



Stakeholder Briefing

March 15, 2019

Summary

Connecting Devon and Somerset (CDS) 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 programme continues to work to extend broadband coverage across Devon and Somerset. The take up rate for these services currently stands at 54% and is generating significant resources for reinvestment thanks to the Government's gainshare agreement with BT. Work is advancing on plans to extend BT's network in the CDS area applying the first £6 million from this fund.

There has been good progress in Devon working with Airband since the last update and CDS is also participating in the national Better Broadband Voucher programme which gets underway next month. The situation with the Gigaclear contracts however remains uncertain while Gigaclear continue to work on providing a robust and credible position to take these contracts forward following the significant delays incurred by the company.

CDS, working closely with the Department for Digital, Culture, Media & Sport (DCMS), with support from local authority partners, LEPs and Members of Parliament, has been seeking a funding extension which is supported as a priority by DCMS. HM Treasury has responded positively to representations by DCMS and CDS and is finalising an agreement for an extension with DCMS as part of the Spending Review process. Whilst every effort to resolve the situation with Gigaclear is being made, CDS is also working with DCMS and the LEP to consider alternative options and develop a Digital Strategy for the area.

Public funding is leveraging greater commercial investment with the result that the CDS programme and commercially-funded networks are, together, providing over 950,000 homes and businesses across Devon and Somerset with access to superfast broadband out of a total of 1,083,000 premises currently.

Vouchers

CDS is joining the Government's Better Broadband Voucher Scheme, which is being launched next month (April, 2019). 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.

Broadband Delivery UK (BDUK) is also operating a 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.

Gainshare

It is anticipated that an initial expansion supported by £6 million of gainshare funds 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 DCMS later this year.

Further reinvestment sums are expected up until 2024. CDS, working with BDUK and the Heart of the South West LEP, is developing a Digital Strategy 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 will require 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.

Airband

Airband is currently building a new network for CDS that will provide access to superfast broadband for around 16,000 homes and businesses across mid, north and west Devon 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.

Gigaclear

CDS awarded five contracts in December 2016 to Gigaclear Ltd based in Abingdon, Oxfordshire to deliver ultrafast broadband across Devon and Somerset.

In total, Gigaclear is contracted to provide 47,810 homes and businesses with access to full fibre broadband across five of the six CDS contract areas or lots. Gigaclear is investing £60.5m to finance the roll-out with CDS contributing £31m public sector subsidy.

Gigaclear has also committed to deliver services to a further 43,000 premises under its own commercial programme funded by a further investment of £67.3m.

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.

However, Gigaclear has incurred delays, [set out in a joint briefing in November](#), partly resulting from the collapse of the giant engineering contractor Carillion which meant the company could not meet its 2019-20 contract deadlines with CDS. CDS is one of a number of local broadband programmes in the UK affected by roll-out delays.

Gigaclear is currently building full fibre networks in 31 areas initially 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 working at its own risk and is investing significant sums of its own to undertake this build programme, including the opening of a regional office in Taunton and an increase in staff.

One of the knock-on effects of the delays incurred by the company is that exact details about communities in the next phase of the roll-out have yet to be confirmed. Gigaclear says it will provide updated information about its roll-out timetable on its [website](#).

CDS and DCMS continue to require key reassurances from the company particularly regarding capacity and acceleration of deployment. In response, Gigaclear is investigating further options to improve its operations in Devon and Somerset.

CDS and DCMS require acceptable plans for each contract area backed by fully costed analysis of the network delivery options and await further information from the company. The company remains on notice of default. Pending a satisfactory outcome CDS is withholding public subsidy.

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 full fibre to homes and businesses and thereby future proofing the installation for the consumer. However, CDS has made it clear to the company that this period of uncertainty cannot continue indefinitely.

Funding extension

As a consequence of the delay to the Gigaclear roll-out, CDS, working closely with DCMS, has been seeking a funding extension for £18.7 million of Government funding to March 2023. This is supported as a priority by DCMS and has benefited from the support of local authority partners, LEPs and Members of Parliament.

In recognition of representations made by DCMS and CDS, there has been positive response from HM Treasury which is finalising an agreement for a funding extension with DCMS as part of the Spending Review process. The effect of such an extension would be to provide CDS with the flexibility to either agree an acceptable revised timetable with Gigaclear to complete a new ultrafast full-fibre network or for CDS to pursue alternative full-fibre solutions for residents and businesses

CDS is agreeing similar support from other funders. Whilst every effort to resolve the situation with Gigaclear is being made, CDS is also working with DCMS and the Heart of the South West LEP to consider alternative options and develop a Digital Strategy for the area.