



**We connect for
good in Wales**

Ideas for the next Welsh Government

BT Group welcomes the opportunity to outline key priority areas for the next Welsh Government to consider. We work to keep people connected and have always seen the value and necessity in developing access for people living and working in all parts of Wales.

The Covid-19 pandemic has changed the landscape of every sector in Wales and beyond, calling for a sudden reliance on skills and devices to access basic services and keep connected with family, work and education. This increased reliance on connectivity brings several opportunities and challenges to the fore.

The pandemic has highlighted a digital divide, not just in terms of access to digital devices and coverage but of the ability to harness digital skills for both businesses and households, in cities and rural communities.

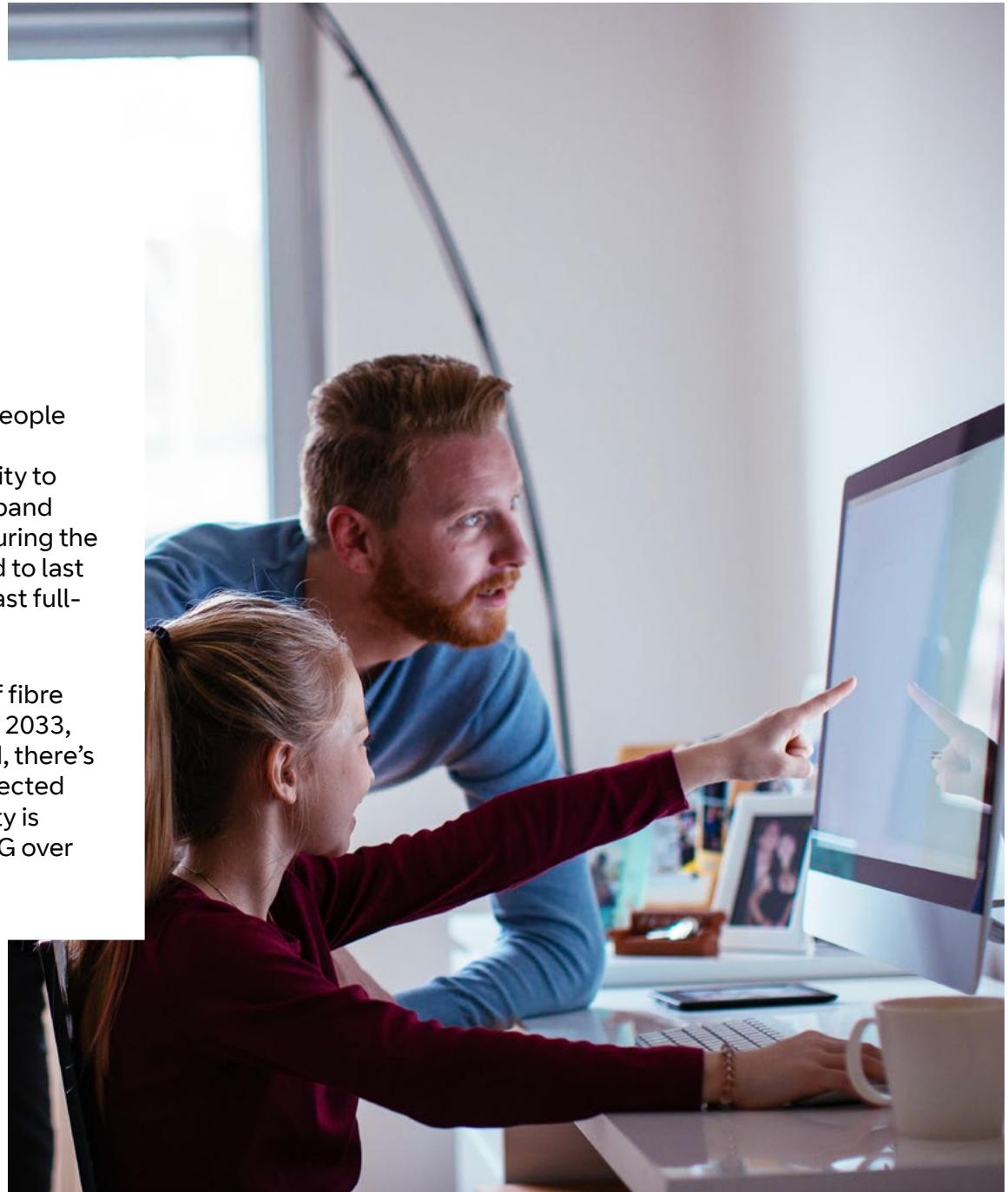
We want to support a digitally confident Wales, overcoming digital divides so that everyone can play their part. We look forward to continuing to work with the Welsh Government, to highlight and address the barriers facing connectivity and digital skills.

