design.

Whilst changes in legislation around the shared use of passive infrastructure, such as ducts and poles, has made a significant improvement in pace and cost of delivery across the industry, this is ultimately a finite resource. Competition for access is both high and intensifying.

There is also some evidence of the impact of the pandemic on the component supply-chain. Whilst limited to date, there are some signs that this may become an increasing issue over the next year.

There is significant investment into alternative network operators, and the commercial market is active in taking forward their commercial networks. The vast majority of commercial delivery in Devon is centred on Exeter and our larger communities, leaving rural communities behind, where the costs to reach are rising. CDS remains committed to prioritising these hard-to-reach communities.

The investment by the Council in broadband connectivity is directly contributing to our Strategic Plan. Improved broadband connectivity will underpin the county's sustainable economic recovery and contribute towards children and adults being able to access education, employment and training, helping communities to be connected and resilient, addressing inequality of opportunity and being ambitious for our young people. Digital connectivity enables flexible working, innovation and learning reducing transport and carbon emissions, inspiring new approaches and delivery of services and advances in green technologies and applications.

2. Background

The Connecting Devon and Somerset programme (CDS) is a partnership of local authorities, established to deliver improved broadband across the region, focusing on where the commercial sector have no credible plans to deliver. It is the largest programme of its kind in England and has delivered connectivity to more homes and businesses than any other broadband programme in England, according to the Department for Digital, Culture, Media and Sport (DCMS). It is also one of the most cost-effective programmes in England with costs per premise in the lowest quartile nationally, as assessed by Building Digital UK (BDUK).

To date 352,120 homes and businesses in Devon now have access to superfast broadband, with over 160,410 of these having access to superfast broadband as a direct result of investment by the public sector through CDS. Take-up of CDS funded broadband services is nearly 73.92% compared with a national average of 61.4%, an increase of circa 4% over the last quarter, according to BDUK. The Connecting Devon and Somerset programme is expected to deliver an £800 million boost to the regional economy set out in the UK Broadband Impact Study by SQW.

The CDS programme is supported with funding from the DCMS, the EU's European Regional Development Fund, the Rural Development Programme for England, the Heart of the Southwest Local Enterprise Partnership and local authorities, including Devon County Council's contribution of £3.043 million, which is included in the current 2022/23 capital programme subject to cabinet approval of budget brought forward from 2021/22. Somerset County Council is the accountable body, and the programme works very closely with Building Digital UK (BDUK).

3. Update on Broadband Coverage and Contract Performance

a) Coverage

Across Devon there are 410,800 premises. CDS has enabled 160,410 to benefit from a superfast service, and 191,710 have been delivered to by a commercial provider. The proportion of superfast broadband delivered by CDS in Devon is higher than central Government estimates for public sector contributions. The live contracts being operated by Airband and Openreach will deliver connections to an additional 34,745 premises, and the private sector are building a further 15,000 connections. All live contracts are in delay, but it is anticipated that 97.82% of homes and businesses will have a superfast or gigabit capable service by the end of 2024 (401,880 premises).

b) Openreach and Airband Contracts Update

The Openreach contract is an extension to the Phase 1 Contract. Thanks to the high level of take up of broadband services under this contract CDS is re-investing a £6 million public dividend to fund this fibre extension. This is made possible through the Government's Gainshare agreement with Openreach, under which increasing take-up of broadband delivered through the first phase of the CDS programme generates additional funds for reinvestment in new broadband networks. The programme is targeting in the main hard to reach rural communities. The contract is delivering full fibre connections to just over 2,000 premises across Devon and Somerset, of which 1,305 are in Devon.

All community “clusters” have now been designed and surveyed and build is underway in 13 areas. To date 125 premises have been served and a further 567 are in build.

Openreach have confirmed that the programme is in delay, however, a remedial plan is being agreed to complete the build. The overall completion date is being extended by 12 months.

Airband are delivering across Devon, under three live contracts. A previous contract to connect over 5000 premises in Dartmoor and Exmoor National Parks has been completed. On average they are completing between 75 – 130 km of fibre per month. Across the contracts by the end of 2022, they are targeting connecting over 12,500 premises and completing 1000km of fibre, to reach 15 further community clusters across all their contracts in Devon, and one contract in Somerset.

Airband have been undertaking a rolling programme of marketing and engagement across Devon. This includes running a series of webinars with communities and attending parish council meetings. They have been driving take up for new fibre services through a range of activity, including advertising on petrol pumps, online adverts such as on Facebook and Right Move and have concession stands in key locations, such as Morrisons in Teignmouth. This activity is leading to a number of registrations and expressions of interest in their broadband services.

i) Lot 4 – North Western Devon

This contract is delivering 17,974 premises with a superfast service. To date it has delivered more than 11,700 premises using a fixed wireless solution, and the second phase of the programme has migrated to a full fibre solution. To date 2,166 further homes have been served by Airband, with ca. 4,000 remaining in build or in the process of being designed and surveyed.

