

Connecting Devon and Somerset (CDS) Broadband Delivery Programme

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1. Summary

- 1.1. Connecting Devon and Somerset (CDS) is a local government-led partnership which is working to extend Superfast (SF) broadband infrastructure in areas where commercial providers do not plan to deliver a Next Generation Access (NGA) broadband service. Next Generation Access (NGA) broadband service is a service capable of delivering download speeds of at least 30Mbps. The CDS programme is funded by the Government, local authority partners, Heart of the South West LEP and contractor contributions.
- 1.2. Somerset County Council is the Accountable Body for the CDS partnership.
- 1.3. Over recent years the CDS programme has worked with several providers to extend broadband infrastructure across the region. Access to SF broadband is available to more than 315,000 homes and business across Devon and Somerset including Bath and North East Somerset and North Somerset through infrastructure provided through contracts awarded by CDS. The programme has delivered more superfast premises than any other broadband programme in England (BDUK). Costs per premise are in the lowest quartile nationally and take up is over 78% which is above the national average. Government expectations for the Superfast programme were that commercial providers would deliver two thirds of premises and public subsidised contracts would help to cover the remaining third.

In Somerset SF premises have been delivered as follows

Commercial providers	CDS programme
128,063	119,993
52%	48%

When the Superfast programme commenced 967,343 premises were identified in the CDS region. More recent assessments have identified 1,100,495 premises. As new properties are built, or properties divided into more than one dwelling there is an increase in numbers of premises identified.

987,889 premises have been served with SF broadband by commercial and public subsidised intervention.

The CDS programme continues to extend Superfast (now Gigabit capable) coverage in some of the most rural and hard to reach areas. In Somerset there remain circa 10,920 premises remain which have not been identified in

commercial plans or an existing contract

2. Issues for consideration / Recommendations

2.1. To note that

This report provides for information a progress update to Somerset County Council which is the Accountable body for the CDS Programme.

Future periodic updates will be provided to the Scrutiny (Place) committee.

3. Update

3.1. Following a procurement process in 2020 to secure further broadband delivery suppliers for the CDS region the CDS programme now holds 6 live broadband infrastructure delivery contracts with 3 suppliers:

- Openreach: Gainshare
- Airband community Internet: Lots C, E and F (2020 procurement).
Lot 4 North Moor (2016 procurement), and
- Wessex Internet: Lot D (2020 procurement)

3.2. Two further contracts were awarded to Truespeed Ltd for Lots A and B 2020 procurement. However, both contracts were terminated in July 2022 because Truespeed was unable to meet its contractual commitments.

4. Delivery in Somerset

4.1. **Gainshare.** This extension of the Phase 1 contract with BT Openreach uses claw back funding from the Phase 1 contract. The contract was based on a gap funded model which included assumptions about levels of investment and profit which BT Openreach could make. The claw back provisions in the contract provide that if BT Openreach made more profit than expected the commensurate amount of public subsidy would be returned. Thanks to increasing public take-up of broadband services funded by the CDS Phase 1 contract with BT Openreach, the Government's "Gainshare" agreement with the company is enabling CDS to reinvest £6 million in additional full-fibre coverage. Openreach is also contributing funding to the roll-out. In Somerset this contract is due to deliver full fibre to premises around Dulverton including surrounding areas such as Bridgetown, Exton, Winsford, Exebridge, Brushford and Bury. All designs are now complete and have moved into the build phase.

4.2. This extension was signed in February 2020 and was due to complete delivery of around 2,000 premises by December 2021. Due to Openreach's delays in its delivery, summarised below, the contract is now expected to conclude approx. 15 months later than contracted in Q4 2022/23.

4.3. Delay has occurred for several reasons.

During the detailed design and survey stage of the build process Openreach identified the possibility of costs overruns in its designs and paused its activity. Following a deep dive review Openreach established that the forecast cost overruns stemmed from it mistakenly including additional premises in its analysis.

