

Connecting Devon and Somerset

Stakeholder Briefing February 21, 2020



Programme update

Introduction

Connecting Devon and Somerset (CDS) is the largest local broadband programme in England. Over 300,000 homes and businesses have access to superfast broadband as a direct result of investment by CDS. CDS has delivered superfast access to the largest number of homes and businesses of any programme in England and cost per premise is in the lowest quartile*. Coverage across the CDS area is around 90% at nearly 1 million premises**.

**Source: Building Digital UK **Total coverage = CDS-funded + commercially funded.*

Gigaclear settlement

Following the termination of the contracts in September 2019 between Connecting Devon and Somerset (CDS) and Gigaclear Ltd by CDS, both parties have announced that they have reached a settlement.

Both parties will continue to focus on future plans for the delivery of broadband to the people of the region. CDS welcomes the terms of the settlement which will be reinvested in the local broadband programme*. CDS also welcomes Gigaclear's commitment to continue with its roll-out of full fibre broadband in those communities where work started under the former contracts.

Gigaclear is continuing to invest in the region, delivering ultrafast broadband to homes and businesses, having now connected over 3,000 properties to its network.

**Gigaclear has paid £900,000 as compensation without admission of liability.*

CDS launches new procurement

In light of the termination of the Gigaclear contracts, Connecting Devon and Somerset has launched a fresh procurement to deliver gigabit-capable broadband across the region. CDS is working closely with the Government's Building Digital UK (BDUK) agency on the procurement process with a twin focus on improving connectivity in rural hamlets, villages and towns, and supporting rural businesses. The procurement will support the Government's national ambitions to deliver gigabit-capable broadband for all by 2025 and reach the final ten per cent of premises.

It follows an Open Market Review to update current commercial broadband provision and future plans, public consultation and an extensive early market engagement with a wide range of potential commercial providers.

The new procurement will be conducted as a "Competitive Procedure with Negotiation". This is a change of approach based on experience gained from the Gigaclear procurement. Under this procedure, potential providers will be required to complete a first stage selection questionnaire. Bidders who pass this stage will be invited to submit their initial tenders. Following evaluation of tenders, CDS and BDUK may decide to award contracts subject to due diligence. However, CDS and BDUK may also elect to enter into a period of negotiation with all qualified bidders where it is felt more information is required about value for money, deliverability, and aggregation and added value (where a supplier is bidding for multiple lots).

Funding

The total public subsidy available to support any new contracts is £37.5 million including a confirmed Government contribution of £18.7 million. Funding is also coming from the Heart of the South West LEP, CDS local authorities, European Regional Development Fund and the Rural Development Programme for England.

Timetable

The deadline for final tenders is August. The preferred bidder or bidders will be identified in the early autumn following evaluation of all bids received. This will be followed by a period for due diligence with new contract or contracts awarded by December. The contract or contracts will begin in 2021 for completion by December 2024.

Coverage

CDS will be seeking the maximum coverage possible for the available subsidy. Until bids are evaluated it is not possible to estimate likely coverage. (See A Note About Coverage)

Economic Benefit

The Connecting Devon and Somerset programmes are expected to deliver an £800 million boost to the region's economic productivity. *Source: UK Broadband Impact Study, SQW*

Lots

The new tender is offered as six lots covering Bath and North East Somerset, North Somerset and large areas of Somerset and Devon.

Coverage in Northern and West Devon, parts of central Devon and West Somerset is being delivered under an existing CDS broadband contract with Airband. In total, the contract with Airband will have delivered connectivity to around 21,000 homes and businesses by the summer of this year, 2020.

A Note About Coverage

Calculations about an area's actual and future broadband coverage are derived from a combination of public sector contracts, part-funded by public subsidy, with private sector suppliers, and wholly commercially funded provision both current and planned.

Although Government does not set percentage targets for individual local areas, local broadband programmes work with BDUK to analyse and evaluate coverage across their geography to monitor commercial roll-out plans, ensure public-funded contract coverage numbers are being met and to target where future public intervention will be required.

Industry analysts, thinkbroadband.com, assess current superfast coverage across Devon and Somerset as being 92.7% whereas CDS puts coverage more conservatively at around 90% at present.

Different factors have an effect on coverage analysis. The inability of Gigaclear to deliver its contracts has had a clear impact on the CDS area. The company was under contract to connect 47,000 homes and businesses which, if successful, would have helped increase coverage to around 96%.

The construction of new housing without broadband and changes in commercial roll-out plans also effect coverage in the CDS area. An improvement in the quantity and quality of data from the private sector is also a factor. For example, suppliers are now providing CDS with better data about both their current *and* planned provision.

For these reasons, CDS is taking a cautious assessment, supported by BDUK, and believes the delivery of gigabit-capable broadband to around 69,000 homes and businesses currently across the region requires public subsidy. CDS and BDUK aim to secure the maximum coverage possible through the new procurement process.

Gainshare

CDS and Openreach have concluded an agreement to invest £6 million of gainshare funds in extending full fibre coverage to over 2,000 homes and businesses in some of the hardest to reach and most economically challenged areas of Devon and Somerset. An announcement with further details will be made shortly.

Vouchers and Community Challenge Fund

CDS and BDUK are working collaboratively on new initiatives to increase take up of the Government's Gigabit Voucher Scheme and support additional communities through CDS' Community Challenge Fund. Announcements will be made shortly.

www.connectingdevonandsomerset.co.uk

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