As with Openreach, this contract has been delayed, as reported to Scrutiny previously. Ongoing issues and challenges are still being encountered, including labour and workforce and the contract is now scheduled to complete by December 2024. Key issues and challenges have been switching to deliver a full fibre network, securing skilled fibre design partners, workforce and capacity - allied with recruitment and retention. These retention issues have impacted on continuity and the ability to maintain a consistent approach. This, in turn, can impact on the company's ability to meet its milestones and could reduce its ability to draw down subsidy.

Other factors of significance include difficulties sometimes in securing critical wayleaves and the volume of queries arising from the need to inject new telegraph poles. Additionally, there is a clear challenge around the sheer volume of permits that DCC Highways need to approve to allow the work to proceed and Airband's capacity to provide the authority with sufficient quality traffic management proposals to secure those approvals. Progress has been made in most of these areas, including the recent recruitment of a new senior design and build management team.

Latest indicative dates have been provided on the Airband website [HERE](#) and communities are being kept up to date via Airband and CDS.

ii) Lot E – East and Mid Devon Area

This contract, which will deliver new fibre connections to 13,890 homes and businesses, is also in delay, and CDS are working with Airband to complete a remedial plan and set of updates and communications to residents affected. There are similar reasons for the delay, in particular the appointment of strategic civils and design partners has taken longer than anticipated, continued difficulty in agreeing critical wayleaves impacting on Airband's ability to finalise the designs and commit to a build schedule and the permitting this requires. A key part of approving the revised plans and timescales will be reaching agreement on extending public funding.

However, design and survey work has been completed in 1 cluster between Tiverton and Nomansland, serving circa 600 premises, and build is well advanced with completion scheduled for Q2 2022/23. Survey and design activities have begun in clusters between Sampford Peverell and Bradninch as well as between Seaton, Gittisham and Sidmouth with clarity on the next to go into build expected shortly. To date there are 3 live connections in this Lot area and a further 115 premises can take a service and orders are being placed.

Airband are a founding partner in the Common Wholesale Platform initiative which is scheduled to go live in April 2023. This initiative is designed to provide a transparent mechanism for any internet service provider (ISP) to sell a service to any resident, regardless of the network over which the service travels. This is set to expand considerably the range of ISPs available on the new networks currently being built by Airband (and other AltNets)

iii) Lot F – South Devon

This contract will deliver new fibre connections to 14,398 homes and businesses. Design and survey work has been completed in 2 clusters from Exminster to Starcross and from Ashcombe to Bishopsteignton, serving 1,200 premises, and build is well advanced with completion scheduled for Q2 2022/23. Survey and design activities have begun in clusters between Marldon and Dainton and around Totnes with clarity on the next to go into build expected shortly. To date there are 88 marketable premises.

However, looked at overall, this contract is also in delay, and CDS are working with Airband to complete a remedial plan and set of updates and communications to residents affected. Again, there are similar reasons for the delay, in particular appointing of strategic civils and design partners has taken longer than anticipated, continued difficulty in agreeing critical wayleaves impacting Airband's ability to finalise the designs and commit to a build schedule and the permitting this requires. A key part of approving the revised plans and timescales will be reaching agreement on extending public funding.

4. Mobile Boost Scheme

This is a programme funded by the Heart of the Southwest LEP and being delivered by CDS across Devon and Somerset. It aims to upgrade 4G coverage within homes

and businesses overcoming the financial costs and lost opportunities that businesses report from their inability to make and receive calls from their premises. It targets those businesses and residents which have no adequate coverage from any operator or only one operator and offers vouchers worth between £450 and £1,200 depending on which technology option is chosen. The vouchers cover most of the cost of the equipment and installation, with the homeowner or business being asked to invest the balance.

To date in Devon, we have 5 providers on the scheme, all are registered with or in the process of being assessed for membership in Trading Standards' Buy with Confidence scheme. There have been more than 2,440 applications for a voucher, and 657 installs have taken place with a further 140 in the pipeline.

The Mobile Boost Scheme has been promoted through city, district and county councils, organisations supporting businesses, business membership organisations and through DALC. Case studies featuring beneficiaries of the Mobile Boost Scheme are being collated for each of the Devon district areas. These include a case study of a business beneficiary in the South Hams area, an area identified in the funding bid for the scheme as having a high number of "not spots". The case studies will be published to the CDS website and will be used to help promote the scheme going forward.

