

## **Connecting Devon and Somerset Update**

Report of the Head of Economy, Enterprise, and Skills

### **1. Summary**

This report provides an update on the mobilisation of the new contracts signed by Connecting Devon and Somerset, existing contracts and the overall picture of broadband services across Devon and Somerset. An additional 56,000 premises will be capable of connecting to a full fibre service by the end of 2024 under the new contracts. This additional coverage adds to the broadband services already being delivered through public subsidy, and investments through suppliers stated commercial programmes, and raises superfast coverage to just under 96% across the county. Mobilisation is under way by each contractor, including recruitment of key personnel and sub-contractors and briefings to Members and other Stakeholders have been issued setting out the areas earmarked for the new services, along with an update on the overall programme.

### **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 had 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 nearly one million homes and businesses in Devon and Somerset now have access to superfast broadband, with over 300,000 of these having access to superfast broadband as a direct result of investment by CDS. Take-up of CDS funded broadband services is nearly 70% compared with a national average of 61.4%, an increase of circa 5% 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 termination of the Gigaclear contracts led the programme to launch a procurement process at the beginning of 2020, which successfully completed on time at the end of the year where six new contracts were awarded to Airband, Wessex Internet and Truespeed. The two new contracts serving parts of Devon have been awarded to Airband, complementing the current contract serving premises in North Western Devon and across Dartmoor and Exmoor National Parks by Airband.

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 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).

### **3. Update on Coverage and Contract Performance**

#### **a) The New Contracts**

The new contracts awarded to Airband, Wessex Internet and Truespeed will serve an additional 56,396 homes and businesses who will benefit from an increase in full fibre coverage. For comparison, the previous Gigaclear contract was for 47,000 premises so these contracts represent a 20% increase in coverage overall. Airband are contracted to deliver the LOTs within Devon, and a LOT within Somerset. Wessex Internet are contracted for coverage in South Somerset, and Truespeed are the appointed contractor for North Somerset and Bath and North East Somerset and the further LOT across the northern part of Sedgemoor and Mendip.

The contractual commitment from all three suppliers is to design, build and operate a gigabit capable network. This means that even if residents only require a Superfast (30Mbps) connection now, from day one it is capable of Ultrafast (100Mbps) or Gigabit (1,000Mbps) speeds when they require it. The contracts are also for open access which means other internet service providers (ISPs) can provide their content over the new networks. The three companies all have experience of working in the region and, between them, have already delivered connections to nearly 41,000 premises in the CDS region. All three companies have regional offices in the CDS area and established in-house and sub-contractor design and build capacity.

The new contracts represent public funding of £36.8 million including £12.3 million from local authorities and the Heart of the South West LEP and are leveraging commercial investment from all three suppliers, bringing the total investment into the area of £77.9 million.

Delivery will be in phases between 2021 and 2024. There are multiple phases within each contract and each phase includes a survey and planning stage, build stage and commissioning / operational stage. Milestones for each stage are set within the contracts, and completion of a milestone is assured technically and financially before any payment is made. Phases and the three stages of deployment will occur concurrently. Mobilisation for the new contracts is underway, and each supplier has provided a contracted mobilisation plan. The initial mobilisation phase is well underway and completes in April. Activity includes mobilising and recruiting resources, double-checking any commercial operations in the earmarked areas, and surveying network routing. These last two important stages will greatly determine which premises in which areas are finally to be connected. One other factor determining final connections is a cap on public subsidy per premise which is agreed by CDS and the contractor and assured by BDUK.

Scaling up operations is underway by all three contractors and setting up their systems. This includes developing communication and engagement plans for the contracted areas, working in partnership with CDS.

Before the geography of the new network is finalised, CDS must complete a prudent double-check that all earmarked areas still require public subsidy. CDS conducts a detailed survey, an “Open Market Review”, before going out to tender and checks again after contract award. This is underway now and known as the “Open Market Review Refresh”. This refresh is nearing completion at a high level for the whole programme. This may result in adjustments to coverage in a few cases to be required to drive value for money from public subsidy and prioritise areas where there is no certainty of a commercial services. Additional checks on changes in commercial plans also take place as part of the planning and survey stage for clusters of communities and is a further opportunity for a contractor or CDS to request an adjustment, based on evidence of changes within commercial plans. This process is essential to ensure that public money is spent where the need is greatest and over-building of existing networks is avoided as far as possible. Although rare, occasionally, some limited overbuilding is necessary because premises lie along the most cost-effective route for the new network and avoiding them would make new connections further along the route too expensive to complete. Final decisions on any changes are taken with Broadband Delivery UK (BDUK) on behalf of DCMS and in consultation with the contractor.