Nick Speed, BT Group Director in Wales

Networks and connectivity

The pandemic has advanced reliance on digital connectivity for people and businesses across Wales in an unprecedented manner. Never before have people needed so quickly to rely on digital connectivity to access basic services, work, and education. While the UK's broadband networks have generally coped well with the big surge in traffic during the pandemic – with broadband data usage doubling when compared to last year – it's highlighted the need to accelerate the roll-out of ultrafast full-fibre broadband to all parts of the country.

But as current matters stand, due to a range of barriers in place of fibre builders, 100% full fibre coverage will only be possible in Wales in 2033, some eight years behind schedule. If these barriers are addressed, there's potential for more than 90% of homes and businesses to be connected before the end of the next Senedd term (2021-2026). Connectivity is vital, which is why we'd also like to help Wales make the most of 5G over that term.



Future-proofing Wales' digital connectivity through full fibre roll-out and mobile coverage

We believe connecting homes and businesses in Wales should be a key priority of the Welsh Government. The levelling up agenda must include an approach to reduce barriers across the UK, with connecting the nation an underpinning mechanism to levelling up businesses and households and allowing access to basic services.

To support this, we're spending £12bn to reach 20 million homes in the UK by the mid-to-late 2020s, subject to key regulatory and policy enablers. We've also commissioned independent research conducted by Analysys Mason to explore the barriers in place that span both deployment and planning, with recommendations for policy makers on how to address them. The research found that the total effect of reducing all barriers is that 100% coverage could be achieved by 2027, a reduction of six years from the expected date if no action is taken.

With regards to mobile connectivity, 4G mobile coverage continues to grow in Wales, with EE now covering 83% of the nation, more than any other network. We're committed to improving the digital infrastructure of Wales, which includes continuing

to extend coverage to increasingly rural areas and growing our 5G network.

Our 4G sites in Wales are complemented by a further 93 planned new sites being delivered by the UK Government under the Home Office's Extended Services Programme, aimed at bringing commercial services to locations and communities with low coverage. EE has made the commitment to provide services through these sites, hoping to reach areas in Wales with little to no coverage.

But none of these additional sites in Wales have any 'backhaul' connectivity to the main core network, and no process for supporting the ongoing maintenance of the site once operational, making them unusable by commercial 4G networks.

In order to reduce the barriers in place of a fully connected Wales, we recommend that the Welsh Government:

- Recognises the importance of addressing each barrier in place to deploying full fibre to avoid leaving Wales behind
- Supports moves to meet the need for an effective deployment of personnel and make the workforce 20% more effective, and support businesses to achieve this

- Reforms permit and planning rules for laying fibre, and ensures compulsory full fibre in new build homes while reducing planning delays in local authorities, as well as ensuring all new fibre and gigabit capable infrastructure is exempt from business rates
- Recognises the importance of mobile coverage and a holistic approach across governments to support the use of EAS network, as has been the case in Scotland
- Considers application of the Permitted Development Rights the DCMS is currently considering in England, to make deployment of EAS sites possible and considerably accelerate the build progress of new sites.





