



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref MA-P-JJ-6749-16

Nick Ramsay AM  
Chair – Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

21 September 2016

Dear Nick,

**Public Accounts Committee Report – Welsh Government Investment in Next Generation Broadband Infrastructure - Update**

I have pleasure in enclosing an update on the Welsh Government response to the above mentioned report.

Yours sincerely

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

**Julie James AC / AM**

Y Dirprwy Weinidog Sgiliau a Thechnoleg  
Deputy Minister for Skills and Technology

Bae Caerdydd • Cardiff Bay  
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

## **Welsh Government update to the Public Accounts Committee on Welsh Government Investment in Next Generation Broadband Infrastructure – September 2016**

### **PAC Recommendation:**

The Committee recommends that an update be provided by Welsh Government on the progress of rollout to difficult to reach premises no later than September 2016 including:

- an update on the achievement of 40 per cent of premises at 100Mbps;
- information on when residents will be told if that are not likely to receive next generation broadband through the Superfast Cymru contract;
- details of the affordable options available to them;
- the number of 'premises passed'; and
- an update on the recommendations contained in the Auditor General for Wales's report.

### **Update**

BT have assured Welsh Government that through fibre on demand technology 100Mbps is available to all premises connected to live exchanges in Wales. In addition we anticipate around 85,000 premises will benefit from fibre to the premises technology as a result of the programme.

During the Autumn work is being undertaken to identify those premises unlikely to receive superfast broadband via either Superfast Cymru or commercial roll-outs.

On 9 September Welsh Government published a public consultation to primarily engage with the telecoms industry to understand their deployment plans.

This will enable Welsh Government to target unserved premises to further extend the Superfast Cymru project using £12.9 million of accelerated gain share funding from BT. The aim will be that this funding can be used to provide superfast broadband access ahead of the end of the current contract in December 2017. Further work will then be taken forward to explore options from 2018 onwards.

The Access Broadband Cymru scheme funds a range of alternative superfast capable broadband technologies including satellite and wireless connectivity. Details of the scheme are available on the Welsh Government website.

596,591 premises have been passed and the speed tested and verified as at the end of May 2016.

An update on the recommendations contained in the Auditor General for Wales's report is attached at annex 1.

### **PAC Recommendation**

The Committee recommends that the Committee be provided with an update on work to improve communications and marketing of the benefits of access to superfast broadband no later than September 2016.

### **Update**

A new Welsh Government led marketing and communications campaign has been agreed for 2016-19. It is a public service campaign to promote the use of broadband, show how it can help improve the lives of people and encourage take-up of superfast broadband. It will consist of multi-layered marketing, advertising, events, media, website and social media activity. Although the activity has national reach, the activity will be delivered on a local basis. Real life case studies will feature and there will be a series of local events to engage directly with the public.

Local authorities and other influential stakeholder and community groups will be provided with information and a 'tool kit' to enable them to also promote the benefits of superfast broadband.

The activity will launch in early October in two local authority regions. The activity will be evaluated on an ongoing basis with independent research commissioned to track progress and inform improvements.

The Welsh Government website now contains deployment information including an interactive checker that allows residents and businesses to search when they are likely to get Superfast Cymru FTTC. The deployment information on the website is provided by BT. BT have assured us that in October information will be available for consumers to also search for when FTTP will be available if that is the broadband solution being deployed for their premises.

## **Update on WAO recommendations Welsh Government investment in next generation broadband infrastructure**

### **Recommendation 1**

#### **To improve communication about the local rollout of next generation broadband**

Some local authorities, businesses and residents have not been satisfied with the communication about the Superfast Cymru rollout. The Superfast Cymru contract includes £1.7 million for marketing and publicity activities, which the Welsh Government reviewed in June 2014 resulting in an increased focus on households and improvements to the Superfast Cymru website.

- **As part of its marketing plan, the Welsh Government should continue to review its marketing activities, assess and monitor awareness of next generation broadband and identify whether businesses and residents are content with the level of information they receive on the status of next generation broadband rollout for their premises.**

#### **Response:**

The BT contract to deliver Superfast Cymru Marketing ended on 30 June 2016. As of 1 July 2016 the Welsh Government now leads on the communications and marketing for the Superfast Cymru deployment.

