ECONOMIC DEVELOPMENT COMMITTEE   EDC 02-03(p1)

Date: **30 January 2003**
Time :   **9:00 to 12:30**
Venue: **Committee Room 1, National Assembly for Wales, Cardiff Bay**
Title: **Welsh Assembly Government's Broadband Wales Programme**
                   (A paper from the Economic Development Minister)

Purpose

1. To inform the Committee about the detail of the Broadband Wales Action Plan and associated activities.

   ### Recommendations

2. That the Committee notes the content of this paper and comments as it sees fit.

   ### Timing

3. The Broadband Wales Action Plan was launched in July 2002. This paper is being presented to update the Committee on activities to date and those planned.

   ### Background

4. The Welsh Assembly Government's plans for the positive economic and social transformation of Wales is published in its ten-year Economic Development Strategy 'A Winning Wales' www.wales.gov.uk. A recurrent theme throughout A Winning Wales is the importance placed upon the exploitation of information and communications technology (ICT) to build a strong, sustainable, competitive and prosperous economy.

5. The ways in which the Assembly Government plans to facilitate the successful take up and use of ICT as a key tool for personal, organisational and community development throughout Wales are set out in Cymru Arlein – Online for a Better Wales (www. cymruarlein.wales.gov.uk) .

6. Cymru Arlein has five key strands which, if implemented fully, will create a Wales which is:

- **United** through its use of ICT, **confident** in promoting our achievements on the world stage and **creative** in exploiting ICT for the benefits of individuals, communities and businesses.

- **Committed** to fostering, through the effective use of ICT, its unique and diverse identity, and the benefits of bilingualism.
- Using ICT to become more prosperous, well-educated, skilled, healthy, **environmentally and culturally rich**
- **Served** by modern, effective, efficient and accessible public services that use ICT to enhance their services.
- **Active** in its use of ICT in local communities, where the voice of local people is heard
- **Fairer** – a place where everyone is valued and ICT is used to give everyone an opportunity to play a full part

7. These strands are:

- Enhancing our communities – E communities

- Building successful businesses – E Business

- Improving public services – E Government

- Developing ICT skills – E Education and training

- Ensuring first class infrastructure – Broadband Wales Action Plan

8. The purpose of this paper is to provide details on the **Broadband Wales Action Plan**

SECTION 1

Broadband Wales Action Plan (http://www.cymruarlein.wales.gov.uk/broadband.htm)

9. The Broadband Wales Programme was launched by the Economic Development Minister, Andrew Davies in July 2002 as the Assembly Government's programme for facilitating broadband Wales. The five-year, multi million pound programme provides a holistic, flexible approach to driving forward Broadband Wales and is the most significant investment of its type into broadband in any part of the UK.

10. The Programme recognises the two-fold nature of the deficiencies in the broadband market in Wales. Affordable access to broadband is impossible without the appropriate means of supply and yet without demand commercial operators will not find it economically viable to invest in Wales and rollout their broadband infrastructure at a competitive price. Over the lifetime of the programme the aim is to create a 'virtuous circle' where increased demand feeds further supply leading to further increases in demand and supply.

11. The plan is essentially split into **five key action areas**:

- **Demand stimulation -** actions to raise awareness of broadband and to support those who wish to exploit the new technologies.
- **Supply stimulation -** actions to overcome obstacles to the availability of affordable broadband.
- **Encouragement of local initiatives -** actions to facilitate initiatives to develop local broadband solutions and content.
- **Specific procurements -** interventions to increase the availability of broadband in specific circumstances, addressing identified gaps in provision.
- **Aggregation of public sector demand -** actions to rationalise public sector broadband procurement in Wales that can also positively influence the economics of broadband deployment.

12. In the five years July 2002 to July 2007 the Plan has the following targets:

- An increase in the availability of affordable terrestrial broadband services in Wales by approximately 30%, with 310,000 extra homes and 67,000 extra business lines potentially being able to access broadband.

- 50-100 local or regional initiatives to be developed to deliver broadband solutions

- Broadband connectivity to be available in most business parks in Wales.

- Approximately 1200 additional public sector sites to be broadband-enabled.

- Broadband services to be made widely available throughout Wales at near-DSL prices.

- Increased awareness of broadband communications and its benefits.

13. The following actions have been taken in each of the **five key action areas**:

SECTION 2

Demand Stimulation

14. An all Wales **Satellite Broadband Subsidy Scheme** was launched in September 2002 (http://www.wda.co.uk/broadband) to help those SMEs who are unable to get terrestrial broadband to obtain broadband via satellite. Any SME is able to seek a subsidy of up to £1,500. To the end of December 2002 seventy three applications had been approved totalling a subsidy of almost £100,000. Another seventeen applications are in the process of evaluated.

15. Implementation of this scheme has a number of aims – to drive down the cost of satellite broadband, to give any business in Wales access to broadband, to give companies the opportunity to see what broadband can do for them. A six-month review will be carried out in March 2003 to evaluate the effectiveness of the scheme and it is possible that the scheme could be extended to cover other types of technology (ie. not just satellite).