CDS has worked with the new contractors to issue a briefing to Members and other Stakeholders explaining the mobilisation phase and the next steps of deployment. The briefings set out the areas earmarked for coverage under the new contracts, the stage of mobilisation for each contract, and the work that needs to be completed before a firmer indication of the roll out schedule can be fully communicated to communities. CDS and its contractors have committed to providing regular updates and communications to Members, MPs and communities on the deployment plans with as much detail that is known, recognising the level of expectation and transparency from homes and businesses for the new services.

#### **b) Mobilisation of new Airband contracts**

Airband are scaling up their local operations across Devon including entering into subcontracting arrangements with network surveying, planning and build services, supplementing their in-house delivery through Rural Optic. Key personnel, including engagement and wayleave officers are or have been recruited. Other mobilisation during this initial phase includes establishing governance processes, communication plans, quality plans, business systems and reporting structure to ensure the programme keeps to the agreed delivery plan. Community engagement is also started before any of the build phases commence. This includes a detailed community engagement plan, ensuring that communities are kept informed about Airband coming to their area and what happens next. There is also a phased approach to direct communications to individual premises informing before, during and after the build of the network, backed-up by dedicated pages on the Airband website.

Surveys are due to start in April 2021 at Powderham; Halberton to Bradninch, Tiverton to Nomansland; Bishopsteignton and Luscombe, and Marldon and Coombe Fishacre, with all due for completion in the Summer of this year. The term “surveying” does not do justice to the full scale of activity that has to be completed before network construction can begin. Design and planning are also key elements

and taken altogether they form the most crucial part of the pre-construction process, determining the build route, efficiency, and timeline. This is much more than a back-room process, it involves talking to landowners and parish councils, gathering all the information and community help needed to come up with the best and most cost-effective route to take for the new network. As the work develops it will require securing wayleaves and access to highways.

Potential routes will be walked to identify any engineering difficulties and inform the scheduling of the construction. Traffic management requirements are identified and confirmed, other alternative routes are also investigated. For example, where a soft dig may reduce time and traffic management and time. The status of the existing Openreach telegraph poles are also checked and any defective poles are recorded. Surveys are also completed to check for power (route and source), foliage, environments that may have special consideration and utilities. An essential element will be determining the best starting point for the primary connection to the Internet, known as a "backhaul" which will be the main link for the new network to Airband's existing infrastructure. All of this work contributes to forming the initial design and confirming the best route through an area and the best way to build to a premise.

The survey stage should complete in September and build across these communities will begin. It is anticipated that the first live connections will be before the end of the year. The actual dates and properties will be better known at the end of the survey and planning stage.

The Open Market Review refresh is nearing completion at a high level for the whole programme. This may result in a few adjustments to coverage across the Airband contracted areas to drive value for money from public subsidy and prioritise areas where there is no certainty of a commercial service. This is an ongoing piece of work and will conclude shortly. As stated above, this is not the only occasion where adjustments to coverage occur, and further consideration at the end of each surveying and planning stage is undertaken to determine any changes needed as a result of changes in commercial plans.

A further important part of assuring the survey and planning outcome is to consider any impacts on the modelled costs set out in the contracts. Having tested the optimum design for the new network, considered if some properties may need to be removed due to already being covered by a commercial provider can impact on the cost per premise passed. Each contract has a premises cap set out and a supplier can call out any excessively high cost properties. CDS will then agree any change to coverage, which is assured by BDUK, and where high cost premises are removed, CDS will look for the supplier to find alternative premises to bring into the contract. A rise in the planned costs from the modelled costs does not mean adjustment to plans is needed, only where costs exceed the stated premises cap. The subsidy from CDS is fixed, and the contractor bears the financial risk of any cost increase.

Airband will be seeking to accelerate deployment and as they move into build on these first communities, they will concurrently begin to survey and plan further communities throughout 2021.