Following an evaluation of communications and audience research being undertaken a new Welsh Government marketing and communications campaign has been agreed by Ministers for 2016-19. This is a public service campaign to promote the use of broadband, show how it can help improve people's lives and encourage take-up of superfast broadband. This will consist of multi-layered marketing, advertising, events, media, website and social media activity. Although the activity has national reach, the activity will be delivered on a local basis. Real life case studies will feature and there will be a series of local events to engage directly with the public. Local authorities and other influential stakeholder and community groups will be provided with information and a 'tool kit' to enable them to also promote the benefits of superfast broadband. The activity will launch in early October in two local authority regions. The activity will be evaluated on an ongoing basis with independent research commissioned to track progress and inform improvements.

The Welsh Government website now contains all the required deployment information. An interactive checker allows residents and businesses to search when they are likely to get Superfast Cymru via Fibre to the Cabinet. BT have assured us that in October information will be available for consumers to also search for when Fibre to the Premises will be available if that is the

broadband solution being deployed for their premises. The checker is reliant on the provision of accurate information from BT. The website content has been improved with FAQs and useful advice about broadband. Trouble Shooting and Myth Busting fact sheets are in development.

Information for businesses is being provided through the superfast broadband business exploitation project. The main features of the programme include:

- Direct business support and advice through Business Wales. Superfast business workshops, clinics, on-line material and one-to-one sessions at a local level
- Research and intelligence, including the tracking and of adoption and exploitation of superfast broadband by businesses and providing insight into emerging technologies to ensure new opportunities are included
- Training and accreditation for business advisors who are delivering support on the ground.
- Champions for each local authority who will help lead engagement with their authority and local business community.
- A strategic advisory panel to support delivery consisting of experts from technology providers, industry bodies and public sector.

## **Recommendation 2**

### **To ensure reaching contractual targets**

To meet the contractual targets of the Superfast Cymru project, 40 per cent of premises in the intervention area must be capable of receiving speeds of 100 Mbps or more by the end of 2016. However, there were only 325 premises able to access next generation broadband with download speeds of 100 Mbps by the end of December 2014.

- **The Welsh Government needs to ensure BT has appropriate, detailed and robust plans in place as to how it will achieve the target of 40 per cent of premises capable of receiving speeds of 100 Mbps.**

### **Response:**

BT has advised that through fibre on demand technology 100Mbps is available to all premises connected to Superfast Cymru live exchanges in Wales. In addition we anticipate around 85,000 premises will benefit from fibre to the premises technology as a result of the programme.

## **Recommendation 3**

### **To monitor and support the take-up of next generation broadband**

The provision of infrastructure for next generation broadband is of little value unless businesses and households take up the access and use it. The Welsh Government has not yet set any targets for the actual take-up of next generation broadband for either business or domestic premises.

- **The Welsh Government should:**
  - **set an aspirational target(s) for the take-up of next generation broadband to lend focus to efforts to encourage take-up;**
  - **collect information to demonstrate how businesses and the general public are using next generation broadband; and**
  - **work with relevant stakeholders to ensure appropriate measures are in place to allow benchmarking with other countries.**

#### **Response:**

In July 2015 the Deputy Minister for Skills and Technology announced in an oral statement that she wanted to see at least half of everyone who can connect to superfast broadband doing so. Further independent research conducted on behalf of Welsh Government confirms 50 per cent as a reasonable target for take-up.

Ofcom is the primary trusted source for information about use of broadband and next generation broadband and also benchmarking with other countries. However, further independent research is commissioned as required, for example, around marketing and communications and for the superfast broadband business exploitation project.

#### **Recommendation 4**

##### **To improve effectiveness of the Access Broadband Cymru scheme**

Access Broadband Cymru provides grants of up to £1,000 for faster broadband installation in areas where broadband speeds are less than two Mbps. However, up to February 2015, the Welsh Government had given funding for 340 installations (paragraph 2.19).

