Agenda - Pwyllgor yr Economi, Seilwaith a Sgiliau

Lleoliad:

Ystafell Bwyllgora 3 - y Senedd

Dyddiad: Dydd Iau, 19 Ionawr 2017

Amser: 09.45

I gael rhagor o wybodaeth cysylltwch a:

Gareth Price

Clerc y Pwyllgor

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Rhag-gyfarfod preifat (09:45-10:00)

1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau

2 Gomisiynydd Traffig ar gyfer Ardal Draffig Cymru - Y diweddaraf gan y Pwyllgor

(10:00-11:00) (Tudalennau 1 - 11)

Nick Jones, Gomisiynydd Traffig ar gyfer Ardal Draffig Cymru

Dogfennau atodol:

Y Briff Ymchwil

Egwyl (11:00-11:15)

3 Cynlluniau Band Eang Cymunedol Amgen - Comisiwn Seilwaith Cenedlaethol i Gymru

(11:15-12:30) (Tudalennau 12 - 27)

Claire Brown, Cyfarwyddwr Gwerthiant a Marchnata, Spectrum Internet
Giles Phelps, Rheolwr gyfarwyddwr, Spectrum Internet
Duncan Taylor, Fforwm Cymunedol Ger-y-Gors

Dogfennau atodol:

Y Briff Ymchwil

EIS(5)-02-17 (p1) Spectrum Internet (Saesneg yn unig)

4 Papurau i'w nodi

4.1 **Ymateb Llywodraeth Cymru i ymchwiliad y Pwyllgor ar ardethi busnes yng Nghymru**

(Tudalennau 28 - 32)

Dogfennau atodol:

EIS(5)-02-17 (p2) Ymateb Llywodraeth Cymru i ymchwiliad y Pwyllgor ar ardethi busnes yng Nghymru

Cinio (12:30-14:00)

5 Darparwyr ffonau symudol - Comisiwn Seilwaith Cenedlaethol i Gymru

(14:00-15:00) (Tudalennau 33 - 44)

Hamish MacLeod, Cyfarwyddwr, Mobile UK
Paul James, Pennaeth Materion Cyhoeddus, Telefonica O2 UK
Dr Simon Miller, Pennaeth Llywodraeth ac Ymgysylltu Rheoleiddiol, Three
Graham Dunn, Uwch Reolwr Materion Llywodraeth, Vodafone
Richard Wainer, Pennaeth Materion Cyhoeddus, EE

Dogfennau atodol:

EIS(5)-02-17 (p3) Mobile UK (Saesneg yn unig)

EIS(5)-02-17 (p4) Three (Saesneg yn unig)

Ôl-drafodaeth breifat (15:00-15:15)

Mae cyfyngiadau ar y ddogfen hon

Eitem 3

Mae cyfyngiadau ar y ddogfen hon

Inquiry in to Superfast broadband in Wales

Response from Spectrum Internet

About Us

Spectrum Internet provides high-speed, superfast and ultrafast broadband across Wales and the South West of England. As an Internet Service Provider (ISP) we supply large businesses with leased line fibre optic connections as well as SME's and residential communities with broadband services.

We believe that everyone should be able to connect, communicate and collaborate and so we have literally go the extra metres installing our own fibre infrastructure and trialling new methods of delivering connectivity to bring speeds up to date for businesses and communities where there has been no offering from BT or Virgin. To date we have completed a number of schemes offering FTTC in Cardiff gate Business Park, Gower and Monmouthshire, a wireless to cabinet in St Brides Wentlooge, and several FTTP solutions for businesses in Carmarthenshire and Cardiff.

https://spectruminternet.com/welsh-minister-alun-cairns-visits-superfast-newport-businesses/

https://spectruminternet.com/spectrum-internet-bring-gigabit-fibre-to-cardiff-gate-international-business-park/

Q: What is the performance to date of the roll-out and take-up of Superfast Cymru, including the extent to which the project has been communicated to people in the intervention area and interim targets have been met?

We published some thoughts on our website back in November 2016 following an article about the performance https://spectruminternet.com/welsh-government-superfast-cymru/

To our mind, take-up has been as expected and is following a pattern. To begin with take-up was poor but this has increased as the project has reached those affected by poorer broadband. From what we have seen this seems to be the pattern throughout UK. We believe this is because no one specified cover should begin in the harder to reach or worse affected areas first.

Most people still aren't aware of what they can do with superfast. Costs still going up and down and it is still not clear, what packages offer what to the consumer. Businesses are so far behind in their understanding what superfast can bring for them so there is also a wider economic concern.

Q: What work can Welsh Government do to improve mobile coverage, including use of the planning system?

In rural areas the MNO's will argue that the cost to run in rural areas are high. Also we have experience where landowners have been reluctant or have tried to hold the provider to ransom over wayleaves. We suggest a radical approach – not only look at the planning restriction but also compulsory purchase of land so they can then offer the network operators sites and they could then charge for the use of that site.

Roaming is an excellent solution but the only way that will happen is if there is legislation. If WG has the power to do so, they could lead the UK. If more spectrum was made available then if OfCom only offered to MNO's in return for increased coverage in certain worst covered areas then there would be better coverage.

Q: What has been the efficacy of the Welsh Government's other broadband schemes, such as Access Broadband Cymru and Ultrafast Connectivity Vouchers?

Both of these voucher schemes are very useful – particularly for communities that can 'pool' them together to create a solution that benefits, say a whole village. However, the administration is hard work for us and we have found almost preventative.

