

Connecting Devon and Somerset Update To Place Scrutiny Committee

Lead Officer: Paula Hewitt

Author: Katriona Lovelock

Contact Details: 07977 401 921 / KLovelock@somerset.gov.uk

Cabinet Member: Cllr David Hall

Division and Local Member: All

Connecting Devon and Somerset (CDS) Broadband Delivery Programme Background to CDS

1. CDS is a local government-led partnership which is working to extend superfast broadband infrastructure in areas where commercial providers do not plan to deliver a Next Generation Access (NGA) broadband service.
2. The CDS region covers Somerset, Devon, N Somerset and BaNES, and to a smaller extent Plymouth and Torbay.
3. CDS is led by a board comprising members and officers from Devon, Somerset, N Somerset, BaNES, some representative members from local authorities, the Local Enterprise Partnership and Broadband Delivery UK (BDUK).
4. Paula Hewitt (Lead Director for Economic and Community infrastructure and Director of commissioning for SCC) is the Senior Responsible Officer for the CDS Programme as SCC holds the contracts for the Programme whilst the Programme Director is Keri Denton (Head of Economy Enterprise and Skills at DCC). A programme team of officers from and funded by Devon and Somerset assist in managing the contracts through which CDS delivers both broadband infrastructure and programmes to enhance digital capabilities within the region and also administer a voucher scheme. CDS also has the benefit of technical and project management advisors.

Issues for consideration / Recommendations

Members are asked to consider and comment on the report.

Investing in Next Generation Access Broadband

5. Next Generation Access (NGA) broadband service is a service capable of delivering download speeds of at least 30Mbps.
6. The CDS partnership invests grant funding and authority investment using a “gap funded” model to extend broadband infrastructure working with commercial providers. This means that public funds are used to “bridge the gap” between the cost of providing infrastructure and the investment that a commercial provider could justify on the basis of the return that they would get from the infrastructure built. There are checks to ensure that if the infrastructure provides better return on investment than was expected, any “excess” profits are returned to the public

sector by “gainshare”, a claw back mechanism. Any funding received through gainshare will be reinvested in the CDS programme to increase coverage.

7. Part of the preparatory work for procuring broadband infrastructure is an Open Market Review (OMR) and public consultation. During this process CDS consults with industry about commercial plans for the next 3 years to establish what is likely to be delivered on a commercial basis. This is to avoid public subsidy being used in areas which will be provided by commercial operators. The commercial OMR responses are reviewed to ensure that they are viable and likely to be delivered in the 3 year timescale to avoid commercial providers attempting to “reserve” areas for themselves. This process is extremely complex and relies on co-operation from commercial providers. The work is reviewed by BDUK as part of its assurance process.
8. Government targets for broadband coverage remain heavily dependent on the commercial sector maintaining investment in line with its OMR responses. CDS continues to work with BDUK to encourage commercial providers to honour their OMR declarations.
9. When public authorities invest in infrastructure, State Aid rules are invoked to avoid public funding being used to distort markets. Broadband infrastructure projects are therefore subject to scrutiny by BDUK, part of the Department for Culture Media and Sport. BDUK is responsible for overseeing the delivery of broadband infrastructure projects across the country including in the CDS area. BDUK provides technical and financial assurance and support to local programmes. This ensures that projects are compliant with State Aid rules and provide infrastructure solutions which are acceptable. BDUK considers a range of factors including technical compliance, as well as value for money, commercial viability and meeting state aid requirements which are stringent. CDS cannot award a contract unless this has also passed the BDUK assurance process.
10. There is a range of technologies which have been assured by BDUK as being capable of providing NGA broadband access. These include; Fibre to the Cabinet, Fibre to the Premise and Wireless technology. Some technologies are not accepted as NGA compliant e.g. satellite and therefore such solutions would not be acceptable for a broadband infrastructure network.
11. The differing technologies have different costs and benefits and therefore suit differing localities and situations. E.g. fixed wireless access broadband has been built in Exmoor where remote and inaccessible properties are able to benefit from NGA point to point wireless connections but where fibre solutions which are more expensive are not yet viable.
12. Funding for the CDS Programmes has come from BDUK, Heart of the South West Local Enterprise Partnership, European Regional Development Fund grants (via DCLG), SCC, DCC, N Somerset, BaNES and other contributing local authorities.

Delivery to date

Phase 1 the Superfast Broadband Programme.

13. This contract was awarded to BT in 2013. CDS achieved its phase one target in March, 2017, providing 278,000 homes and businesses with access to superfast broadband speeds in excess of 24Mbps. A further 42,000 properties have access to an improved broadband connection. A total of 320,000 homes and businesses with better broadband. In total £94M will be spent by Local government, Central Government and BT.
14. The Superfast Broadband Programme contract extended BT's existing fibre network across the region. This was done by taking fibre from the telephone exchange to a local cabinet "Fibre to the Cabinet" (FTTC) from which the final connection to the premise was via existing copper network. In a few suitable areas fibre was taken directly to the premise – fibre to the Premise (FTTP).
15. Under the Government's National Framework, all of the Phase 1 contracts across the country were awarded to BT, there being no other bids at that time. BT's FTTC technology increased the number of premises able to receive a Superfast service but there are technical limitations to this approach. FTTC produces a significant rise in superfast (defined by Government as 24Mbps at the time Phase 1 contracts were let) and improved delivery to premises which are within 1 km of the cab but speeds drop off at a further distance. This can mean that although a cabinet has been fibre enabled not every premise attached to that cabinet can receive a Superfast broadband service. This has caused considerable frustration for some people who find their property is too far from the cabinet to obtain Superfast speeds.
16. Further investments are planned including public funding returned by BT under a gainshare agreement when take-up of the new broadband service passes 20%. The money will be reinvested by CDS to expand broadband coverage to areas without a service and who will not be connected by commercial investment alone. Over one in three (36 per cent) of households and businesses in the CDS region have already taken up fibre broadband. It should be noted that despite the communications and publicity some people do not appreciate that they have to order the improved service; it does not happen automatically. CDS continues to work hard with contractors to help raise public awareness.

