

**TEIGNBRIDGE DISTRICT COUNCIL**  
**OVERVIEW AND SCRUTINY COMMITTEE**  
**TUESDAY 15TH OCTOBER 2019**

<b>Report Title</b>	<b>Connecting Devon and Somerset contribution</b>
<b>Purpose of Report</b>	To decide if Teignbridge District Council should continue to commit £250,000 to the Connecting Devon and Somerset rural broadband rollout programme, following the cancellation of the original contract and proposal to go back out to tender.
<b>Recommendation(s)</b>	<p><b>The Overview and Scrutiny Committee notes and supports the report, and requests Executive Committee to RECOMMEND to Council that:</b></p> <p style="text-align: center;">(1) The Council continues with its commitment to contribute £250,000 to the Connecting Devon and Somerset broadband rollout programme</p>
<b>Financial Implications</b>	<p>Financial implications are detailed in 2.1. A contribution of £250,000 in 2022/23 to be funded from revenue contributions to capital.</p> <p>Martin Flitcroft, Chief Finance Officer  Tel: 01626 215246 Email: martin.flitcroft@teignbridge.gov.uk</p>
<b>Legal Implications</b>	<p>Legal implications are detailed in 2.2. The Collaboration Agreement allows for withdrawal from the project during the procurement process.</p> <p>Paul Woodhead, Legal Services  Tel: 01626 215139 Email: paul.woodhead@teignbridge.gov.uk</p>
<b>Risk Assessment</b>	<p>Risk assessment consideration is set out in 2.3. Additional funding will be used to provide greater coverage in rural areas of Teignbridge.</p> <p>Neil Blaney, Economy Manager  Tel: 01626 215233 Email: neil.blaney@teignbridge.gov.uk</p>
<b>Environmental/Climate Change Implications</b>	<p>Environmental and Climate Change implications are detailed in 2.4 and the Business Impact Assessment. Overall the impact of the proposal is not significant.</p> <p>David Eaton, Environmental Protection Manager  Tel: 01626 215064 Email: david.eaton@teignbridge.gov.uk</p>
<b>Report Author</b>	<p>Neil Blaney, Economy Manager  Tel: 01626 215233 Email: neil.blaney@teignbridge.gov.uk</p>

<b>Portfolio Holder</b>	Cllr Nina Jeffries, Portfolio Holder for Business, Economy and Tourism
<b>Appendices</b>	<ol style="list-style-type: none"> <li>1. Press release from Connecting Devon and Somerset regarding cancellation of Gigaclear contract: <a href="https://www.connectingdevonandsomerset.co.uk/15621-2/">https://www.connectingdevonandsomerset.co.uk/15621-2/</a></li> <li>2. Reports and minutes of Full Council meeting agreeing original contribution: <a href="https://www.teignbridge.gov.uk/committee-meetings-and-agendas-archive/full-council-meetings/full-council-2016-2017/6-june-2016/">https://www.teignbridge.gov.uk/committee-meetings-and-agendas-archive/full-council-meetings/full-council-2016-2017/6-june-2016/</a></li> <li>3. Briefing note of delivery in Teignbridge by March 2018: <a href="https://www.connectingdevonandsomerset.co.uk/wp-content/uploads/2018/03/CDS-Teignbridge-Members-Brief-Issued-270318.pdf">https://www.connectingdevonandsomerset.co.uk/wp-content/uploads/2018/03/CDS-Teignbridge-Members-Brief-Issued-270318.pdf</a></li> <li>4. Economic benefits of Superfast Broadband: <a href="https://www.gov.uk/government/publications/evaluation-of-the-economic-impact-and-public-value-of-the-superfast-broadband-programme">https://www.gov.uk/government/publications/evaluation-of-the-economic-impact-and-public-value-of-the-superfast-broadband-programme</a></li> </ol>
<b>Part I or II</b>	Part I
<b>Background Papers</b>	<ol style="list-style-type: none"> <li>1. Options available for delivery of rural broadband</li> <li>2. Business Impact Assessment</li> </ol>

## 1. PURPOSE

1.1 The purpose of this report is to allow Members to evaluate the Council's commitment to contributing £250,000 towards the Connecting Devon and Somerset (CDS) superfast broadband rollout programme Phase 2, following the announcement by CDS that they had terminated the contract of the chosen provider Gigaclear (Appendix 1).

## 2. REPORT DETAIL

### 2.1 Financial

2.1.1 The £250,000 commitment made by the Council in 2016 (Appendix 2) was budgeted for the 2019/20 financial year. If Members resolve to continue with the contribution, the commitment would be for the 2022/23 financial year at the earliest.