Whilst we believe it is important that any application and service should be scrutinised, we have recently witnessed an auditor recommending that a voucher be turned down for a growing success organisation and told to get an ordinary Virgin broadband connection. That's like suggesting Lewis Hamilton racing in a golf buggy!

How could ABC/Ultrafast be better? There needs to be more consultation with industry as there has been very little to date. We believe that there needs to be better resourcing and correct resourcing for the scheme. Can some of the processed be automated?

One idea would be to change it so that it is not necessarily grant funding. For example, it could be debt funding so that WG could look to recover some of the fund in the future – that may provide better longer term solutions coming forward.

What are the plans for the Superfast Cymru successor scheme?

This hasn't been made clear yet and we are still waiting on Welsh Government on what the successor will look like. We are in no doubt that it must be divided into smaller lots rather than as a whole nation, as the Superfast Cymru project. This will give the opportunity for 'alt-nets,' like us who have access to external funding sources and as well as the likes of BT and Virgin to bid in lots.

Local authorities can also therefore look to set up partnerships (e.g. SPV's) to work alongside the private sector and then prioritise where they think require the connectivity first. We would also suggest a debt equity model rather than grant funding.

How could alternative technologies be used to improve superfast broadband and mobile coverage?

This depends on what you want to achieve. Do you want Wales to become a leading nation with a future-proof infrastructure? If so, the only alternative technology is fibre optic. It is expensive (compared to other technologies) and would mean years of planning and a longer payback but it is the only one that can offer you reliable speeds, quality and infrastructure reliability and the ability to upgrade as costs fall and demand increases.

If you mean, what are the 'band-aid' solutions for those that have been left behind, then a combination of wireless solutions which could included FWA and satellite. But these should be a solution for absolute last resort.

How could Welsh Government learn from international examples of public sector intervention in the roll-out of broadband and mobile coverage?

If we want to become a leading nation, we won't get there by copying others. We believe we know what needs to be done, it's now about achieving it.

Ymateb Ysgrifenedig gan Lywodraeth Cymru i Adroddiad Pwyllgor yr Economi, Seilwaith a Sgiliau ar Ardrethi Busnes yng Nghymru

9 Ionawr 2017

Rwy'n croesawu adroddiad Pwyllgor yr Economi, Seilwaith a Sgiliau.

Mae Llywodraeth Cymru yn bwriadu cymryd camau i wella system gyllid llywodraeth leol, gan gynnwys y drefn drethu leol. Mae cyfleoedd i sicrhau bod yr atebolrwydd am dalu trethi lleol yn decach i fusnesau, i bobl eraill sy'n talu ardrethi ac i aelwydydd. Mae camau y gellid eu cymryd hefyd i symleiddio system ariannu llywodraeth leol er mwyn i bobl allu deall sut ac ymhle y bydd penderfyniadau am ariannu a darparu gwasanaethau lleol yn cael eu gwneud ac er mwyn iddynt ymgysylltu â'r penderfyniadau hynny.

Mae'r adborth a roddir yn yr adroddiad hwn, yn ogystal ag adborth y gymuned fusnes ehangach a rhanddeiliaid eraill yn ychwanegu at y dystiolaeth a fydd yn sail i'r broses o ddatblygu'r polisi hwn.

Nodir isod fy ymatebion manwl i argymhellion yr adroddiad.

Argymhelliad 1

Mae'r Pwyllgor yn argymell y dylai Llywodraeth Cymru ymrwymo i wneud ardrethi busnes yn fwy tryloyw a chyson.

Ymateb: Derbyn mewn egwyddor

Mae'r system ardrethi annomestig ar ei ffurf bresennol wedi bod ar waith er 1990 ac, felly, mae gan bobl sy'n eu talu a rhanddeiliaid allweddol eraill ddealltwriaeth dda o lawer o agweddau ar y system. Er hynny, mae rhai agweddau o'r system yn gymhleth yn eu hanfod.

Asiantaeth y Swyddfa Brisio sy'n gyfrifol am asesu a phennu gwerthoedd eiddo unigol. Rydym yn cydnabod y bydd pobl sy'n talu ardrethi, neu eu hasiantau, ar brydiau, yn gofyn am ragor o wybodaeth er mwyn deall eu gwerth ardrethol a sut mae hwnnw wedi'i bennu. Serch hynny, a hithau'n un o asiantaethau gweithredol Cyllid a Thollau EM, mae Asiantaeth y Swyddfa Brisio yn gorfod cydymffurfio â Deddf y Comisiynwyr Cyllid a Thollau 2005 sy'n gwahardd datgelu gwybodaeth benodol am drethdalwyr. Hefyd, mae rhywfaint o'r data prisio'n fasnachol sensitif ac felly nid oes modd eu cyhoeddi. Er gwaethaf y cyfyngiadau hyn, mae Asiantaeth y Swyddfa Brisio yn gweithio i hwyluso darparu rhagor o wybodaeth am eu prisiadau ar gyfer pobl sy'n talu ardrethi a bydd Llywodraeth Cymru yn parhau i weithio gydag Asiantaeth y Swyddfa Brisio i alluogi hyn. Mae'r camau a gymerwyd gan Lywodraeth Cymru yn Neddf Menter 2016 i hwyluso rhannu rhagor o wybodaeth rhwng Asiantaeth y Swyddfa Brisio ac awdurdodau lleol yn enghraifft amlwg o hyn.