- **The Welsh Government should review the Access Broadband Cymru operation, including its communication of the scheme, to assess whether it is working as planned and if the scheme is still providing benefits.**

#### **Response:**

Following an assessment of how the scheme could better support the provision of superfast broadband the Deputy Minister for Skills and Technology announced in December 2015 a 2 year commitment to extend the Access Broadband Cymru scheme to all homes and businesses across Wales that cannot currently receive superfast connections. Under the previous

scheme only premises receiving less than 2Mbps were eligible. The new scheme commenced in January 2016.

Access Broadband Cymru now funds (or part-funds) the installation costs of new broadband connections for homes and businesses in Wales that deliver a step change in download speeds. There are 2 levels of funding depending on the speed required, £400 for download speeds between 10 and 20 Mbps and £800 for download speeds of 30Mbps and above. The scheme is technology neutral using a range of technologies including satellite, wireless and 4G to deliver superfast speeds.

## **Recommendation 5**

### **To improve the delivery of the full benefits of the public investment**

Until August 2014, there had been a lack of clarity about the responsibility for delivery and management of benefits of next generation broadband, but the Welsh Government is now developing benefit exploitation activity. This activity includes a national project for the exploitation by businesses and a plan for public sector exploitation. There are currently no specific benefit exploitation activities planned for households (paragraphs 2.55 to 2.68).

- **In addition to the current activity, the Welsh Government should:**
  - **develop a benefits management strategy or plan for the wider benefits of the Superfast Cymru project and its other next generation broadband interventions for households, businesses and the public sector;**
  - **make provision within the strategy or plan for a review to assess the delivery of the anticipated direct and indirect benefits at the end of the Superfast Cymru implementation phase (such as a Gateway 5 Review); and**
  - **repeat the review at regular intervals after the implementation phase is complete.**

### **Response:**

A benefits management plan is now in place across Welsh Government digital infrastructure interventions including Superfast Cymru. Information on benefits is collated as a matter of course and will form part of any review of the project either during or following the implementation phase.

## **Recommendations 6 and 7**

### **To learn the lessons from the Welsh Government's management of the planning and procurement of the Superfast Cymru contract**

From its own internal review processes, the Welsh Government learnt a number of lessons from the planning and procurement phase of the Superfast Cymru project. The key issues the Welsh Government identified related mainly to project management arrangements, including turnover of key project

staff. In addition, our own work has identified some weaknesses in benefits management, and in the extent to which the option appraisal process considered affordability.

- **The Welsh Government should ensure that the lessons learnt from its own internal review and other lessons from this report are reflected in its own guidance on programme and project management.**

We found that compared to other publicly funded next generation broadband projects in the UK, the Welsh Government negotiated a contract with BT that includes a number of additional safeguards for public sector investment

- **The Welsh Government should share the lessons learned from its negotiation of the agreement with BT with Welsh Government departments and with the wider public sector.**

### **Response:**

Lessons learned are identified as part of the gateway review processes throughout the life of large projects including Superfast Cymru, for example for the EU as part of its project completion processes. In addition, a further lessons learned review will be held towards the end of the project and will be then shared across the relevant professional disciplines within the Welsh Government.

Findings from these reviews will be fed into the corporate lesson learned framework for programme and project management. Officials will work with Value Wales to ensure that the procurement lessons are identified and disseminated across the procurement profession within the Welsh Government. Welsh Government will share the lessons with contract and procurement professionals from across Welsh Government and the wider public sector to raise awareness of the approach taken under the Superfast Cymru project.

Through the Welsh Government Preparing for the Future programme training sessions have already been delivered around commercial negotiation skills to procurement professionals during March and June 2016. These sessions will be continued as part of the ongoing commercial training suite which will be rolled out in autumn 2016 as part of usual training activities.

A contract management eLearning module will support the Contract Management Toolkit and will be "essential" mandatory training for all Welsh Government colleagues engaged in contract management activities from September 2016 onwards. This will be supplemented with a Managing Suppliers training option for those involved in larger scale, more strategic contracts with supplier available from October 2016. Additional modules for contract managers will cover Managing Value for Money, Category Management (where applicable), Legal Hints and Tips for Working with Suppliers and generic eLearning on procurement awareness and sourcing

suppliers.

All those who hold delegations to purchase (including to amend contracts) under the new WG Delegations Policy established under the work stream will need to undertake training once the Policy is rolled out later in 2016.