2.1.2 It should be noted that the contribution is match funded by Building Digital UK (BDUK), who are part of the Department for Digital, Culture, Media and Sport (DCMS) and tasked with the delivery of superfast broadband and local full fibre networks across the UK. As such, the loss of TDC's commitment would mean

that there would be £500,000 less invested in the rollout programme for Devon and Somerset as a whole.

2.1.3 The programme also has contractual protections, so that any underspend and take-up gainshare mechanism (where take-up is high than expected money is clawed back from the provider) protects the value for money and reduces the expected net cost of the programme on the public sector.

## **2.2 Legal**

As part of the collaboration agreement the Council has the option to withdraw by giving 3 months' notice during a procurement stage. As the programme will require a fresh procurement stage, it is only proper that Members are given the opportunity to review this commitment, along with consideration of other possible options available to help deliver broadband in rural areas.

## **2.3 Risks**

2.3.1 **Addressing market failure** – The superfast broadband programme was introduced in 2011 in response to concerns that the commercial deployment of superfast broadband (defined as download speeds of at least 24 megabits per second) would fail to reach many parts of the UK. The Phase 1 programme in Devon and Somerset sought to extend superfast coverage to 90 percent of UK premises by 2016, from a starting point of 66%. By the end of the phase, coverage in Teignbridge was up to 80% from a starting point of 50%. While this figure was below the national target, Teignbridge was in the top quartile with respect to the CDS programme delivery.

2.3.2 By the end of March 2018 of the 67,800 premises in Teignbridge (homes and businesses) only 5,200 weren't covered by existing infrastructure or a planned programme (Appendix 3). It should be noted that 4,800 premises were planned to be covered by Phase 2, which sought to extend coverage to 95% by the end of 2017.

2.3.3 As coverage increases, the areas remaining are usually the most technically and financially challenging to deal with. The risk is therefore that areas will be left without broadband coverage, to the detriment of businesses and residents in that area. The evaluation of the success of the Phase 1 rollout (Appendix 4) identifies that the programme brought broadband into some areas 2 years

earlier than the market would have delivered, and in some cases it would not have happened at all.

#### **2.3.4 Stimulating growth** – As set out in the Business Impact Assessment

(Background Paper 2) this programme has the opportunity to improve digital accessibility for businesses and residents in rural areas, resulting in a positive impact on productivity, jobs growth and employment. The evaluation of the Phase 1 programme (Appendix 4) has highlighted the short-term additionality of the programme to the rural economy, with a growth in the productivity of rural businesses by 0.32%, employment rising by 0.8% and turnover growing by 1.2%. With an increase in take up of broadband, increased competition bringing down prices and businesses able to take advantage of more digital opportunities, the medium to long term benefits of improved broadband will have more positive impacts on the rural economy.

#### **2.3.5 Supporting the Council's own 'Digital First' approach** – At a time when more services are being channelled through digital platforms, particularly Government services such as tax returns and benefits claims, as well as the Council's own digital transformation project 'One Teignbridge', it is becoming essential for adequate broadband provision to be available to all.

### **2.4 Environmental/Climate Change Impact**

This proposal will have a benefit in reducing the need to travel as rural areas have more access to services. This will reduce carbon emissions. There will however, be an environmental impact in the construction process for the infrastructure. Overall the impact of the proposal is not significant.

## **3. OPTIONS**

**3.1** Background paper 1 sets out options available for the delivery of new superfast broadband infrastructure, along with examples of communities that have found solutions when their areas has not been included in a programme.

**3.2** The CDS Phase 2 programme is focused on addressing the remaining 5-10% of rural areas that won't be commercially covered, helping to provide affordable solutions.

- 3.3** The alternative options require either individual investments for individual solutions, or communities coming together to find their own solution. These approaches put the onus onto the individual and/or community, and is predicated on widespread awareness and understanding of these options. It also requires local resource, financial and people's time, to make it happen.
- 3.4** The CDS team have undertaken many consultations and engagements with rural communities to raise awareness, and will continue to do so. However, to date there have been limited examples in Teignbridge of local communities working to bring forward their own solution.

#### **4. CONCLUSION**

- 4.1** Access to suitable broadband is becoming an essential requirement for residents and businesses. While there are alternative options available for delivery of broadband in rural areas, they are fragmented and require significant resource to make a meaningful impact.
- 4.2** While Phase 1 of the broadband rollout programme was very successful in Teignbridge, the area still lags behind the national average for coverage, to the detriment of the local economy.
- 4.3** Ongoing funding for this programme enables the Council to play a positive role in increasing superfast broadband coverage, and to bring the infrastructure into rural areas of the District much quicker than would otherwise happen.