Openreach (OR) acknowledged its error and apologised for the impact this has caused to the project resulting in a minimum 6-month delay to the contract being delivered.

Further delay has arisen due to the complexity of delivering in some very rural areas. In some places securing access to roads takes time. Where multiple utility companies are trying to work on the road network sometimes it is not possible to co-ordinate delivery in the time frames which had been expected. In Somerset OR has worked closely with SCC Highways and local communities to find ways to facilitate and progress build, but this still takes time.

Other factors which have added to delay have been experienced industry wide across the country. Commercial providers have found it challenging to secure sufficient sub-contractor resources in the Southwest. As network build has fallen behind OR has taken steps to secure an additional sub-contractor as well as using its own internal build teams to help to mitigate the challenges arising due to lack of industry capacity. Notwithstanding OR efforts, there has still been a significant delay of an additional 15 months to a contract which was expected to be of 24 months duration.

This experience of the dominant market provider serves to underline the challenges to delivery of this infrastructure in a rural region such as Somerset.

- 4.4.** All designs have now been completed and assured. Build is progressing in Gainshare Phases 1-4. A total of 425 premises are due to be built in Somerset. Of these to date 116 premises have been built in Somerset which were completed in the Q 2 22/23.

2020 contracts

- 4.5.** The 2020 procurement resulted in a winning bidder for each of the 6 Lots A – F identified in the OJEU Invitation to Tender. Each bid was assured by Building Digital UK before it would provide State Aid clearance to permit the award of contract and before the Department for Digital Media Culture and Sport provided its allocated grant funding. The assurance process for all Lots concluded in December 2020 and contracts with all suppliers were awarded on 23 December 2020. The contracts awarded in Somerset were:

Lot B (Mendip and part of Sedgemoor) Truespeed Ltd.

Lot C (Part of Sedgemoor and Somerset West and Taunton)

Airband Community Internet Ltd

Lot D (South Somerset) Wessex Internet Ltd

- 4.6.** Following the award of contracts suppliers need to assemble the additional resources – staff, materials and equipment that a company needs to do the job. This is known as the mobilisation period. During this period the contractors create their organisation structure, defining the roles and responsibilities, and begin the process of gathering the necessary resources to deliver the new networks. Some suppliers expand their workforce whilst others secure sub-contractors, establish the governance processes, communication plans, quality plans, business systems and reporting structure to enable the programme to work to the agreed delivery plan.
- 4.7.** The first stage of the build process is the detailed survey and design. This is a

key element and one of the most crucial parts of the pre construction process. The build route must be identified and work undertaken to design the best and most cost effective route for the new network. This is not just a desk top exercise but requires checking the route and securing wayleaves over land to allow construction. Not all landowners agree to build taking place and so alternative routes or build methods may need to be considered. Sometimes when access is refused build must move from fields to working in the highways. That process adds cost and delay to the build process. Roadworking is also less convenient to the wider public but is sometimes a necessity. Further, highways routes are sometimes booked by other utility providers for work or as diversion routes which also adds to timescales and complexity. Once the design is finalised it is submitted for assurance.

4.8. Over the past 18 months suppliers have faced several challenges.

The industry has experienced high demand for personnel with the market for experienced staff becoming very competitive with many operators active across the region and the country. For some this has resulted in high staff turnover.

Some suppliers have struggled to secure sufficient sub-contractor resources to complete designs in a timely way with consequent impacts on build schedules. Some have found it challenging to secure civils sub-contractors due to demand for civil contractors across the country.

Additional challenges are being faced in the industry supply chain with lengthy forward ordering times. Over the past couple of years some suppliers have noted the impact of long supply chains due to the pandemic and more recently the war in Ukraine. Whilst these can be mitigated there are commitment, and cost, consequences for suppliers.

4.9. Airband

Despite the challenges outlined progress continues to be made and in July CDS and Airband announced that a further 2,500 homes and businesses in Devon and Somerset were now able to access full fibre broadband thanks to the ongoing roll-out

4.10. Lot C Somerset West and Taunton and part of Sedgemoor Airband Community Internet

Airband has commenced the detailed survey and design process for the first clusters in each Lot.

