

Connecting Devon and Somerset

Briefing May 7th, 2021



Project Gigabit and CDS

Summary

On December 23, 2020, Connecting Devon and Somerset (CDS) and the Department for Digital, Culture, Media & Sport (DCMS) announced new contracts with Airband, Truespeed and Wessex Internet, to build full fibre broadband networks and connect over 56,000 additional homes and businesses in Devon and Somerset by 2024. Backed by investment from Government, local government, the Local Enterprise Partnership and private sector totalling £78m, the contracts are managed locally by CDS and complement existing contracts with Airband and Openreach.

On March 19, 2021, Oliver Dowden, the Secretary of State for Digital, Culture, Media & Sport announced the launch of the Government's £5bn Project Gigabit programme to expand gigabitcapable broadband across the UK by 2025 and named areas that would be in the first two tranches of centrally procured contracts managed by Building Digital UK (BDUK).

Devon and Somerset were named as one of the regions that will receive further investment in a future tranche. CDS publicly welcomed the confirmation of further investment in the region and Mr Dowden's announcement of a new Gigabit Voucher scheme.

Subsequently, incorrect claims have been made on social media and elsewhere that CDS asked DCMS to delay Project Gigabit investment in the area. In actual fact, in a response to the Department's pre-launch consultation, CDS said: *"In terms of when would we like the procurements to start – assuming there is no overlap intended with our live contracts delivering gigabit capable solutions, we would say quickly to support our economy and communities."*

In response to requests from Members of Parliament and Parish Councils, this briefing note has been prepared setting out the facts of the DCMS request and CDS response. Included with this briefing is a summary of current and planned broadband investment in Devon and Somerset.

Background

On December 22, 2020, the Department for Digital, Culture, Media & Sport (DCMS) published ["Planning for Gigabit Delivery in 2021"](#) for consultation. The Department asked for input from local and devolved government and telecoms providers to help shape the best use of public subsidy to achieve the Government's minimum of 85% gigabit-capable coverage for the UK by 2025.

The Government's £5bn funding for the overall project would be invested in tranches over a period of time. Digital Minister Matt Warman explained: "The judgment of industry and the Government is that the initial phasing of the spending reflects the maximum that can be delivered in the period up to 2025, but we will continue to work with industry to accelerate that as much as possible."

Central to the Government's approach would be a mix of regional contracts to drive competition among larger network providers and give the supply chain sufficient certainty to scale up and smaller contracts to stimulate competition for smaller network providers and drive innovative

solutions. All contracts would be managed centrally by the Government's Building Digital UK (BDUK) agency.

BDUK would continue to work with Local Authorities to support communities and SMEs through gigabit vouchers, providing access to better broadband to many more of the hardest-to-reach communities in rural areas across the UK.

In "Planning for Gigabit Delivery in 2021", DCMS asked for views on a range of topics including:

- Proposals for small area procurements and when should they start.
- The size of proposed procurement areas and how they had been constructed.
- How to make the procurements attractive to the market.
- Where are vouchers a better way to achieve delivery?

Accompanying the consultation document were high-level maps of draft large procurement areas and indicative small procurement areas.

Connecting Devon and Somerset's consultation response

Given the high-level nature of the maps included in the DCMS consultation, CDS noted in its [response](#) that it was difficult to respond precisely in the absence of exact boundaries.

Large procurement areas

In response to draft large procurement areas in, or partly in the CDS area (one south of Bristol, the other in south and west Devon, overlapping into Cornwall), CDS said: "The data behind this needs to be made clear, to understand the gaps in the gigabit capable coverage, the scale and scope of which will vary any large procurement boundary BDUK decide on."

A map showing current or forecast gigabit coverage to be delivered commercially or by Openreach was another case in point. CDS advised: "The planned gigabit coverage, assuming this is the 80% BDUK believe the market will deliver, does require validation for areas not chosen for Large or Small procurements. Our analysis would indicate the areas identified as likely to be delivered commercial(ly) is nowhere near accurate. It is possible that significant areas within the shaded areas lack gigabit capability, as most commercial deployments are not contiguous."

CDS added that it appeared the 80% forecast did not consider the significant public-private investment that had been made and was set to occur within the region.