Phase 2 Superfast Extension Programme Exmoor and Dartmoor

17. This contract was awarded to Airband Community Internet in 2015. Airband is deploying a fixed wireless network delivering speeds of up to 30Mbps to 5,800 homes and businesses in some of the hardest to reach areas in the UK. Once finished, it will be the largest wireless network in the UK, and the nature of the technology being used will bring wide coverage across both Moors At the time of writing 3,700 premises are able to take a service (with 1,196 in Somerset) and more will follow.
18. The technology comprises fixed wireless radio signals which operate on a point to point basis connected to broadband backhaul. The network is future-proofed

to enable speeds to increase. The technology is researched and designed with the unique landscape of the South West in mind, having proven an ideal solution across both Dartmoor and Exmoor, where the terrain is particularly challenging.

Delivery to 2019/20

2016 Phase 2 Superfast Extension Programme (SEP) Procurement

19. The 2016 SEP procurement generated significant interest from the market. The CDS region was broken down into 6 Lots to meet with the European Commission's preferred approach and also to stimulate interest from a number of providers. A number of credible suppliers bid and it has been possible to award contracts for all 6 Lots which all were assessed to represent a value for money proposal.
20. Lots 1,2,3,5 and 6 have been awarded to Gigaclear. Somerset is covered by Lots 2, 3 and part of Lot 5. Gigaclear is a fibre to the premise broadband provider giving symmetrical upload and download speeds of up to 1 Gbps. Gigaclear's contract will see investment of over £62.25M and is expected to deliver ultrafast broadband to approx. 18,500 premises in Somerset.
21. Gigaclear and CDS are finalising the coverage area and the rollout schedule and it is currently expected that this will be confirmed during July 2017. Gigaclear provides a search facility on their website which is a quick way of checking where the company will be installing a fibre-to-the-premise network - <https://www.gigaclear.com/postcode-checker/>
22. Lot 4 (which broadly covers Northern Devon between Exmoor and Dartmoor) has been awarded to Airband Community Internet Ltd which will provide a wireless solution in that area.

Voucher Scheme

23. CDS committed to ensuring that all businesses and residents could have access to a least 2 Mbps by the end of 2016. Funding was reserved for this and a voucher scheme was set up which provided £500 towards the installation cost of a new alternative broadband connection for properties within the CDS area who receive speeds less than 2Mbps download. To date more than 6,200 applications have been made and 4,600 vouchers issued. Residents and businesses can choose their supplier from an approved list which includes 4G, satellite, wireless and fibre providers; and each solution will guarantee at least 10 Mbps download speed.
24. The voucher scheme is currently paused to applications. Once the coverage mapping and timetable for delivery of the main programme's second phase is complete, CDS will review the need for a second voucher scheme subject to available funding. The reason for this is to ensure public funding is targeted to

achieve best value and many properties which currently do not have 2Mbps speeds will benefit from solutions as part of the new contract.

Digital capabilities and skills

25. In addition to Broadband Infrastructure delivery CDS has received grant funding to run a digital awareness programme "Get up to Speed". This programme provides training and raises awareness of the capabilities of digital technology to private individuals and to businesses across the CDS region.

26. Further grant funding is being sought to extend this approach further. If funding is secured it is proposed that digital support and capability building will be extended to many SME's across the area to help to build their ability to utilise broadband to enhance their businesses and to promote growth.

Looking forward 2016 - 2020

27. There are a number of issues which will be of importance during the next 4 years.

28. **Funding.** Whilst there has been significant investment in broadband services there are still premises that do not have a satisfactory broadband service. Further funding will be required, both capital to build the infrastructure and revenue to pay for technical, project management and officer support.

29. CDS continues to seek grant funding from a range of sources to invest in infrastructure for the most difficult areas which are otherwise unlikely to be commercially viable for some time.

30. SCC and DCC have continued to invest revenue resources to run the team and technical support to manage 8 Broadband infrastructure contracts as well as the voucher scheme and digital capabilities programme.

31. **Communication** Those remaining premises which do not yet have a satisfactory broadband service are predominantly in the harder to reach areas to which it is usually more expensive to deliver. For those who still do not have a service it is poor consolation that there has been significant investment from which they have not yet benefitted.

32. This presents a challenge because currently there is not sufficient funding to extend coverage to all although CDS continues to apply for further grants. For the most remote and difficult to reach areas it will be some time before viable solutions can be found. In the meantime, if funding can be secured the hope is that the voucher scheme can be extended.

33. Information is available on the CDS website and a member of the CDS team regularly attends meetings with parish, local and district councils and events to explain what is available and also the more difficult message to people who do not yet have a service.

34. **Major civil engineering project.** The 2016 Superfast Extension Programme will involve a major civil engineering project which will extend across widespread areas of the county. This will be part of business as usual; however any such construction will have some impact on communities and Gigaclear has developed a process to ensure that people are kept informed of the progress that they are making.