O ran darparu rhyddhad dros dro, mae Llywodraeth Cymru yn cydnabod sylwadau'r Pwyllgor y gall cynlluniau o'r fath ychwanegu at gymhlethdod y system ardrethi. O 2018 ymlaen, bydd y cynllun rhyddhad ardrethi dros dro i fusnesau bach sydd wedi'i ymestyn i 2017-18 yn cael ei ddisodli gan gynllun newydd parhaol a fydd yn rhan o'r system ardrethi annomestig newydd.

Goblygiadau Ariannol

Bydd unrhyw gostau ychwanegol sy'n gysylltiedig â darparu data gan Asiantaeth y Swyddfa Brisio'n cael eu pennu fel rhan o'r trafodaethau ariannu blynyddol rhwng yr Asiantaeth a Llywodraeth Cymru.

Bydd costau darparu cynllun parhaol gan yr Asiantaeth yn cael eu hystyried wrth lunio'r cynigion pan ddatblygir y cynllun newydd.

Argymhelliad 2

Mae'r Pwyllgor yn argymell y dylai Llywodraeth Cymru roi eglurder ynghylch cyfeiriad at y dyfodol.

Ymateb: Derbyn

Mae Llywodraeth Cymru wedi dweud yn glir mai cefnogi busnesau bach yw'r flaenoriaeth bennaf ar hyn o bryd ar gyfer y system ardrethi annomestig. Mae hyn yn cael ei wneud drwy ymestyn y cynllun Rhyddhad Ardrethi i Fusnesau Bach hyd 2017-18 a thrwy ymrwymo i ddatblygu cynllun parhaol newydd o 2018 ymlaen, yn ogystal â darparu rhyddhad ardrethi dros dro i helpu i liniaru effaith yr ymarfer ailbrisio.

Yn y tymor canolig, bydd Llywodraeth Cymru yn canolbwyntio ar wella'r trefniadau gweinyddol er mwyn ysgafnhau'r baich ar bobl sy'n talu ardrethi. Bydd hyn yn cynnwys camau i fynd i'r afael â chamddefnyddio'r system, gwella'r drefn rhannu data a diwygio'r broses apelio.

Yn y tymor hwy, bydd Llywodraeth Cymru yn ymchwilio i ddiwygiadau ehangach a mwy hirdymor i system gyllid llywodraeth leol, gan edrych ar yr enghreifftiau gorau sydd ar waith yn rhyngwladol. Bydd y gwaith hwn yn canolbwyntio ar ystyried mewn ffordd gymhwysol ac ymarferol y syniadau sy'n cael eu trafod mewn llenyddiaeth academaidd er mwyn penderfynu beth fyddai’r budd i wasanaeth cyhoeddus Cymru a'r economi ehangach. Serch hynny, mae'n bwysig sylweddoli y byddai angen deddfwriaeth sylfaenol er mwyn cyflwyno llawer o’r newidiadau. Felly, nod Llywodraeth Cymru yw bod mewn sefyllfa erbyn diwedd y tymor hwn yn y Cynulliad lle bydd yr ystod o bosibiliadau, gan gynnwys ffurfiau eraill ar drethu, wedi cael eu hasesu, er mwyn gallu cynnig nifer o opsiynau y gellid ymgynghori yn eu cylch yn fuan yn y Chweched Cynulliad. Mae gweithgor o arbenigwyr allanol wedi cael ei sefydlu i gynnig cyngor ac mae Llywodraeth Cymru wedi ymrwymo i gynnal trafodaethau agored am y gwaith hwn.

Goblygiadau Ariannol

Mae'r goblygiadau ariannol yn benodol berthnasol i'r camau polisi unigol. Gellir gwireddu blaenoriaethau'r tymor byr a gwneud y gwaith ymchwil i gyd o fewn y cyllidebau presennol.

Bydd y goblygiadau ariannol cysylltiedig yn ystyriaeth allweddol yn y cynigion tymor hwy ar gyfer diwygio, gan gynnwys systemau trethu gwahanol posibl.

Argymhelliad 3

Mae'r Pwyllgor yn argymell y dylai Llywodraeth Cymru lenwi'r bwlch data o ran busnesau sy'n elwa ar y cynlluniau rhyddhad mawr a ariennir gan Lywodraeth Cymru drwy gasglu'r wybodaeth hon yn ganolog a chyhoeddi'r data cychwynnol.

Ymateb: Derbyn mewn egwyddor

Mae Llywodraeth Cymru eisoes yn casglu ac yn cyhoeddi ystod eang o ddata mewn perthynas â'r ardrethi annomestig a gesglir yng Nghymru. Mae hyn yn cynnwys faint o gymorth a roddir i bobl sy'n talu ardrethi o dan bob un o'r cynlluniau rhyddhad a bennir mewn deddfwriaeth, a'r data hynny wedi'u dosbarthu ar lefel awdurdodau lleol. Cyhoeddwyd data'n ddiweddar hefyd ynglŷn â'r cynlluniau rhyddhad dros dro a ddarparwyd gan Lywodraeth Cymru rhwng 2012-13 a 2015-16. Mae'r rhain ar gael drwy ddilyn y ddolen hon:

http://gov.wales/docs/det/publications/161229-business-rates-relief-scheme-data-cy.pdf

Bydd Llywodraeth Cymru yn ymchwilio i ddichonoldeb, goblygiadau gweinyddol, a manteision casglu a chyhoeddi data ychwanegol am ryddhad ardrethi annomestig, fel rhan o'r datganiadau blynyddol a gyflwynir gan awdurdodau lleol. Bydd yn bwysig bod yn glir ynghylch beth yw budd ychwanegu at ddata sydd ar gael yn barod, a bydd raid bod yn hyderus bod y budd hwnnw yn werth mwy na'r gost o gael gafael ar y data a'i gyhoeddi.

