

## **Connecting Devon and Somerset Update**

Report of the Head of Economy, Enterprise and Skills

### **1. Summary**

To date more than 300,000 homes and businesses across Devon and Somerset can access superfast broadband, with a further 38,000 having access to improved broadband. Every month hundreds more homes and businesses are being connected thanks to the Connecting Devon and Somerset programme (CDS). Take up of broadband services is nearly 60%, an increase from the 54% we last reported. This level of take up is above the national average.

Since the last update report to CIRS Scrutiny, CDS has delivered broadband coverage to a further 3,500 premises in Northern Devon working with Airband and is successfully completing a series of Community Challenge Pilots. An update briefing was also issued to Members and other stakeholders in May.

All five of the Gigaclear contracts remain in default and re-design work by the company is progressing and completes at the end of July.

CDS is engaging with the market to test options and opportunities to extend broadband coverage, including gigabit access and is working alongside Government in developing and rolling out its Rural Connectivity Programme.

### **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 Building Digital 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 59.44% compared with a national average of 52.4% 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 providing 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 in early November. This sets out detail on the five main reasons for the delays incurred by Gigaclear and the current situation with the 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

### **3. Programme Performance**

As agreed at the last CIRS Scrutiny Committee an update on the CDS Programme was circulated to Members and other stakeholders last month.

#### Airband Contracts

Airband are delivering well in the Northern Devon area which includes North Devon, Torridge, West Devon and part of Mid Devon. Currently just over 7,300 premises have been covered with a further 1800 premises due to be completed by the end of June. This is a significant contribution to the contract total of circa 16,000 by June 2020. Conversations are also advancing with the company on their piloting fibre connections and options to include a fibre solution under this contract. The take up from the new network across this part of Devon is 6.7% currently and the company continues to invest in marketing and communications activity to increase this.

The contract for Dartmoor and Exmoor National Parks is nearing completion. Airband have covered more than 5000 homes and businesses and are close to connecting their 1000<sup>th</sup> customer on their network. This programme has benefited from effective engagement between the provider, communities and the National Parks and has led to some innovative solutions being found to ensure new infrastructure is in keeping with the protected landscape. At Simonsbath for example, Airband worked closely with the community and Exmoor National Park Authority to overcome challenging terrain and an environmentally sensitive site location. By using photovoltaic cells to avoid the need to lay an intrusive power cable to the transmitter, a sustainable connectivity solution was achieved to one of the hardest to reach parts of the area.

#### Community Challenge Fund

CDS has piloted a Community Challenge Fund in three communities across the area. The Community Challenge Fund scheme enables local communities to select an approved private sector partner and co-produce a broadband solution that works best for them with some financial support and advice from CDS.

Pilots have been successfully trialled in Harford and Lower Combe in Devon with Openreach and Airband, and a third is underway in Yatton in North Somerset with Openreach. In total 138 homes and businesses will have access to full fibre to the premise broadband with the

capability to deliver speeds up to 1 Gbps. The pilots have been supported by £70,000 capital funding from CDS.

The pilots have proved really effective at enabling local people in communities with different needs to co-produce a broadband solution that works best for them with CDS support. Each community has had different characteristics and challenges, ranging from deeply rural areas and protected landscapes to urban fringes.

CDS is proposing to apply this good practice learned from these pilots to help other communities to develop their own solutions, and where there is good buy-in from the community and cost-effective options proposed, CDS can offer capital funding support. This is under development and adds a new dimension to complement the CDS broader programme. It also supports the Government's full fibre policy. Further details, including advice to communities and how to apply for financial support will be announced in due course.

### Gigaclear Contracts

Gigaclear is continuing to build a full fibre network in 31 communities across the CDS area. Five are now live fully or in part, covering 453 homes from the CDS programme and a further 584 homes under their commercial deployment. These communities are based on Millhayes in the Blackdown Hills area, Rooksbridge in Somerset, and Abbots Leigh, Failand and Wolvers Hill in North Somerset. Gigaclear through its commercial deployment has also served a community based on Ford Street in the Blackdown Hills, delivering to a further 23 properties without Superfast Broadband. Gigaclear have recently announced delays for the remaining community areas and those which are not yet fully live. They have updated their website indicating revised timescales where known and are sending an apology and an update on the situation to affected communities. This is incredibly disappointing and CDS continues to press Gigaclear to accelerate delivery and ensure that they are keeping residents informed.

Gigaclear remains on notice of default across all five contracts awarded to them by CDS. Residents and businesses have been badly let down by the company, which has provided an unreserved apology for the situation, however communities remain with no certainty on when they may receive improved broadband. CDS has made it clear to Gigaclear and their owner Infracapital that this uncertainty cannot continue indefinitely. CDS is not the only area in the UK where Gigaclear are in delay.