5. Project Gigabit

National plans are advancing to invest the announced £1.25bn in the Autumn Spending Review to deliver an increase in gigabit access to 86% of the country by 2025. This is part of the wider £5bn investment previously announced. The National Gigabit Programme is being run centrally by BDUK/DCMS, who will hold contracts with providers to deliver full fibre networks.

The delivery landscape for fibre across the region (and the rest of the country) has changed beyond recognition over the last 2 to 3 years. The sector continues to attract strong investment from private equity backers, both UK and internationally based. At present, there are at least 11 fibre providers delivering in parts of the CDS region, driving the previously mentioned competition for access to existing infrastructure, project management experience, civils and design capacity as well as access to our highways network.

Whilst this is a positive change in some respects, it tends to mask the reality that much of this build activity and competition is focussed on the urban (thus cheaper to build) parts of our region – essentially overbuilding premises that already have access to superfast broadband through earlier CDS (and commercial) build phases.

A key challenge is to monitor and manage our activities to ensure that such commercial activity does not end up consolidating the digital divide by rendering today's very hard to reach rural properties into tomorrow's unreachable properties.

Work is now underway by Building Digital UK (BDUK) to start planning delivering Project Gigabit across Devon and Somerset by BDUK, and CDS is working to support their knowledge and approach. The starting position is to test current market proposals and plans, and this exercise has started, by BDUK, as a rolling programme of market engagement. CDS is working with BDUK to establish:

a) Timescales and programme for delivering Project Gigabit across Devon and Somerset.

At present, we understand that the initial elements include a rolling Open Market Review (OMR) process that will begin imminently, followed by a public review on the results of this OMR by the end of this year. At this point and throughout the consultation there will be a suspension of eligibility for the Gigabit Voucher Scheme until such point as it is concluded. Intervention areas are then determined by Government, and procurements are undertaken, with a target date for contracts to then be let in early 2024.

b) Role and resources commitment from CDS to support the national programme

We understand that as a local body we are likely to be asked to resource and be responsible and/or accountable for:

- Ensuring best practice is adopted and provide support for local engagement with communities to avoid any issues arising in a Highways context
- Management of enquiries and issues, working with BDUK to ensure consistent messaging
- Acting as an escalation point from Local Government to BDUK
- Briefing and working with local politicians
- Contribute to and support benefit realisation (including Demand Stimulation)
- Management of Press and public relations
- Undertaking on-the-ground checks where required
- Support with local data and intelligence, contribute to setting procurement/intervention areas

c) Alignment with current CDS programmes to ensure capacity and workforce are retained to complete the CDS contracts and avoid double-subsidy.

- Seeking further clarification

d) Proposed procurements, scale, levels of investment and start dates.

- Seeking further clarification

6. Vouchers and Community Approaches

a) Gigabit Broadband Voucher Scheme / Rural Gigabit Vouchers

In parallel with the contracts and programmes being delivered directly by CDS, the team continues to work closely with BDUK to expand take-up of the Government's Rural Gigabit Voucher programme. CDS offers support to communities who wish to contract with telecoms providers to design and shape bespoke broadband solutions for their areas.

Vouchers must be used as part of a community scheme, comprising two or more premises. To be eligible, premises must be defined as rural, currently not be able to

access a service of over 100Mbs and not included in a published, subsidised roll-out.

Over the last 12 months welcome additional capacity at a district level has been added through South Hams and West Devon's appointment of a Digital Connectivity Specialist to support communities wishing to develop their own fibre solutions with the support of the Gigabit Voucher Scheme.

To date in Devon 1,560 vouchers with a value of £2,880,016 have been issued and 562 premises have been connected by a range of commercial operators.

b) Community Challenge Programme

Working alongside the above, CDS has been able to pilot 'top up funding' through small scale capital grants to some communities, which has been successful in providing 'whole community' solutions where there was an identified funding gap.

To date, the Community Challenge Programme has supported projects in Torridge (Churndon), South Hams and West Devon (Lower Coombe), East Devon (Northleigh and Topsham), Dartmoor (Harford) as well as parts of Somerset, delivering full-fibre.

This opportunity has proven the value of having a flexible and agile resource to support extending fibre coverage. CDS is developing an approach to extend and/or increase the value of vouchers to hard-to-reach premises – working with BDUK to consider the best mechanisms and with the LEP on a case to secure an allocation of additional capital support.

Keri Denton
Head of Economy, Enterprise and Skills

Electoral Divisions: All

Cabinet Member for Economic Recovery and Skills: Councillor Rufus Gilbert

Director of Public Health, Communities and Prosperity: Steve Brown

Local Government Act 1972: List of Background Papers

Contact for enquiries: Keri Denton

Tel No: (01392) 383000 Room No. County Hall, Exeter. EX2 4QD

Background Paper	Date	File Ref.
-------------------------	-------------	------------------

Nil

Connecting Devon and Somerset Update - Final