Mae Asiantaeth y Swyddfa Brisio hefyd yn cyhoeddi ystod o adroddiadau ystadegol ynglŷn â'r rhestr ardrethi annomestig. Mae hyn yn cynnwys yr 'adroddiad stoc eiddo' rheolaidd, sy'n cynnwys nifer yr eiddo drwy Gymru a Lloegr, ac mae'n cynnig dadansoddiad o ddosbarthiad yr eiddo ar draws ystodau o werthoedd ardrethol a sectorau'r farchnad. Fel y nodir uchod, mae cyfyngiadau statudol ar gyhoeddi rhai mathau o ddata sy'n ymwneud â threthiant.

Goblygiadau Ariannol

Nes bod y gwaith ar ddichonoldeb wedi'i wneud, nid oes modd asesu goblygiadau ariannol casglu data ychwanegol am Ardrethi Annomestig fel rhan o ddatganiadau blynyddol awdurdodau lleol. Gallai olygu costau datblygu gweinyddol a/neu ddatblygu meddalwedd.

Argymhelliad 4

Mae'r Pwyllgor yn argymell y dylai Llywodraeth Cymru ddiwygio'r broses apeliadau yng Nghymru er mwyn iddi fod yn gynt ac yn decach;

Ymateb: Derbyn

Er bod mecanwaith i herio a gwneud iawn yn rhan hanfodol o unrhyw system drethu, o dan y broses apelio bresennol ynglŷn ag ardrethi annomestig, nid yw dros ddwy ran o dair o’r heriau yng Nghymru yn arwain at newid gwerth ardrethol eiddo. At hynny, dim ond 15% o'r holl apeliadau a restrir gan Dribiwnlys Prisio Cymru sydd mewn gwirionedd yn cael eu setlo gan y Tribiwnlys.

Nid yw hyn yn ffordd effeithiol o ddefnyddio adnoddau cyhoeddus prin ac mae'r straen y mae'n ei roi ar y system yn golygu y gall pobl sy'n talu ardrethi, ar gyfartaledd, fod yn ymwneud â'r broses am fwy na blwyddyn cyn i’w hachos gael ei ddatrys. Mae hyn yn creu ansicrwydd ariannol i fusnesau ac awdurdodau lleol. Felly, mae Llywodraeth Cymru wedi ymrwymo i gyflwyno cynigion i ddiwygio'r system apeliadau lle bo modd o fewn cymhwysedd deddfwriaethol y Cynulliad.

Gan mai apeliadau ynglŷn ag ardrethi annomestig yw tri chwarter llwyth gwaith Tribiwnlys Prisio Cymru, bydd angen newidiadau rheoleiddiol er mwyn rhoi'r pwerau a'r hyblygrwydd annibynnol i'r Tribiwnlys allu addasu i newidiadau mwy sylfaenol i'r broses apeliadau ehangach a'r effaith ar ei lwyth gwaith yn sgil hynny. Felly, y cam cyntaf wrth ddiwygio'r broses apelio yn erbyn ardrethi annomestig fydd cyhoeddi ymgynghoriad ynglŷn â gweithredu a llywodraethu'r Tribiwnlys.

O ran newidiadau mwy sylfaenol i'r broses apeliadau ehangach, yn benodol rolau a chyfrifoldebau pobl sy'n talu ardrethi (a'u hasiantau) ac Asiantaeth y Swyddfa Brisio, mae Llywodraeth Cymru yn ymwybodol o ddiwygiadau Llywodraeth y Deyrnas Unedig i'r system apeliadau yn Lloegr ac mae wedi cymryd pwerau yn Neddf Menter 2015 er mwyn gallu rhoi diwygiadau tebyg ar waith yng Nghymru. Serch hynny, mae Llywodraeth Cymru hefyd yn ymwybodol o bryderon sydd wedi codi o'r cynigion yn Lloegr, yn benodol felly'r feirniadaeth bod y newidiadau'n gwyro'r system ormod o blaid y Llywodraeth yn hytrach nag o blaid y sawl sy'n talu ardrethi. Felly, mae Llywodraeth Cymru yn bwriadu cynnal asesiad mor gyflawn ag y bo modd o'r newidiadau posibl, ac, er y caiff ymgynghoriad am y diwygiadau i'r system apeliadau ei gyhoeddi yn y Gwanwyn, nid yw’n fwriad rhoi newidiadau ar waith tan y flwyddyn ariannol 2018.

Goblygiadau Ariannol

Bydd unrhyw gostau cysylltiedig yn dod o gyllidebau'r rhaglenni presennol ac fe'u hystyrir yn rhan o'r trafodaethau ariannu blynyddol rhwng Llywodraeth Cymru, Tribiwnlys Prisio Cymru ac Asiantaeth y Swyddfa Brisio.

Argymhelliad 5

Mae'r Pwyllgor yn argymell y dylai Llywodraeth Cymru symud ailbrisiadau i gylch tair blynedd.

