

# National Assembly for Wales

## Economy, Infrastructure and Skills Committee

**Inquiry: Digital Infrastructure in Wales**

### Response from CLA Cymru

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1. One third of the Welsh population lives in rural areas<sup>[1]</sup>. Our rural economy supports some 459,000 people. In Wales, rural business totals nearly 105,000<sup>[2]</sup> enterprises. While land-based businesses form the backbone of these, a broad range of other businesses and sectors support the farmers and landowners and are essential for maintaining thriving rural communities. The CLA represents around 32,000 members in England and Wales.
2. Digital connectivity has transformed the opportunities available to rural business in recent years. It is now possible to locate a business that trades goods and services across the globe from the heart of the countryside. However, this potential is only partially fulfilled. Despite a major programme of public investment across England and Wales, one in five rural business owners cite having to make their own investments in order to get connected. A digital divide remains, and while the political will to end it is clear, a continued focus is required.
3. The CLA is not in a position to respond to all the questions outlined, however, we believe that the evidence that we have gathered through the dedicated advisory service we offer our members will offer a realistic business-focused view from the rural economy about their experience of achieving superfast broadband.

#### Communication and information about the roll-out

4. Over recent years many members have contacted us in frustration with the process of getting broadband connection. The high profile campaign communicating the prospect of 'superfast broadband' has in many instances created expectation, which the delivery and roll-out have failed to match.
5. Many of the cases we hear of involve members looking for information as to if and when a superfast connection is in the pipeline for their location. Our members recognise the business benefits of superfast broadband, are eager for connection and have been willing to make private investment or get connected via community fibre network schemes if they are outside the reach of the current roll-out programme. However, this investment will only be made where it is clear that fibre connection through the current programme is not possible. This information is not openly available and not always forthcoming from BT.
6. As we near the end of this roll-out programme, businesses need accurate information about the scope and limitations of the roll-out up to July 2017. Detailed roll-out plans and information on the areas that will not be covered need to be made available now. The CLA does not want to advise members on alternative technologies, to then find that a superfast connection is to be made in the near future. Unfortunately, this has happened on a number of occasions to date.

#### A Superfast Cymru successor scheme?

7. CLA Cymru welcomes the recent announcement by Welsh Government to roll out broadband to 100% of Wales. However, we have a number of practical questions that we would welcome more information on so that we can continue offering up-to-date advice to our members. For example:
  - a. What does 100% coverage mean?
  - b. Does this relate to the geographic spread in Wales, to all business premises or to every property in Wales?
  - c. What is the timescale for achieving this?
  - d. What does this mean for those who have started down the road of community fibre networks projects?
8. On a UK level, the Digital Economy Bill currently before Parliament contains a legal right to superfast broadband (of at least 10 Megabits per second). This is a major breakthrough, long campaigned for by the CLA, but it is important to understand how the commitments made

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<sup>[1]</sup> In England the same statistic is 20%.

<sup>[2]</sup> pp 4 - 5, CLA: '*Standing Up for Rural Business*'.

by Welsh Government for 100% coverage will dovetail with the provisions of the Digital Economy Bill.

9. These changes demonstrate the political will to deliver the infrastructure needed to deliver the minimum service standards and recognition of the understanding that this is as important to economic growth in the twenty-first century as the universal postal service was in the eighteenth.
10. It is, however, vital that the roll-out now matches this aspiration, and that once established, it is regularly reviewed to ensure minimum speeds keep pace with business needs.

#### Use of alternative technologies

11. Realistically, about 1% of properties in rural Wales will be too remote or uneconomic to connect. For these properties, alternative technologies need to be looked at. As an organisation, we have investigated a number of different technologies and have members who can deliver a range of technological solutions and where appropriate, will work with deliverers of these technologies to try and encourage take up.
12. However, until we have clarity about the scope and timescale of this government-funded project, we are unable to advise our members about the business benefits of considering such technologies.
13. Satellite broadband has been a lifeline technology for many rural businesses. Innovation in the technology is ironing out the reliability and operational limitations and it will remain the best option for many of the most remote homes and businesses.
14. The use of wireless microwave relay signals between premises has seen significant organic growth among rural business-owners and estates. It is significantly more affordable than wire-based technologies and can continue to be a way for rural businesses to become internet suppliers.
15. While satellite and wireless technology are now established alternatives, we are also aware that technological development is moving at a pace now and innovative solutions are emerging that offer viable and cost-effective alternatives to a fibre based network.
16. We would urge Welsh Government to ensure that any contract to deliver for the final few percent of businesses and communities is flexible enough to incorporate and take advantage of these emerging technologies. Furthermore, clarity is required as to whether grant aid or other support will remain available to support those businesses and communities wishing to take forward more innovative solutions to connectivity.

