

Connecting Devon and Somerset Update

Report of the Director of Performance and Partnerships

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

1) Recommendation

That the Committee be asked to note the update on connecting Devon and Somerset.

2) Summary

This report provides an update on broadband coverage across Devon and Somerset and progress of the publicly subsidised Airband, Wessex and Openreach contracts and the Mobile Boost programme. It also provides an update on Project Gigabit; the national broadband programme being led by Government.

There are a number of challenges being experienced by broadband providers affecting the delivery of new broadband services. These include access to investment, build costs, capacity and workforce, availability of components and supply chains and access to infrastructure and assets. These challenges affect commercial and publicly subsidised build programmes equally. Building to rural and hard to reach communities is complex and are not unique to Devon and Somerset.

Whilst changes in legislation around the shared use of infrastructure, such as ducts and poles, has improved pace and cost of delivery, this is a finite resource. Competition for access to this infrastructure is high and is intensifying.

There is significant investment required by network operators, and the commercial market has been active in prioritising their commercial networks. Most of the commercial delivery in the region is centred on our larger towns, leaving rural communities behind, where the costs are rising. CDS remains committed to prioritising these hard-to-reach communities.

3) 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).

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 Department for Science, Innovation and Technology (DSIT), (previously 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 closely with BDUK.

4) Update on Broadband Coverage and Contract Performance

a) Coverage

Across the CDS region there are 1,100,679 premises. CDS has enabled over 326,000 of these to benefit from a superfast service, whilst 665,941 (latest available figures) have been delivered by a commercial provider. The proportion of superfast broadband delivered by CDS in many rural parts of Devon and Somerset is significant and well above the Government's original estimate of one-third of all premises.

In Devon to date 552,645 homes and businesses now have access to superfast broadband, with over 165,561 of these having access to superfast broadband as a direct result of investment by the public sector through CDS. Superfast coverage is currently at 93.5% (Source: Thinkbroadband Labs – 1st November 2024).

b) Openreach, Wessex and Airband Contracts Update

Openreach:

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 to fund this fibre extension. The programme is targeted at 2000 very rural premises. The contract has delivered full fibre connections to just over 1,720 premises across Devon and Somerset. The balance of premises have been removed from the contract as they were being served by Openreach and other providers commercially, with a few descope due to excessive costs or where a wayleave was not granted.

This build for this contract is now complete, and contract closure is underway. The delivery timescale was extended due to the complexity of delivering in hard-to-reach rural areas.

Airband:

CDS contracted with broadband supplier Airband, initially in 2016 to deliver fixed wireless infrastructure and additionally in late 2020 to rollout fibre broadband networks to communities across Devon and Somerset, with four contracts originally due to conclude at the end of 2024. In total, Airband is contracted to deliver 55,493 premises. To date the operator has delivered 18,794 premises in collaboration with CDS.

However, following Airband's restructure earlier this year, the company is seeking to maximise take up across its existing network while slowing down on build activity which means it can no longer complete its contracted build for CDS in full. As a result, in April, Airband sought a change to its contract.

Detailed discussions have now concluded between CDS, Airband and Building Digital UK (BDUK) to resolve the situation and Airband has now committed to provide full fibre access to 8,377 more homes and businesses covered by the contracts, providing a total of 27,171 out of the 55,493 premises it was originally contracted to deliver (48%). This additional build will further unlock fibre delivery by Airband to another 10,997 non-contracted premises along the network build routes, giving an overall commitment to connect a further 19,834 premises in Devon and Somerset.

Whilst a reduction of this volume is disappointing, both parties are committed to continue working together to deliver better connectivity across the region. The next stage will be to finalise the relevant build plans and secure compliance approvals from BDUK.

CDS are also discussing alternative options with BDUK – Building Digital UK, the Government's national agency, responsible for the delivery of Gigabit Broadband. These are likely to involve a combination of local and national procurements under the BDUK managed Project Gigabit, promotion and support of schemes delivered under the Gigabit Voucher scheme and locally led initiatives, broadly based on the CDS Community Challenge scheme.

CDS are urging BDUK to re-enable rural voucher applications to open promptly in communities where Airband will no longer be delivering. This should offer communities a potential alternative. At the same time CDS is seeking confirmation of the Devon and Somerset premises that will be connected under the nationally led contracts awarded to Openreach as part of the Government's Project Gigabit programme.