Ymateb: Derbyn mewn egwyddor

Mae Llywodraeth Cymru yn ymwybodol bod rhai rhanddeiliaid yn awyddus i weld yr ailbrisiadau'n cael eu cynnal yn amlach, yn enwedig ar ôl ymarfer ailbrisio 2017, lle mae'r amrywiadau mewn gwerthoedd ardrethol mewn rhai ardaloedd wedi bod yn amlycach i bob golwg, oherwydd bod cyfnod hir wedi mynd heibio ers yr ymarfer ailbrisio blaenorol yn 2010.

Ar y llaw arall, mae Asiantaeth y Swyddfa Brisio wedi dweud y gallai ailbrisio'n amlach arwain at fwy o ansefydlogrwydd ym miliau'r bobl sy'n talu ardrethi oherwydd y gallai'r ailbrisiadau gyd-daro â gwahanol bwyntiau yng nghylch y farchnad eiddo.

Mae'n amlwg hefyd, oherwydd nifer y problemau ymarferol a gweinyddol y byddai angen mynd i'r afael â hwy, y byddai prisiadau amlach yn golygu llawer mwy na dim ond cwtogi'r cylch ailbrisio ar ei ffurf bresennol.

Mae Llywodraeth y DU hefyd wedi ystyried posibiliadau cwtogi'r cylch ailbrisio, a chyn yr haf cynhaliodd ymgynghoriad ar gynigion ar gyfer cynnal prisiadau'n amlach. Gan fod gwneud newidiadau yn y maes hwn yn broses mor gymhleth, bydd yn bwysig manteisio ar y gwersi y gellir eu dysgu pan fydd Llywodraeth y DU yn cyhoeddi'r ymatebion i'r ymgynghoriad.

Felly, bydd Llywodraeth Cymru yn parhau i ystyried ar y cyd ag Asiantaeth y Swyddfa Brisio y posibilrwydd o ailbrisiadau amlach, gan gynnwys y goblygiadau gweinyddol, deddfwriaethol ac ariannol cysylltiedig, a'r effaith debygol ar bobl sy'n talu ardrethi.

Goblygiadau Ariannol

Bydd unrhyw gostau ychwanegol sy'n gysylltiedig â'r gwaith ymchwiliol hwn yn dod o'r cyllidebau presennol.

Mark Drakeford AC
Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol

Cynulliad Cenedlaethol Cymru / National Assembly for Wales

Pwyllgor yr Economi, Seilwaith a Sgiliau / Economy, Infrastructure and Skills Committee

Seilwaith digidol Cymru / Digital infrastructure in Wales

Ymateb gan Mobile UK/ Evidence from Mobile UK

The National Assembly for Wales' Economy, Infrastructure and Skills Committee inquiry into digital infrastructure in Wales

Evidence from Mobile UK

Mobile UK is the trade association for the UK's mobile network operators: EE, Telefonica UK (O2), Three and Vodafone. Our goal is to realise the power of mobile to improve the lives of our customers and the prosperity of the UK.

Mobile UK welcomes the chance to provide evidence to the Welsh Assembly's very timely inquiry into digital infrastructure in Wales. Our submission focuses on mobile infrastructure. In summary:

- The landscape and geography of Wales presents operators with one of the most challenging regions to cover with a mobile signal, with the costs of additional deployment often exceeding any likely revenue gain. But mobile coverage is as important to people in Wales as it is to anyone else and action is required to bring Wales into line with the other nations of the UK.

- It is our experience that the best results are achieved if Government, operators and other stakeholders work cooperatively. Changes across a broad range of policy need to be considered:

  - Reform to planning regulations for telecommunications apparatus, in particular enhancements to Permitted Development Rights

  - Reform to planning regulations for housing and other construction, requiring developers to make greater provision for electronic communications

  - Other improvements within local authority planning (LPA): updating planning guidance, better training and more resources for planning officers, so that LPAs do not become a bottleneck

  - The business rates regime: make marginal investment more viable with business rates exemptions in selected areas (for example National Parks)

  - Access to public assets and other landowners: encourage Government to **much** more to make it easier for mobile operators to access suitable locations on which to place their apparatus

- develop partnership schemes for the parts of Wales where there is no commercial business case but where additional societal gains can accrue from wider coverage (for example, in the efficient delivery of public services)

- Coordination across Government: all measures will be much more effective if there is good coordination between government departments and between the Westminster Government and the Welsh Assembly Government.

Introduction

1. In all areas of daily life, the preferred platform for communications and online activity is increasingly mobile. This behavioural change is touching on many aspects of society. A generation of 'digital natives' is shaping a world that is driven by connectivity, innovation and a focus on 'mobile-first'.

2. 95% of us have a mobile (and about a third of us, more than one) and in the last three years mobile data volumes have tripled[1], as customers expand the range of usage. Over 6 million 'things' are also now connected over mobile networks, a number that is set to rise very rapidly with applications such as smart metering and the connected vehicle.

3. Mobile operators have played a central role in driving this progress by continually investing in their networks, value added services, and subscriber acquisition. In the current cycle mobile operators are investing around £2 billion per annum in new coverage, capacity and capability. In turn, business and consumer customers have shown extraordinary ingenuity in harnessing the power of mobile, to be more creative and productive, to offer new services, and to improve lives.

4. As a result, world-leading mobile infrastructure has now become central to a nation's or a region's competitive advantage.

5. As populations become more city based, those cities that offer the best environment ('smart', low carbon, mobile), underpinned by high speed mobile networks, will attract a talented workforce (and its tax base), creating a virtuous circle of improvement (a new industrial revolution).

6. Likewise, in the countryside, mobile networks will be needed to sustain active rural economies, to make farming more competitive in global markets, and to support rural communities, businesses and tourism. There is no room for complacency and plenty of opportunity.