#### Mobile coverage

17. Mobile coverage in rural areas suffers from years of under-investment. The last 18 months has seen a renewed political and industry focus to resolve this. For example EE has committed to 95% (4G) coverage by the end of 2020 and a legal target is in place to secure 90% (minimum 2G) coverage of the geographic landmass of the UK by 2017. However, stringent consequences must be in place if this legal target is not met.
18. Coverage is patchy in much of Wales, but is particularly so in rural mid-Wales, where 4G is currently a distant hope. Feedback from members has also suggested that the coverage may even be decreasing on some networks as opposed to increasing.
19. Innovation is the key to tackling the problem. In 2018 the UK Government will be auctioning off the 700MHz spectrum and it will be used from 2020. This has major potential for increasing the reach of voice and data coverage, but conditions in the licence agreements will be key to ensuring it delivers. This is a precursor to the advent of 5G where the infrastructure needs in terms of new masts and signal relay points will be significant. By 2030 mobile data connections could end the digital divide, but this would require a complete rethink of the

current urban-first roll-out strategy pursued by the major providers and endorsed by Government.

20. CLA Cymru calls on Welsh Government to ensure that properties in the remotest areas of rural Wales are not left behind in the future roll-out of the new technology.

### Conclusion

21. At the CLA's recent Rural Business Conference, connectivity was identified as a key theme. The universal service obligation, once achieved, will be a significant advantage to rural businesses and the productivity opportunities in rural Wales. The technological solutions for better infrastructure and faster connections are growing all the time. They present the opportunity to provide facilities that are not catching up, but surging ahead of other areas. Securing the investment required for the next wave of connections is the challenge and CLA Cymru puts forward the following ideas:

- Universal mobile coverage – place stringent conditions on mobile operators as part of tenders for the 700MHz spectrum auction taking place in 2018 to ensure maximum mobile data coverage in rural areas.
- Promote new approaches to funding connections for the most remote communities – build on existing best practice in encouraging home and business owners in a location outside of the reach of broadband roll-out schemes to pool vouchers in a way that will fund a better, more robust solution for the whole community. In order to help businesses decide whether to consider co-financing projects. Openreach and other providers must be more transparent and long term in setting out their roll-out plans.
- Ensure local businesses can become internet suppliers – encourage rural business-owners, who invest in putting in place their own broadband connection such as fibre-to-property, to become local suppliers using technologies such as local wi-fi networks and ensure their position in the market is secure.
- Establish new investment models for better connections – explore new models for rural businesses to invest in fibre connections for their own premises. The mobile network providers should be encouraged to rent these connections to help them build their data networks (especially under 5G).

#### **Real life example from a member in Powys of the challenges in achieving digital connectivity**

**Mobile connectivity at home:** in 2006 = 3-5 bars with Orange/EE; gradually reduced to 0-1 bars, until, in 2014, it ceased to be viable. User switched to O2. Currently 5 bars of signal.

**Mobile connectivity at user's nearby office:** 2014 with O2 = 5 bars. 20/10/16 mast decommissioned without warning so no service at all. Weeks 1 to 5 thereafter user wrongly informed that it was a 'temporary outage'. After numerous contacts (phone, emails), in week 6 correct information given and user compensated.

**Broadband:** rural property 3 miles from roadside cabinet. 2006 download speed = 1mbps, upload = 0.3 mbps. Frequent outages, sometimes of several weeks' duration. User repeatedly complained to ISP (subsidiary of BT Group plc) with little effect. In 2013 some remedial works carried out with promise of undergrounding for new 200M length of copper cable. Undergrounding not carried out. Speeds improved to 2mbps and 0.8 mbps. Mixed messages on Superfast Cymru website from mid-2014 to mid-2016, depending on whether telephone number or postcode input to search box re. fibre availability. Early spring 2016, a nearby pole-mounted fibre splitter was installed. In late summer 2016, the website displays message saying user can 'place an order', however, ISP at first responds that it is not possible to place order, then quotes exorbitant figure for FTTP - £7,000 per 10 metres. User contacts BT. Mid-September, order placed. Hub received within 1 week. Survey carried out within 2 weeks. Major works – including obtaining easement from neighbour, digging 360 metres of trench, laying conduit, installing two man-holes etc carried out second half November 2016. 7/12/16: installation of in-house equipment. All works estimated to be minimum of 14 man-days. 7/12/16: after commissioning, speeds = 51 mbps download, 10 mbps upload.