Wessex Internet:

The contract with Wessex will deliver around 4,444 full fibre connections to homes and businesses in South Somerset. All premises have been designed and surveyed and 3,659 premises can take a service.

Whilst build progress is running a quarter behind schedule, a remedial plan has been agreed which is currently aiming to complete by March 2025. Challenges to the build programme have included access to land and agreeing way leaves, road closure permits and heavy rainfall prevented access to land for the machinery to be used safely.

c) Fibre Build Context

The fibre broadband sector faces challenges as it evolves and has experienced a period of rapid growth within the UK. Along with most other providers Airband and Wessex internet have been responding and adapting to these challenges. Delivering fibre to rural and hard-to-reach communities, presents its own particular set of engineering complexities. CDS contracts, targeted exclusively at premises with the lowest speeds, are almost exclusively comprised of rural build and these challenges have a disproportionate significance for our contractors, compared to commercial build plans in more urban locations.

There has also been a rise in competing commercial build plans across the market place, and on occasion with the subsidised build plans within CDS contracts. This places pressure on civil work within the highway and road closures and can cause delays where diversionary routes are needed. Suppliers and partners and the highways teams have collaborated to develop increasingly agile solutions involving co-location of works, night-working and advanced planning. Any required road closure and traffic management permits are also dependant on working around other sectors/utility companies who also need to access the highway network and can result in a delay.

Whilst much of the national fibre deployment strategy is predicated on significant use of PIA (Passive Infrastructure Access) there is still a need for providers to erect some poles where none currently exist (or are at capacity). Experience over the last year shows that community sentiment to new poles can be hard to predict, with ducted urban-fringe residential areas being particularly sensitive. Some suppliers have acknowledged that their initial approach to notifying communities was lacking and have significantly improved their consultation through engagement with parish councils, running webinars and the establishment of a dedicated route for queries about new poles.

Where build moves from the highway onto private land, the ability to secure landowner approvals is critical to rural builds. Suppliers have continued to revise the phraseology of wayleave agreements and improve their engagement, especially to explain the consequences of a single landowner's refusal to the wider community.

Resolving the above issues are all vital even before a provider can begin to physically build, at which point they need to address the usual expected and planned-for challenges of tree cutting, bad weather in the winter and critical tourist routes in the summer.

5) Mobile Boost Scheme

This is a programme funded by the Heart of the South West LEP and its legacy capital grant. 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 £650 and £1,300 depending on which technology option is chosen. The vouchers cover much of the cost of the equipment and installation, with the homeowner or business being asked to invest the balance.

To date, there are 5 providers on the scheme, all of whom are Trading Standards approved. The scheme previously ran for two years and provided 1,703 installations. The scheme secured additional funding towards the end of 2023 and reopened on 23 July 2024 - since then it has received 346 applications, with 123 installations having been claimed to date. The scheme is open to applications until 28 February 2025, subject to demand.

The Mobile Boost Scheme has been promoted through city, district and county councils, organisations supporting businesses, business membership organisations and through

DALC and SALC. Case studies featuring beneficiaries of the Mobile Boost Scheme are produced to promote the scheme.

6) Project Gigabit

Project Gigabit is the UK Government's current mechanism for subsidising broadband connectivity, building on the work of the previous Superfast Programme.

Launched in the Spring of 2021, the programme seeks to raise at least 85% of UK premises to Gigabit-capable speeds (1000Mbs) by December 2025 and "as close to 100% as possible" by 2030. Though governed by different subsidy-control mechanisms than the Superfast programme, it holds to the same key principle of avoiding market distortion by only intervening where there is no declared and substantiated commercial build plans.

The programme uses the established principle of gap-funding to contract with network suppliers to provide subsidy to make-up the gap between the commercially viable cost of any given network and its actual cost.

Managed by BDUK, this programme differs from the Superfast programme in so far as all contracts will be centrally let and subsequently managed by BDUK, as opposed to Local Bodies (such as Connecting Devon & Somerset).

Overall, Project Gigabit was launched with an indicative £5 Billion budget allocation, of which £1.2 Billion was made immediately available, the residual is to be released as necessary. As of the most recent update, contracts to the value of ca. £2.7 Billion have been awarded or are in live procurements.