Mobile networks in Wales

7. Ofcom's recent Connected Nations Report illustrated that in a number of respects mobile coverage in Wales lags behind other regions of the United Kingdom[2]. For example, outdoor coverage from <u>all</u> operators reached 66% of premises in Wales as against 88% in the UK as a whole.

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[1] Ofcom Communications Market Report

[2] https://www.ofcom.org.uk/research-and-data/infrastructure-research/connected-nations-2016

8. From one perspective, this is perhaps not surprising. The landscape and geography of Wales presents operators with one of the most challenging regions to cover with a mobile signal, with the costs of deployment often exceeding any likely revenue gain. But mobile coverage is as important to people in Wales as it is to anyone else and action is required to bring Wales into line with the other nations of the UK.

9. It is Mobile UK's experience that the best results are achieved when Government, regulators, mobile operators and other interested parties agree a way forward across a broad range of policy.

10. For example, in England planning reforms for telecommunications development have recently been brought into force. In Northern Ireland, the Executive has recently undertaken a consultation and Scotland has created a 'mobile action plan'. The Scottish Government has started to put in train some of the actions identified in the plan, such as a recent consultation on changes to planning regulations and introducing some pilot locations for business rate exemptions.

11. Mobile UK and its members stand ready to work in a similarly collaborative manner with Welsh Government ministers, the Welsh Assembly and all other stakeholders.

12. Changes across a broad range of policy should be considered:

- Reform to planning regulations for telecommunications apparatus
- Reform to planning regulations for housing and other construction
- Other improvements within local authority planning
- The business rates regime
- Access to public assets and other landowners
- Special partnership schemes
- Coordination across Government

Reform to planning regulations for telecommunications apparatus

13. Reform of planning regulation for telecommunications apparatus has at least two aspects:

    a) improving the processes whereby telecommunications development gets processed through Local Planning Authorities;

    b) granting more flexibility over what apparatus can be built under Permitted Development Rights ('PD');

14. Timely permission for infrastructure means that new network can be rolled out faster, providing services to customers sooner. As a comparison with the current Scottish system, some operators report that within a particular Scottish local authority 92% of proposals went through as Permitted Development, facilitating completion of the

planning element of the project within just 11 months. Comparably, the Permitted Development figure for a similar number of proposals across various Welsh local authorities with similar geography was 35%, taking 26 months.

15. To be clear, Mobile UK is also calling for further reform of the Scottish system; this is an illustration of how far behind the current Welsh system is.

16. Greater flexibility over PD makes it easier to add capacity in urban areas (particularly as network design moves towards 5G and small antenna), better coverage on roads and rail, and wider geographic coverage in rural areas. Network designers are good at building networks within the existing PD rules, but clearly it would be better to have PD rules that allow the network designers to build the network in the most efficient way possible.

17. Examples of changes to PD rights that would be beneficial are:

Ground based masts up to 30 metres

30 metres would be higher than is allowed in England, but the landscape in Wales is very challenging. Placing masts is not just a matter of finding a location with good coverage potential; it is also necessary to get physical access, power and a connection into the core network (which may need line of sight for a wireless connection). Extra height can deliver flexibility and options. PD rights need to be expanded both for new masts and extensions to existing masts.

Locations for rooftop and small antennas

Demand for mobile data is increasing. Not only is more capacity required, but also transmitter sites (base stations) will need to be placed closer to where they are needed so as to deliver higher data speeds and/or lower latency (response times). The latter is especially relevant for sensory applications. Many of the new small antenna will be small – comparable to alarm boxes – and there is plenty of scope for PD rights to extended for rooftop and small antenna on dwelling houses, street furniture and many other locations.

Roadside and trackside

Improving coverage on roads and railways is a major priority and so it would be very helpful to reduce the distance restriction on apparatus being placed near a highway. The closer the antenna is to the highway, the easier it is to maximise coverage by shaping the signal to where it is needed. A much smaller distance than the current 20 metres would be appropriate (e.g. small antenna on top of bus tops or traffic lights). Similarly with small cells proposed on telegraph poles such a restriction 'within 20m of a Highway' will negate the benefits of relaxing rights for such installations. For fixed line, this is not applicable so why for mobile? In addition within 20m of a Highway is not specific enough; a Highway is a designation which can extend across the verge and footpath beside a road. It would be better to set the [reduced] distance from the edge of the road or track itself.

Redevelopment and other emergency needs

Quite regularly, mobile operators have to find alternative locations when a site on which a base station is placed becomes unexpectedly unavailable (e.g. the landowner needs to redevelop) or impaired (a neighbour builds a structure that severely blocks coverage). Relocation is time consuming and uncertain. It will be very beneficial for operators to be able to install temporary sites for up to 18 months, under PD, to allow enough time to make alternative permanent arrangements.

Reform to planning regulations for housing and other construction

18. At present there is insufficient onus on property developers to take account of the communications needs of the future occupiers of developments. Modern, environmentally-friendly building materials, moreover, can make it harder for mobile signals to penetrate indoors.

19. Building regulations should support provision for both external and internal coverage, and planning permission granted only on this basis. For new, large scheme developments, be they for residential or business use, a condition of planning approval should be that the developer funds the introduction of appropriate coverage.

Other improvements within local authority planning

20. The national planning policy for Wales (re-issued 9th November 2016) has a strong influence on how local authorities treat planning applications for telecommunications apparatus.