Digitally upskilling our nation

We launched our Skills for Tomorrow programme in October 2019, to help over 10 million people in the UK make the most of life in the digital world. The impact of the Covid-19 pandemic and resulting social distancing measures have highlighted the inequalities of digital exclusion, while demonstrating the importance of having the right skills to navigate and access the digital world.

Bridging the digital divide and upskilling the nation

With superfast broadband now available across 94% of Wales, the issue of take-up is coming to the fore. Currently, Wales has better fibre broadband coverage than Northern Ireland, Italy, Germany, and France. But, the Office for National Statistics found that Wales had the lowest proportion of people with all five basic digital skills, and the highest proportion of those with none¹.

We also know that those on lower incomes are more likely to lack digital skills, further affecting their lives as the world of work adapts to an increased reliance on technology. For these people, there has also been a sudden need to develop digital skills throughout the pandemic to access basic services, work and education. We risk placing those who are underequipped to exploit the new technology at a distinct disadvantage.

Before the pandemic, Wales was already heading towards an increased reliance on technology in the workplace. While innovation must be supported, especially in light of the economic recovery, it has been estimated that AI automation could see the loss of one in three current jobs in Wales between 2017 and 2037, with a possible net gain in terms of new jobs that are created, amounting

to the biggest shake-up in a lifetime to the Welsh labour market.

We have worked to increase digital skills through the Skills for Tomorrow and Work Ready Programme schemes and through practical measures, like supplying over 7,000 devices for home learning by pupils in Wales. But tackling digital inclusion, helping people to retrain and develop digital skills throughout their careers must be a priority of the Welsh Government if Wales is to compete in a new digital economy.

We have identified three key areas where improving digital skills is vital to ensuring that individuals and businesses can face the challenges presented by Covid-19.

- Small businesses and job seekers need support to develop the digital skills to thrive in the current challenging economic environment.
- Families and teachers need support to help children stay safe, have fun and keep learning online.
- Older, vulnerable people and those with low or no digital skills need support to stay in touch with family and friends and access vital services.

In each of these areas, some people have adopted new digital skills but significant challenges remain.

The next Welsh Government should:

- Consider the barriers for people and businesses that have had to streamline digital skills at an advanced rate, due to the pandemic. Work to provide support to remove these so more people are able to safely work and study from home, while keeping in touch with family and friends
- Reduce inequality by developing new digital skills through targeted initiatives, aimed at all those within the labour force in Wales, including those who are unemployed and seeking work
- Include digital skills in all qualifications and training programmes, to arm and prepare the workforce.

Supporting small businesses to adapt to challenges digitally

It's recognised that the health and wellbeing of the nation needs to be placed on an equal footing alongside GDP in terms of its importance as a national outcome measure, and that prepared and resilient public services are essential to dealing with future and unpredicted shocks to the system. The challenge is how we can work together through and beyond the Covid-19 crisis to create a more productive economy, tackle climate change and build a healthy and more

equal society – realising the aims of the Well-being of Future Generations Act.

Over half of small businesses are working to engage with customers more online, revolutionising the way Wales' 265,000 small-to-medium-sized enterprises play their role in the labour market. The Welsh Government should help small businesses to adapt by:

- Aiding different sectors to work together through and beyond the pandemic to create a more productive economy. This will need many government organisations to re-imagine how their services can be delivered online and at scale
- Recognise and support small and medium-sized enterprises that have been forced out of necessity to embrace increased digital sophistication at increasing pace
- Collaborating with the private sector to support small business innovation, through schemes like our Small Business Support Scheme and Skills for Tomorrow
- Recognising that 99% of SMEs now see broadband as crucial to their business, so supporting skills to build digital confidence is key to success.

Innovation and economic recovery

In the context of the Covid-19 crisis, Wales is well positioned to build back its economy to be more resilient, inclusive, and green. We believe that technology, research, and innovation will play a crucial role towards achieving this goal.