In Lot C the first Cluster areas which have completed the detailed design process and have moved into build are in the following areas:

Staplegrave and Monkton, detailed design of 645 fibre premises has been completed. Build is expected to complete during Q3 22/23 and Stogumber to West Bagborough, detailed design of 593 fibre premises has been completed. Build is expected to complete during Q4 22/23

Other areas which are currently in design is expected to complete during the next quarter are part of Taunton and Cotford St Luke.

Cluster Areas can be of varying sizes and geographical spread and accordingly some will take longer to design and build than others.

It is currently anticipated that first build completion milestones should be achieved during Q 3 22/23.

Further areas are moving through the detailed design and survey process in all lots.

- 4.11.** Airband is also delivering in Lots E and F which are in Devon. In Devon build has commenced in

Lot E Tiverton to Nomansland. Detailed design of 559 has been completed. Build is due to complete during Q 2 22/23

Halberton to Bradninch detailed design of 1434 premises has been completed. Build is expected to complete during Q3 22/23.

Other areas in design include Budleigh Salterton to Ottery St Mary.

Lot F Powderham . Detailed design of 479 has been completed. Build is expected to complete during Q 2 22/23

Bishopsteignton & Luscombe Detailed design of 1033 has been completed. Build is expected to complete during Q 3 23/24

Other areas which are currently in design include Dawlish and Rattery

- 4.12. Lot D Wessex Internet** Wessex Internet has commenced the detailed survey and design phase. To date the following have been checked and assured:

1381 premises have been designed

505 premises have backbone built

308 premises can take a connection if they subscribe

First customers were being connected in December 2021. See case study at Woolston North Cadbury

[First resident in rural South Somerset gets connected to full fibre broadband in latest rollout - Connecting Devon and Somerset](#)

Build continues in North and South Barrow, Babcary and Woolston, Sutton Montis Sigwells and Corton Denham, QWueen Camel, Marston Magna and East Coker and Closworth. Build is scheduled to continue until March 2025.

The company is based in the South West with its offices based in Blandford in Dorset. This has enabled the company to expand its operations into the South Somerset district. The company has expanded its workforce creating local jobs which provide new career opportunities for people from a variety of backgrounds, including from agriculture. The company is making steady progress with its

build.

in July CDS and Wessex Internet announced that a further 1,110 homes and businesses in South Somerset will be provided with ultrafast broadband access. The extended coverage is thanks to extra funding secured by Connecting Devon and Somerset (CDS) as part of a planned rollout being delivered by Wessex Internet to bring connectivity to hard to reach areas.

The additional properties will be added to around 3,600 homes and businesses that Wessex Internet is already covering as part of its three-year contract awarded by CDS in 2020.

Other CDS activity

- 4.13. in Devon. Lot 4 North Moor Airband Community Internet.** This contract was awarded in 2017 to deliver point to point fixed wireless superfast NGA (Fixed Wireless Access) delivery. In 2020 BDUK assured a contract change, which approved the delivery technology solution from Fixed Wireless to Full Fibre Gigabit capable technology. The contract is now expected to deliver superfast broadband infrastructure to circa 18,000 premises, 6,200 of which are to receive a Full Fibre solution. The Full Fibre technology has proved more complex and time consuming to deliver than had been anticipated. This reflects experience across the country where delivery of Full Fibre infrastructure in non-urban areas has proved more challenging than the industry had anticipated.

Build continues at pace and is expected to complete by March-23. The Connecting Devon and Somerset Technical Assurance team have confirmed 1,751 premises now have access to a Full Fibre solution as a result of public subsidy. Detailed designs have been assured for a further 2,500 premises which are now in build.

Design activities are underway for the final circa 2,000 premises with build activities due to commence in Q3 22/23.