Gigaclear is working on a re-design and is provided this to CDS at the beginning of July. CDS has allowed the company additional time to complete this re-design and for the company to evaluate and cost alternative methods of network construction. CDS will not shrink from taking tough action if that is deemed necessary at the conclusion of this process. Demonstrable progress against a work programme from the re-design is required from Gigaclear who are working with industry experts to complete this work.

As a consequence of the delay to the Gigaclear roll out, CDS working closely with the Department for Digital, Culture, Media and Sport, (DCMS) has sought an extension for £18.7millions of Government capital grant to March 2023. This has been supported as a priority by DCMS and has benefited from the support of local authority partners, the LEPs and Members of Parliament. In recognition of representations made by DCMS and CDS, there has been positive responses from HM Treasury which is finalising an agreement for a funding extension with DCMS as part of the Spending Review process.

An extension provides CDS with the flexibility to either agree an acceptable revised time table with Gigaclear to complete a new ultrafast full fibre network or for CDS to pursue alternative full fibre solutions for residents and businesses.

### Market engagement

CDS has launched an Open Market Review to identify commercial operator plans to deliver superfast and gigabit broadband. Evidence of investment to back these plans is also being sought. Alongside this review CDS has invited providers to a series of meetings to explore opportunities to extend broadband coverage, both superfast and gigabit access. There are circa 55,000 premises across the CDS area who have less than 30 Mbps broadband. Approximately half are in rural locations and half within market and coastal towns. The Open Market Review will confirm this assessment. The purpose of the market engagement is to test and explore approaches and options with providers to serve these premises, and the appetite and capacity in the market to taking such options and approaches forward. CDS has no pre-determined options and is open to consider all opportunities including, but not limited to

- potential further procurement of solutions to apply additional public subsidy,
- community-led solutions, taking forward the community challenge fund pilots,
- stimulating demand leading to commercial investments
- opportunities to connecting public buildings to act as hubs for their wider communities and
- all types of appropriate commercial models.

CDS are keen to learn about the market's capacity and capability to deliver these approaches and the maturity of the market to compete for these options.

CDS is also taking the opportunity to prudently examine potential alternatives for some of the current Phase 2 programme areas under contract with Gigaclear, some 47,000 premises, predominantly in rural areas should that need arise.

Market engagement meetings are taking place throughout June and July.

### Gainshare / Clawback Reinvestment

Reinvestment of Gainshare sums from the BT contract are nearing a conclusion, and its hoped that an announcement will be made this summer.. This is likely to indicate a further 2000 homes will benefit from a full fibre solution over the next few years delivered by Openreach from circa £6m investment from clawback sum. As has been previously reported the focus of this initial use of clawback will focus on areas with significant levels of deprivation and with poor levels of broadband speed, balanced against the need to demonstrate value for money.

### Better Broadband Voucher programme / Gigabit Vouchers

Since joining the above national programme, more than 100 vouchers have been requested from across the CDS area. This national scheme provides support to residents and businesses where they have less than 2 Mbps speed and not part of a planned deployment from another publicly funded scheme within the next 12 months.

BDUK also continue to operate a Gigabit Voucher Scheme which provide businesses and residential properties with vouchers of up to £2500 and £500 respectively when they come together to develop local partnerships to provide fibre connections capable of at least 100

Mbps. BDUK have reported that more than 800 voucher requests have been made across the CDS area.

### Rural Gigabit Connectivity (RGC)

The Government has identified that approximately 10% of all UK premises, largely in rural and remote areas, are unlikely to receive Gigabit-capable connections commercially by 2033. RGC is a two-year, £200m UK-wide Government programme focused on this type of area. It will trial an “outside-in” approach designed to ensure more remote communities are not left behind in the roll out of full fibre networks. RGC includes connecting public buildings such as schools to act as local hubs in rural areas. CDS are currently working with BDUK and the Department for Education to identify public buildings, including schools who may benefit from this scheme. The idea is to create a network that other commercial broadband providers can build on and extend full fibre to the surrounding area. The programme also includes a rural Gigabit voucher component, offering up to £3,500 for small businesses and up to £1500 for residents. These opportunities and options to extend further will be explored under the market engagement activity set out above.

Keri Denton  
Head of Economy, Enterprise and Skills

### **Electoral Divisions: All**

Cabinet Member for Economy and Skills: Councillor Rufus Gilbert

*Chief Officer for Communities, Public Health, Environment and Prosperity: Dr Virginia Pearson*

Local Government Act 1972: List of Background Papers

Contact for enquiries: Keri Denton

Room No. Lucombe House, County Hall, Exeter. EX2 4QD

Tel No: (01392) 383000

Background Paper	Date	File Ref.
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hk 02 140619