Support universities in Wales to develop applied research departments that stimulate the economy

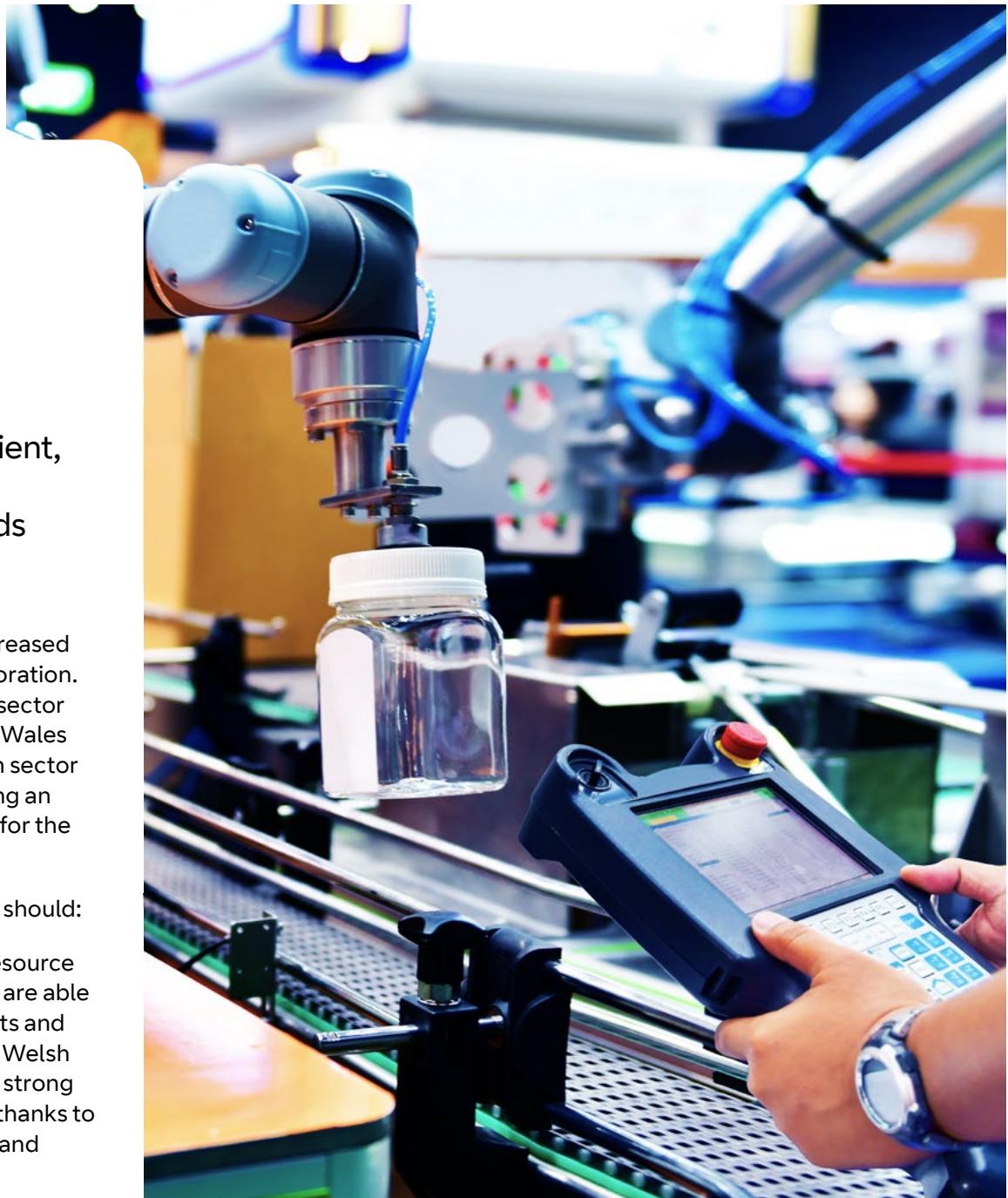
Welsh universities have ensured that Wales is a leading country in research and development value for money, with a striking record of international collaboration and economic benefit to the Welsh economy. The research developed in Wales impacts upon a wide range of beneficiaries, including many small and medium-sized enterprises.