16. Broadband connectivity has been installed in all of Wales' main Business ICT Support Centres **(the 'Try Before You Buy' scheme**). These Centres offer free, impartial advice to businesses on ICT matters and can now demonstrate what broadband is and what it can do to any SMEs wishing to drop into a Centre. A map of these ICT Centres is available at:http://www.businessconnect.org.uk/index.cfm/Region.

17**. Broadband Representatives at Economic Fora Area** – the Broadband Wales Unit has approached each Economic Fora seeking their views on placing 'Local Broadband Champions' in each Area. The Foras were very receptive to this idea and will be submitting a paper outlining the practicalities.

It is hoped this will be received soon, with both funding and staff in place by April 2003. A minimum of two staff are expected to be placed in each of the Fora areas.

18**. Advertising Campaigns** – Wales wide and/or local advertising campaigns demonstrating the benefits of broadband will begin by April 2003.

19**. Development of resources including a website offering impartial information on broadband and literature (available both online and in hard copy) explaining the benefits of broadband** – significant resources exist at a UK level and these are already being utilised as appropriate. The Assembly Government is in discussions with the DTI about ways of making this literature more specific to Wales. Furthermore, relevant Welsh case studies are currently being identified and these will be made available in February 2003.

20**. Facilitation of extranets serving communities of interest** – The WDA is leading on this action. At present the Automotive Forum is operational but is still in the early stages of development.

21. Although not a direct activity of the Broadband Wales Programme **Opportunity Wales** helps business move their way up the e commerce ladder by providing a range of services. These services include free e-Commerce reviews, followed up by additional low-cost, high-value consultancy services as well as in depth help and guidance on e-commerce implementation. Over 1,200 business reviews have been delivered to date. More information can be found at www.opportunitywales.co.uk.

National Grid for Learning (NGfL) Cymru

22. Encouraging good broadband content is also very important to stimulating demand. This is one reason the Assembly Government is involved with the National Grid for Learning.

23. Complementary to the Welsh Assembly Government's activities on the Lifelong Learning Network is the National Grid for Learning (NGfL) Cymru. A project which uses digital technology to provide curriculum materials for use in schools across Wales. This includes:

- a new bi-lingual education portal for Wales, intended to become the main online learning centre for pupils and teachers;
- new curriculum materials and education resources to be commissioned and developed by learn.co.uk for Wales, plus free access to premium online content developed by learn.co.uk
- support for teachers and other education practitioners to share expertise and contribute their own material for NGfL Cymru; and,
- the re-launch of the Virtual Teacher Centre as the premiere online curriculum and In-Service Training resource for teachers in Wales.

Increasing Supply

24**. Broadband to Business Parks and Business Locations** - funding has been allocated to this activity and the WDA is taking it forward on behalf of the Broadband Wales Unit. The Agency is just about to recruit to implement the action. One of the early tasks of the team will be to work with local authority and other partners to identify the key business sites and locations. The Agency will undertake an open and transparent procurement process to provide high speed connectivity at these site and locations. It is hoped that this project can be developed in a way that utilises the Assembly Government's existing investment in the Lifelong Learning Network but this will be subject to legal and regulatory constraints. A procurement process (almost definitely through OJEC) will commence this summer.

25**. Provision of international broadband connectivity to Wales** – a project which will provide international connectivity to Wales (similar to that enjoyed by London Docklands) is currently under consideration but is subject to strict 'commercial in confidence' rules as well as legal and state aid considerations. I will keep the Committee informed about this.

Encouragement of Local Projects

26**. Objective 1 bid** – the Broadband Wales Unit is in the process of preparing an application for £20m of Objective 1 funding to take forward the local projects aspects of the action plan.

The bid will encompass three projects: a reverse subsidy auction, the provision of broadband connectivity to communities, and extension of lifelong learning local networks. (The overall project will be £53m).

27. A Local Projects Manager joined the Broadband Wales Unit yesterday (29 January) and his main task will be to ensure that the Objective 1 proforma application is considered by the Infrastructure Partnership in February/March (at the latest). In tandem to this a full application will be developed and negotiations begun with DTI and the European Commission regarding state aid notification.

28. Furthermore, the Assembly Government is direct or indirectly supporting a range of local projects including:

29. **eFro Broadband Wireless Project** (http://www.e-fro.cd/)The Assembly Government has provided £100,000 to support the development of Digital College's e-fro project which uses the 802.11b broadband wireless spectrum to provide broadband access to a community in rural North West Wales. As a result, people have been able to get broadband in Dyffryn Ogwen who could have not done so without this valuable project.

30. **Arwain Project** (www.arwain.net)This project was launched in October 2002 and provides cheap wireless broadband to people in the Cardiff and surrounding areas.