4.14. Mobile Boost programme

The Connecting Devon and Somerset Mobile Boost Scheme has been designed to help small businesses and households who currently have good outdoor but poor indoor mobile coverage. The programme is funded through the Heart of the South West Local Enterprise Partnership's (HotSWLEP) Growth Deal. It aims to upgrade indoor 4G coverage within businesses and homes to improve connectivity and the ability to make voice calls. The programme focuses on small business connections and targets those premises which have no adequate 4G indoor coverage from any operator or only one operator. The programme allows businesses and households to apply for a voucher of up to £1,200 towards the cost of a mobile signal booster from a registered scheme supplier. There are 3 options available and the supplier helps the premises owner to identify the solution best suited to their need.

To date over 1,000 properties across Devon and Somerset have benefitted from a connection.

Details of the programme can be found at this link

[Mobile Boost Voucher Scheme - a guide - Connecting Devon and Somerset](#)

The programme remains open until December 2022

4.15. Lots A and B Truespeed Communications Ltd

Following a competitive tendering process, contracts for Lot A (Bath and North East Somerset and North Somerset) and Lot B (Mendip and part of Sedgemoor) were awarded to Truespeed Communications Ltd (Truespeed) in December 2020. The contracts were terminated in July 2022 based on Truespeed's failure to meet key contractual commitments made at the time contracts were awarded.

The contracts were due for completion by December 2024. However, commencement of construction work on the CDS contracts was severely delayed by Truespeed throughout 2021 while it sought to secure further investment in its commercial roll-out which it planned to deliver in sequence with its CDS commitments.

Regrettably, securing further investment took considerably longer than Truespeed anticipated. Although Truespeed advised CDS that further funding is now in place, CDS was informed by the company that it is subject to new investment criteria and limitations. This means Truespeed cannot meet its existing commitments in terms of deployment to CDS' contracted communities. Truespeed also advised that it was unable to meet the contracted build completion deadline.

It was not possible to find a compromise solution that would comply with public procurement and State Aid requirements and Government funding deadlines.

The decision to terminate was supported by the Government's Building Digital UK (BDUK) agency which is represented on the CDS Board

Truespeed did not submit any premises to CDS for State Aid assurance and no public money has been paid to the company under the contracts.

CDS is working with BDUK to redeploy funding allocated to the Truespeed contracts in order to deliver full fibre connections to as many eligible homes and businesses as possible in the contract areas via Gigabit voucher top-ups and the Government's national Project Gigabit programme.

5. Ongoing Broadband Delivery

- 5.1.** In March 2021 BDUK announced the launch of the Government's £5bn Project Gigabit programme to expand gigabit capable 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).
- 5.2.** In June 2021 CDS submitted a response to the Government's consultation on improving connectivity for very hard to reach premises
- 5.3.** CDS continues to work closely with BDUK to try to secure improved connectivity

for those premises remaining in the CDS region which are currently not within planned future CDS or commercially funded coverage. Increasingly, CDS is seeing evidence of the commercial sector over-building full fibre in the same predominantly urban areas. Whilst this provides residents in urban areas with a choice of providers unfortunately the same pace and choice is not available in more rural locations

- 5.4.** BDUK's Project Gigabit continues and BDUK is currently working through its Open Market Review process whereby it identifies the premises which it needs to target. Devon and Somerset is scheduled to go out for procurement in April 2023 and contract award is expected in Jan -March 2024. BDUK currently estimates that the number of uncommercial premises in the Devon and Somerset procurement area (which is subject to change) would be 159,600 premises.
- 5.5.** CDS continues to work with BDUK on advancing further investment into Devon and Somerset under the national Project Gigabit programme, setting out the scope and case for targeting the more rural parts of our area. The pandemic has brought into sharp focus the reliance on fast and reliable connectivity to support learning, working from home and delivering health, social care and other public services. Supporting our more rural communities and economy is a key priority in our joint economic recovery plans. CDS also recognises that investing once and providing whole community solutions through the effective targeting of public resources alongside commercial investment presents a strong value for money argument

6. Background papers

- 6.1.** None

Note For sight of individual background papers please contact the report author