The bulk of funding allocated to Project Gigabit will be awarded through procurements, using the aforementioned GIS framework. There are three types of procurement under this framework:

- Type A - Local procurements and up to ca. 40,000 premises.
- Type B - larger regional procurements between 40,000 and 80,000 premises.
- Type C - Cross-Regional contract, sole supplier up to 500,000 premises, with call-offs offered in tranches

To date under the Project Gigabit programme there is one Type B contract awarded for Dorset and South Somerset to deliver 21,000 premises with a contract value of £35m awarded to Wessex Internet. Last month BDUK announced that Openreach have been awarded the Type C contract, including a North / West Devon Call off contract for potentially 20,000 premises. The exact premises and timescales are not known. The remainder of the region will be considered under a further call off or call off contracts under the Type C framework and the outcome is awaited.

For premises not covered by either Superfast or GIS contracts, BDUK continues to operate a voucher scheme whereby communities or providers can apply for funding to connect eligible premises in a specific geography, with the current subsidy value set at a maximum of £4,500 per premise. While BDUK have been launching live procurements

the voucher programme has been paused to avoid the risk of double subsidy. Premises that are being removed from the Airband contracts should be able to access vouchers and CDS will be working with BDUK, communities and suppliers to provide alternative ways for these premises to be connected.

7) Very Hard to Reach Areas

The previous Government launched a consultation into how to best reach and serve very hard to reach areas, where population density, infrastructure availability and engineering options are complex and costs are significant. CDS provided a submission to this, backed with case studies and has continued to engage with BDUK, the market, NFU and National Parks and other local bodies on options and solutions. To date Government has not addressed the outcome of this consultation and offered a recommendation on how to tackle this issue. A meeting with the new Digital Minister is being progressed to provide an opportunity to address this issue. Whilst Project Gigabit may provide a solution and address some of the poor rural connectivity in Devon and Somerset, the cost is likely to remain prohibitive to see these areas served, within the framework of Project Gigabit programme.

8) Strategic Plan

The Connecting Devon and Somerset programme contributes to each of the Council's Strategic Plan priorities. The programme directly supports sustainable economic recovery, providing opportunities for businesses to reach customers and maximise supply chains. It also directly contributes to helping communities stay safe, connected and resilient by providing digital solutions to engagement. Providing better broadband and mobile networks also helps deliver a range of online public services, including health, access to education and learning and employment, contributing to tackling poverty, improving health and being ambitious for our young people, reducing digital exclusion. Home working and delivering services through digital solutions also plays a part in reducing the need for travel and meeting our climate emergency.

9) Financial Considerations

There are no financial considerations in relation to the recommendation in this report, however there are financial implications of the project, outlined below:

The Council provides a revenue and capital contribution to the Connecting Devon and Somerset Programme via Somerset County Council who is the Accountable Body. The revenue contribution supports a joint team who undertake contract management, community engagement, financial management and technical assurance. This is shared with Somerset Council.

A capital contribution funds the delivery of the Airband contracts covering Devon. This is matched with investment from Broadband Delivery UK and legacy funding from the Local Enterprise Partnership. The terms of the contract with Airband requires work to be completed, technically and financially assured before any payment is made. The total

public subsidy set aside for the Airband contract has reduced in line with the reduced level of coverage and the Council's contribution will be reduced in proportion to the total public subsidy funding arrangement. This is being finalised through a Project Change request with BDUK.

10) Legal Considerations

There are no legal considerations in relation to the recommendation in this report, however legal advice has been provided to the Council and Somerset Council in completing the agreement with Airband to reduce the scale and scope of the Airband Contracts. This has included advice on subsidy control and procurement.

11) Environmental Impact Considerations (Including Climate Change, Sustainability and Socio-economic)

There are no environmental considerations in relation to the recommendation in this report.

12) Equality Considerations

There are no equality considerations in relation to the recommendation in this report, however it should be noted that the CDS Programme has prioritised delivery in rural areas with the lowest speeds when undertaking procurement of the original contracts operating across Devon. Whilst there are cost caps within the contract terms the programme has continued to work to find affordable solutions for rural communities recognising that improved connectivity can help address a range of digital inclusion and rural deprivation inequalities.

13) Risk Management Considerations

The programme has identified a number of high level risks including market sufficiency and supplier failure. Working with BDUK and the market to seek alternative solutions has continued and the outcome set out in this report from the situation presented to the programme by Airband is a partial mitigation against a complete loss of coverage for 28,000 homes and businesses.

Name

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Electoral Divisions: All

Cabinet Member for Economy and Skills: Councillor Rufus Gilbert

Local Government Act 1972: List of background papers

Background Paper

Date

File Reference

Nil

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