31. **e-Communities project** This project has applied for Objective 1 structural funding and is currently being considered by WEFO. It aims to do the following (and it is hoped that the WEFO appraisal process can be concluded shortly):

- Work with over 100 communities across Wales, creating a network of 60 community portals and Information Age Community Support Centres.
- Engage with communities and groups by raising awareness and increasing the use of ICT and the internet by communities.
- Assist communities to develop the ICT skills of individuals through the development and use of new and relevant community portals and content.
- Create and maintain the technical portal infrastructure required for communities to sustain and further develop their eCommunity activities
- Create sustainable communities through the safeguarding of new employment opportunities and encourage new business start-ups in eBusiness applications arising from the eCommunities projects.
- Seek to achieve the transformation of communities into eCommunities and monitor the progress by communities in achieving this transformation.

Aggregation of Demand

32. Aggregating demand aims to deliver on two objectives: better value for money for those organisations involved; and using the aggregated demand to further stimulate the market. Aggregation will occur in both the public and private sectors. Broadband Wales will drive forward the aggregation programme in the public sector and facilitate where appropriate, the aggregation of demand in the private sector.

Within the public sector, Broadband Wales will build on the work already underway in Life long learning and Health to offer facilities and the benefits of aggregation to all public sector organisations operating within Wales. This will include all ASPBs, the Criminal Justice System (courts and police) as well as Government Departments operating in Wales (e.g. DVLA, Companies House)

33. Lifelong Learning Network This is a multi million pound project initiated by the Welsh Assembly Government in October 2001 to provide broadband connectivity and multi media equipment to schools, learning centres and libraries in Wales. In March 2002 the Assembly Government signed a contract with Logical UK Ltd for the provision of a country-wide broadband network linking all 22 Local Education Authorities in Wales and eight University sites. This core network was in place in August 2002 and connected to the Internet via the Joint Academic Network (JANET). The network provides 100 Mbps connectivity into each unitary authority.

34. Local Authorities are currently in the process of connecting to that core network with all authorities expected to be connected by the end of March 2003. Local authorities are responsible for local connectivity in each of their areas and the Assembly Government is aware that authorities are currently procuring that local connectivity.

35. The Assembly Government is in the process of procuring specialist advice on how other parts of the public sector can join this network and ultimately it is hoped that SMEs can take advantage of it too.

36. **Health Service Network (DAWN 2)**The Welsh Assembly Government has funded a £20m network providing broadband connectivity to the health care sector in Wales. It provides connectivity to 550 hospitals, GPs and homeworkers making it much easier for clinicians to share information and undertake remote diagnostics. A range of projects are underway which utilise the benefits of this core network.

37. **The future** It is envisaged that over the next few years both the Networks described above will merge to form part of the Wales Broadband Public Sector Network, accessed and used by all public sector organisations in Wales. It was neither feasible nor realistic for both projects to join during the most recent procurement round but the Assembly Government will ensure a

direct link when current contracts expire.

SECTION 3

Effective Implementation and Co-ordination of the Broadband Wales Action Plan

38. The Action Plan is being implemented, controlled and monitored by the Assembly Government's Broadband Wales Unit. Recruitment is still taking place for the four main teams: Broadband Marketing Team, Public Sector Network Aggregation Team, Stimulation and Implementation of Local Projects Team and Programme and Policy Implementation Team. A Chief Technology Officer will also support the Unit. The DTI's UK Regional Broadband Taskforce Representative also works as part of the Broadband Wales Team.

39. The team will be assisted by a series of specialists during the implementation of the Plan eg lawyers, experts in particular technologies or approaches. Activities in the Plan will be delivered by a number of partner organisations and Assembly Government agents such as WDA. They have a key role in delivering aspects related to support for businesses and will have staff dedicated to implementation to aspects of the Action Plan.

Broadband Observatory

40. The Broadband Wales Observatory will carry out a range of activities. It will evaluate the Broadband Wales Programme on an ongoing basis and make recommendations for a change of direction where appropriate. It will provide a neutral information reference point for those wishing to check broadband availability and range of suppliers in their area, it will undertake market research and publish information.

41. An open procurement process for the delivery of the Observatory will commence as quickly as possible but no later than March 2003.

SECTION 4

Funds available to the Broadband Wales programme

42. Funding available within the current budget round is broken down in the following way:

Demand Stimulation

Connectivity for all (Satellite Scheme) & Try Before you Buy Demonstration facilities	£5m
General stimulation and marketing activities	£3m

Supply stimulation

Broadband Connectivity to Business Parks £15m

Encouragement of Local Projects

Infrastructure to e enable communities, reverse subsidy auction to upgrade exchanges to offer DSL capabilities, extension of the Public Sector Network.	£53m (£20m Objective 1, £10m Pathway to Prosperity, £23m private sector)

Aggregation of Demand

Life Long Learning Network £34m
DAWN 2 £20m

Programme Management £5m

Total available budget to Broadband Wales Programme = £135m. **Note 1**

Note 1: NHS DAWN 2 budget has not previously been incorporated.