21. Alongside this, it is time for the current guidance in Wales (TAN19) to be reviewed and updated, in order to maximise the efficiency and understanding with which applications are processed. It is vital that these departments are properly trained and resourced, so that they do not become a bottleneck to achieving planning.

The business rates regime

22. Scotland is piloting an exemption from business rates for new mast development in more remote areas, in order to remove one barrier to rollout. And the UK Government's Autumn Statement included measures for rates relief for new fibre deployment. Surely this could be taken forward for new mobile sites in remote/not spot areas, plus transmission hop sites and any other rateable infrastructure. In Wales, perhaps such an exemption could cover all the National Park area, where it is particularly costly to deploy mobile infrastructure.

Access to public assets and other landowners

23. The state, in its many forms, owns a large portfolio of assets – land, buildings, street-works and many other structures that could be used for locating telecommunications apparatus. In spite of commitments from central Government to make it easier for operators to use public assets, very little progress has been made in this area, partly because of concerns around being seen to give state aid, partly because of standing orders from Treasury to maximise revenue from Government owned assets and partly because of the difficulty of processing agreements.

24. Mobile UK believes that significant progress could be made if there was more focus on this topic. If customers' future expectations for coverage and capacity are to be met, many thousands more mobile sites will have to be installed (mostly in urban areas). The reform of the Electronic Communications Code presents the opportunity to make this more viable by exerting downward pressure on market prices. As these 'market' prices are self referencing (i.e. the compensation paid to landowners for one site is set by reference to similar sites), leadership by state controlled entities has a knock-on effect in the private sector, making network deployment much more affordable (and thus minimising the impact on the prices paid by customers).

Special partnership schemes

25. Mobile UK believes that, although commercial network deployment will reach a significant portion of the landmass of Wales, there will be scope for partnership between state and the private sector to cover the most hard to reach areas – regions where there is no commercial business case but where additional societal gains can accrue from wider coverage (for example, in the efficient delivery of public services).

26. Lessons can be learned from the discontinued Mobile Infrastructure Project, by integrating any project more closely with the operators' business as usual processes, and at the same time maintaining fair competition and transparency.

Coordination across Government

27. As has recently been acknowledged by the National Infrastructure Commission, electronic communications infrastructure is fundamental to our future prosperity and competitiveness.

28. Upgrading this infrastructure, they also pointed out, can be achieved at a fraction of the cost of upgrading roads, railways, airports, and similar. While competition among private actors will be the primary driver of innovation and change, the Government at Westminster and all Government's of the nations can make a significant contribution. We agree with the NIC, though, that this will lead strong leadership and coordinated action across the machinery of Government.

Cynulliad Cenedlaethol Cymru / National Assembly for Wales

Pwyllgor yr Economi, Seilwaith a Sgiliau / Economy, Infrastructure and Skills Committee

Seilwaith digidol Cymru / Digital infrastructure in Wales

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2 January 2017

Russell George AM
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Three (Hutchison 3G UK Ltd) response to the Welsh Assembly Economy, Infrastructure and Skills Committee Inquiry into Digital Infrastructure in Wales.

Dear Russell,

1. This is Three's (Hutchison 3G UK Limited) response to the Infrastructure and Skills Committee Inquiry into Digital Infrastructure in Wales. Digital connectivity remains vital to consumers and businesses across Wales; it is essential that policymakers and industry work together to ensure the best possible coverage and quality of service.

2. Three is the UK's challenger mobile network. Since we launched in 2003 we have focused on ensuring that our customers are able to make the most of their devices through market-leading propositions such 4G at-no-extra-cost. Through Feel at Home, Three customers can now call, text and use their data abroad at no extra cost in 42 destinations.

3. Three carries 37% of the UK's mobile data, more than any other operator.[1] We are therefore uniquely placed to understand what digital infrastructure is required in order to provide this connectivity and also the regulatory bottlenecks that are currently inhibiting investment and rollout.

4. Consumers increasingly expect high speed and reliable data services, whether living, working or visiting Wales. Three offers its 3G and 4G mobile data services to more than 95% of the Welsh population. We are in the middle of a network upgrade plan that will result in new technology and equipment being deployed across our network of sites. This included the deployment of new mobile spectrum, at 800MHz. This new spectrum covers three times the distance of our previous allocation, and offers better coverage indoors, delivering 4G coverage in areas that previously had no coverage at all.

5. However we recognise that more needs to be done to meet the growing demand from consumers and businesses, particularly in rural and hard to reach areas. The Welsh

[1] Enders Analysis UK mobile data traffic

Assembly has a key role to play in enabling mobile networks to deliver this better coverage.

6. While this includes making use of the Assembly's own powers over areas such as planning and business rates, it is vitally important that the Assembly is also an effective voice lobbying Westminster and Ofcom on reserved matters.

7. There are three areas in particular that are in need of reform to enable better connectivity; spectrum, business rates and planning reform.

i) Ensuring a fair and equitable distribution of spectrum between mobile operators.

8. Spectrum is the single most important asset for mobile operators. The more spectrum or bandwidth an operator has, the better, faster and more reliable service the operator can provide. Spectrum is a **finite** national resource and therefore it is the responsibility of Ofcom to auction these airwaves to ensure the best possible coverage and choice for consumers.

9. Ofcom has acknowledged that the balance between operators' holdings is key in determining **quality**, **choice** and **coverage** for consumers. However following its merger, BT/EE now owns 42% of the UK's usable mobile spectrum. By contrast, Three and O2 have only have 15% and 14% respectively. The UK now has the largest imbalance in spectrum holdings in the G20.