The Covid-19 pandemic has presented several challenges that require both a local and global

response, highlighting an increased need for international collaboration. The Welsh higher education sector is of more economic value to Wales than the UK higher education sector is to the UK overall, generating an estimated £5 billion per year for the Welsh economy.

The next Welsh Government should:

- Continue to adequately resource Welsh universities so they are able to attract talented students and researchers, as the role of Welsh universities is central for a strong and sustainable recovery thanks to their effect on innovation and human capital



- Work with the UK Government to ensure that the UK Shared Prosperity Fund, as a replacement for EU Structural Funds, is appropriately funnelled to support innovation in Welsh universities.

University Applied Research Departments dedicated to understanding and supporting regional businesses will provide access not only to the institutions' own capabilities but those across Wales – the equivalent of the open innovation practised by most successful businesses. In this way universities can play a key role in levelling up Wales, realising economic and societal value directly from science. As one of the UK's biggest investors in R&D, we're passionate about the impact of investment aligned to local industrial strategies.

In order to support local economies and develop R&D, the next Welsh Government should:

- Pilot the creation of Applied Research Departments, aligned to local industrial strategies in universities across Wales. The applied research centres should be tailored to the local economies that they support and consider city and rural economies
- Identify sectors that can become sectors that can excel in Wales and also the UK – complementing emerging local industrial

strategies in England and working with them where appropriate – for example, cyber and compound semiconductors.

Ensuring smart cities and rural communities exist in a green recovery

Small businesses in Wales account for 99% of all Welsh business, providing up to 62% of total private sector employment. Policies designed to protect these businesses and support their recovery will be vital for the economy overall. Likewise, Wales' rural economy is underpinned by the agriculture, tourism and hospitality sectors. Digital offers businesses in these sectors significant opportunities to improve their productivity and reach new markets.

Our Smart Rural report provided a greater insight into the impact of the utilisation of digital infrastructure by the agriculture and tourism sectors in rural Wales. While the Covid-19 pandemic has seen many businesses change their models to adapt to the new challenges, not all businesses have been able to adapt so quickly. We believe that initiatives like the Rural Connected Communities Programme that we are supporting in South East Wales to develop use cases for 5G in agriculture and tourism will be useful across the country.

We strongly support the accelerated opportunities for a green growth recovery presented by the Covid-19 pandemic, and see a significant role for innovative low-carbon digital enabling technologies to help Wales meet its net zero target by 2050. To support this, we launched the Green Tech Innovation Platform and the UK Electric Fleets Coalition, which will drive the UK's transition to net zero carbon emissions and contribute to a green recovery for the UK.

We believe innovation should be at the forefront of the Welsh economy building back better. This includes reimagining smart cities through environmental monitoring and traffic optimisation sensors that integrate into street furniture; and smart building energy management technology to cover both social housing and public estate footprint, and which can utilise the IoT network.

We believe that innovation is not just for urban areas, with our research showing evidence of the positive impact digital utilisation can have upon rural communities and businesses. However, research shows the divide between rural and urban areas in the adoption of superfast broadband still exists.

In order to develop smart cities and a green recovery, the next Welsh Government should:

- Back policies to support digital transformation and skills by small and medium-sized enterprises as the pandemic has hastened the need for digital embedding in business
- Aid adoption of remote working in organisations by adopting shared working spaces or hubs in local communities, that could become locations for face-to-face meetings as and when required
- Extend initiatives like the Rural Connected Communities programme across Wales, to support more rural communities
- Give serious consideration to increasing the provision of digital skills training, specifically for businesses and other organisations in rural areas
- Develop an action plan for improving rural communities and businesses' utilisation of digital infrastructure and recognise the needs they have for assistance from the business support system in Wales
- Aid a green economic recovery through collaboration with the public and private sector.



Offices worldwide

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