CDS therefore advised that draft large procurements to the south of Bristol or in south and west Devon posed significant risks. Risks not only to the viability of commercial broadband plans and CDS contracts in those areas, but also to the value for money of any new large public procurement funded by Government through Project Gigabit.

Small procurement areas

The high-level nature of a map showing indicative small procurement areas again made it difficult for CDS to respond precisely in the absence of exact boundaries. As a result, CDS cautioned: "There is clearly a significant risk for these small procurement areas to overlap with CDS

contracts, and therefore it is essential that detail behind the boundaries and underlying premises are made clear.”

A concern for CDS was whether the indicative coverage therefore accurately mapped where the need for further public investment would still be required. Given the previous caution that BDUK’s estimate of 80% commercial coverage was unlikely to be accurate, CDS recommended that any gaps in the indicative coverage should be verified.

In the absence of exact boundaries for the indicative small area procurements, CDS identified the potential for overbuilding as a risk to both the publicly-funded CDS contracts and planned commercial investments in full fibre broadband in Devon and Somerset.

CDS also identified potential competition for labour within the civil engineering market and overstretching the capacity of contracted suppliers as areas of concern.

However, based on the consultation maps, CDS said there were “obvious areas for small scale procurements, being near to existing altnet networks, without risking competing and undermining our own interventions.” CDS advised that it would therefore be logical for BDUK to work with CDS to identify areas that would benefit from Project Gigabit investment.

With regard to the risks of competition for resources and over-stretching suppliers’ capacity, CDS suggested a solution; “the live contracts have scope to be added to through the national gigabit programme funds and which may...be a better option to consider to extend reach and accelerate delivery.”

In response to the consultation’s direct question: “When would you ideally like these procurements to start?” CDS said: “In terms of when would we like the procurements to start – assuming there is no overlap intended with our live contracts delivering gigabit capable solutions, we would say quickly to support our economy and communities.”

Vouchers

In response to the consultation’s question: “Where do you feel vouchers are a better way to achieve delivery?” and whether strategic improvements could be made to the national scheme, CDS said:

“CDS is very supportive of top up voucher schemes, as it is highly likely that gaps in coverage will be created by the Large and Small Area Procurement (LSAP) strategy, due to the varying cost effectiveness within communities.

“Clearly a proactive infill approach, resident-led but supported by CDS, will in principle provide the opportunity for their requirements to be served in a strategic way. CDS is in the process of considering an approach to co-fund community voucher projects, at scale, to address this high unit cost market segment in a way that co-ordinates with our live superfast contracts, commercial build and the LSAP strategy”.

CDS also commented on the interface between the national voucher scheme and the Universal Service Obligation (USO), stating: “Greater clarity around (and perhaps proposals for the regulation of) the relationship between community projects funded through vouchers and parallel

USO funded schemes would help ensure that partial community USO initiatives do not render wider community schemes unviable in future.”

Current and planned broadband coverage in the CDS region

Nearly one million homes and businesses in Devon and Somerset have access to superfast broadband thanks to the Government supported CDS programme and stimulation of the commercial market which is an important element of CDS’ role. Of these, over 300,000 homes and businesses have access to superfast broadband (30Mbps+) as a direct result of public funding.

Combined public and private investment in new and current CDS contracts is over £100 million.

- Total premises: 1,100,495 (i.e. the number of homes or businesses in the CDS region)
- CDS superfast achieved to date: 315,659
(i.e. coverage supported by public funding via the CDS programme)
- CDS gigabit-capable planned: 66,877 (i.e. new and existing contracts)
- Commercial superfast achieved to date: 661,979 (i.e. coverage funded by the commercial market)
- Commercial planned: 15,035
- Current total delivered: 977,638 (88.84%)
- Total delivered and planned 1,059,550 (96.27% up 7.43%)*
- Remaining: 40,945

*By 2024

CDS has delivered connectivity to more homes and businesses than any other broadband programme in England. Source: DCMS

Take-up of CDS funded broadband services is nearly 70% compared with a national average of 61.4%. Source: BDUK

The Connecting Devon and Somerset programme is expected to deliver an £800 million boost to the regional economy. Source: UK Broadband Impact Study, SQW

CDS is one of the most cost-effective programmes in England with costs per premise in the lowest quartile nationally. Source: BDUK.

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