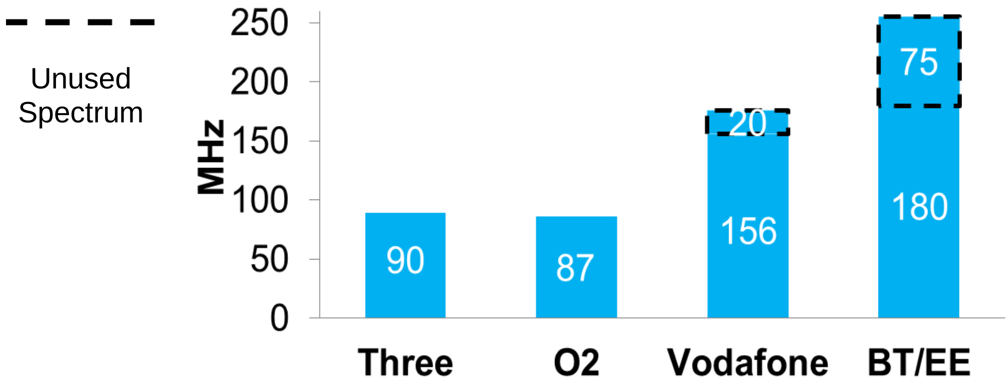

Figure 1 – Total UK spectrum holdings by operator.

10. The current spectrum imbalance is against consumer interest in three key respects.

i. **Coverage**: Ofcom's laissez-faire approach to spectrum policy has led to the hoarding of spectrum. BT/EE and Vodafone have 95MHz of unused spectrum which should, as a national resource, be being used to improve coverage. This has created a digital divide in the, with many consumers unable to access the most basic service. In Wales 4G coverage population coverage across all four networks is only 43.9%[2].

[2] Ofcom Communications Market Review, 2016, p157, http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr16/uk/UK_Telecoms.pdf

ii. **Prices**: Imbalance in spectrum holdings means reduced competition and choice for consumers. Ofcom's International Communications Market Report found a 12% increase in UK mobile prices in 2015, having fallen by two-thirds since Three first entered the market in 2003, when spectrum holdings were more equitable.

iii. **Capacity**: Data consumption is predicted to be 80 times higher by 2030. Yet due to the hoarding of spectrum, half of UK mobile operators are already capacity constrained. If either of the two smallest operators by spectrum holdings were to get access to the UK's unused spectrum holdings, they'd be able to offer data speeds **three times faster** than they do today. It is vital that all operators have access to sufficient spectrum.

11. Ofcom is currently consulting on the auction of **2.3GHz** and **3.4GHz** spectrum, the last major release of spectrum for the foreseeable future. The Welsh Assembly must participate in this debate, as Ofcom's decisions will determine the level of 4G and 5G coverage in Wales for the foreseeable future.

12. While Ofcom has acknowledged the need to cap operators' spectrum holdings, the proposed level of 42% of usable spectrum fails to address the current disparity and the harm it causes to UK consumers. Ofcom must instead introduce a **30% cap** on spectrum holdings, meaning that no single operator could hold more than 30% of spectrum usable for mobile. A cap set at 30% will bring the UK in line with other countries, rebalance spectrum holdings and preserve competition — for the benefit of consumers.

13. It is also important that this cap must apply to all mobile spectrum, not just the 2.3GHz band as Ofcom has proposed for their cap. This band makes up only a quarter of the release and therefore will not address the underlying competition concerns. As it stands BT/EE and the other incumbent operators will between them be able to buy all of the 150Mhz of 3.4GHz spectrum; **spectrum that will be necessary for the rollout of 5G in Wales.**

14. The result of Ofcom's current proposals, only one or two mobile operators will be able to offer 5G services. They are repeating the mistakes made at the 4G auction which saw the UK, and in particular Wales, have one of the slowest rollouts of 4G services in Europe, with customers also initially having to pay hefty premiums for the service.

ii) Planning Reform.

15. With the Governments in both Westminster and Holyrood progressing planning reforms, Wales will soon have one of the most restrictive planning frameworks in the UK. In particular operators face greater restrictions around the height of masts under the Permitted Development framework. Changes will be necessary to ensure Wales' planning framework keeps pace and is able to deliver the connectivity that communities want. These changes should enable:

- Increases in mast height and width for both existing and new masts under the Permitted Development framework. This would have the greatest impact on coverage; taller masts can double the coverage footprint of a mast site. Protections could be put in place for sensitive areas, and local authorities would still have extensive rights of refusal but on more limited grounds (i.e. not on the basis of aesthetics alone).

- Deployment of ‘small cells’. New ‘small cells’ on existing structures should be considered under Permitted Development (without prior approval), with the exception of listed buildings or scheduled monuments.

- Emergency Works. There should be an increase in the Permitted Development window for emergency works to better reflect the actual time needed to find, acquire, build and integrate replacement sites.

iii) Business rates reform.

16. The Welsh Assembly Government also has the ability to enable improvements in coverage through reform of the business rates regime. Rates currently account for 11% of our network expenditure. The Assembly Government should investigate whether rate relief in the most rural and isolated areas could enable improvements, which in turn would deliver significant economic and social benefits for those communities.

17. If you should have any questions please do not hesitate to get in touch on 07989194029 or Simon.Miller@Three.co.uk.

Simon Miller
Head of Government & Regulatory Engagement