### **c) Openreach and Airband Live Contracts Update**

These are live contracts currently in operation across Devon. 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 £6 million dividend to fund this fibre extension. The programme is targeting in the main hard to reach rural communities. The contract is delivering full fibre connections to just over 2000 premises across Devon and Somerset. The surveying and planning work is underway across the majority of the identified communities. As these are completed and signed off, communications and updates can be provided to residents. As with the new contracts, the same checks are in place at the surveying and planning stages, testing for commercial build and considering cost rises. The first communities are under build at Combeinteignhead and Lane End that will serve 49 and 15 homes and businesses respectively.

The North Western Devon area is being served by Airband, and more than 11,000 premises have been served to date and coverage has been provided from a fixed wireless solution. The remaining phases for the contract have been switched to full fibre and will serve more than 6000 premises. There has been slippage in the timescales for the remaining full fibre phases as Airband have mobilised their build techniques to enable this change of technology. Whilst Airband is targeting contract completion by the end of the year, surveys and planning are underway for two of the three remaining community clusters, and remaining survey work will begin later this Spring. CDS and BDUK are working with Airband to agree any revised remedial plan and dates and will require the company to communicate regular updates to residents and local stakeholders. Key lessons have been taken on board by Airband and learning is being applied to the new contracts being mobilised. Critical issues have been securing wayleaves and resourcing this to a greater degree and bringing on board additional fibre planning and design resources.

### **d) Coverage Picture for Devon and the Programme area**

Across Devon there are 410,714 premises. CDS has enabled 159,858 to benefit from a superfast service, and 190,773 have been delivered to by a commercial provider. The new contracts together with the existing Openreach and Airband contracts being delivered across Devon will serve an additional 35,389 premises, and the private sector are building a further 7,798 connections. This means that 95.89% of homes and businesses will have a superfast or gigabit capable service by the end of 2024 (393,818 premises).

At a programme level there are 1,100,495 premises within the CDS geography and CDS has supported 315,659 achieve a superfast service to date, and 661,979 premises have been served commercially. The new contracts, together with live contracts being delivered already by Openreach and Airband, will add an additional 66,877 gigabit capable premises and the private sector will serve a further 15,035 homes. This means 96.27% of premises will benefit from superfast coverage by the end of 2024 (1,059, 555 premises).

## e) Opportunities to extend coverage

### 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. CDS will provide additional financial support where appropriate through its Community Challenge Programme to help bridge any local funding gaps. In Devon, to date 1,544 vouchers with a value of £2,867,111 have been issued and 552 premises have been connected by a range of commercial operators.

BDUK has developed a new gigabit broadband voucher which is going through its final, ministerial, approvals this week. Once approval has been received, they will provide further information to local bodies ahead of the launch of the new voucher in early April. To date the Gigabit Broadband Voucher Scheme has enabled the testing of different approaches to stimulate the broadband market and to support the installation of gigabit-capable broadband to homes and businesses. This approach has been very successful and BDUK is keen to build on this as part of the National Gigabit Programme, whilst also ensuring that voucher funding supports the hardest to reach premises and which are least likely to receive gigabit broadband commercially.

### 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. This opportunity has proven the value of having a flexible and agile resource to support extending fibre coverage. Plans are underway to present a case to the LEP to secure an allocation of additional capital support. If successful, this could be directed to continue this type of support.

### National Gigabit Programme

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. BDUK have been running a number of workshops and engagement sessions with the telecommunications industry and with local bodies. BDUK is also considering its own Open Market Review and state aid position. CDS is working with BDUK on providing data for known coverage and has responded to the national consultation issued by BDUK on ideas for the size of 'bundles' of premises that could be put to the market towards the end of the year. The current contracting approach being considered is to look at a range of small

bundles which may be offered to the market through a dynamic purchasing system – a framework of providers, and larger contract areas.

**f) Mobile Boost**

The CDS programme successfully secured a capital grant of £1 million from the Heart of the SW Local Enterprise Partnership to deliver a mobile boost programme. The launch of this project has been delayed due to the impacts from the pandemic and being able to access properties to install booster equipment. It is now up and running and 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 £800 which covers the majority of the cost of the equipment and installation, with the homeowner or business being asked to invest the balance. There have been over 70 enquiries since launching the scheme last month and 40 of these have gone on to apply for assistance.

Keri Denton  
Head of Economy, Enterprise and Skills

Electoral Divisions: All

Cabinet Member for Economy and Skills: Councillor Rufus Gilbert

**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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Nil

Connecting Devon and Somerset Update - Final