

Connecting Devon and Somerset

Programme Briefing

September 2019



Summary

Connecting Devon and Somerset (CDS) has announced its decision to end Gigaclear's five contracts to deliver full-fibre broadband in Devon and Somerset.

CDS and the Government's Building Digital UK (BDUK) agency have been unable to agree an acceptable recovery plan with Gigaclear following the significant delays incurred by the company in its roll-out of full fibre broadband.

CDS is working closely with BDUK on a new procurement process for launch this autumn, commencing a tender process to identify new provider(s) of these services.

CDS welcomes the Department for Digital, Culture, Media and Sport's expressed commitment to ensuring that our residents will benefit from world class broadband infrastructure in line with the ambitions for nationwide full fibre coverage.

To date, 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 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.

The Gigaclear contracts

CDS awarded five contracts to Gigaclear for completion in December 2019. The company was contracted to build an underground full fibre network for CDS covering 47,810 homes and businesses.

The award of contracts was vetted and approved by BDUK on behalf of the Government.

The company, under new ownership since last summer, incurred significant delays with its roll-out due to previous failings and the collapse of Carillion in early 2018. Those delays, details of which were [set out in a joint CDS/Gigaclear briefing in November](#), meant the company could not meet its 2019-20 contract deadlines with CDS.

CDS has been withholding public subsidy while Gigaclear attempted to produce a satisfactory recovery plan. CDS had already had to place Gigaclear on notice of default after it failed to meet contract targets set in early 2018 for the number of homes and businesses connected.

Targets have continued to be missed by a substantial margin. By the end of the first quarter of this year (June 30, 2019) Gigaclear had provided 496 properties with access to the new network compared to contract targets totalling 28,689.

Assurances that the contracts would be delivered in full and on time were given to CDS and BDUK in March 2018 by Gigaclear's previous owner and in October 2018 by the new owners.

However, despite the new owners investing additional resources, changes in senior management, the opening of a regional office in Taunton, and increasing the number of staff dedicated to the Devon and Somerset publicly-funded and commercial broadband operations, the delays increased.

Remedial plans proposed by Gigaclear were withdrawn in January this year with the company saying it could no longer afford the cost of a redesigned programme.

At CDS' request, the company undertook, first, a limited cost analysis that indicated construction using poles and overhead cables might be affordable. This was followed by a wider analysis by Gigaclear, again at CDS' request, to support a potential recovery plan by the company.

However, despite painstaking work by all concerned, it has not been possible to agree a plan that CDS and BDUK could support with confidence. As a result, the CDS Board has taken the decision to end the five contracts with Gigaclear.

Next steps

CDS intends to launch a fresh procurement this autumn. This will start an estimated 12-month tender process to identify new provider(s) of these services.

CDS will formally consult the market this autumn to check who's building broadband commercially in our patch and who's planning to over the next couple of years. Getting an up to date picture of what's happening means we have a more accurate view of the areas that will continue to need public subsidy.

That knowledge will inform the invitation to tender which CDS aims to publish before the end of December. We anticipate receiving tenders by late spring – bidding for these contracts is a complex undertaking – and we'll begin the process with BDUK of evaluating the tenders in the summer. We hope to have a preferred bidder or bidders by September, then all parties will complete their due diligence, and we'd expect to be in a position to award a contract or contracts by November next year.

Work underway

CDS has held productive meetings over the summer with a number of companies interested in building full fibre networks in Devon and Somerset.

In addition, CDS is expanding the wireless network Airband is building for CDS and excited by the progress the company is also making with full fibre provision.

The CDS Community Challenge Fund will be launched later this year, following successful pilots in Devon and Somerset, enabling local communities to have a real hands-on say in new networks for their areas, and we are advancing a new collaboration with BT to extend coverage in rural areas. Residents and business can also benefit from the Government's [Gigabit and Rural Gigabit vouchers](#).