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LEEDS CITY REGION ENTERPRISE PARTNERSHIP

Report to: LEP Board

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Subject: Broadband Infrastructure Update

1. Purpose

1.1 To provide an update on the enhancement of broadband infrastructure to deliver the SEP ambition of 100% superfast broadband through the delivery of the West Yorkshire and York Broadband Programme and other potential future programmes.

2. Information

2.1 The LEP's Strategic Economic Plan places 'Good growth' at the centre of its ambitions and vision for the city region. The SEP acknowledges that the City Region economy is growing, and access to digital infrastructure is one of those areas seen as critical to future performance business productivity. The SEP has an ambition to achieve 100% superfast broadband coverage across the City Region.

2.2 In a rapidly changing and often unpredictable world, the ability to quickly exploit new ideas, opportunities and technologies will be critical to economic success and social progress. Businesses that innovate imaginatively can see significant growth, and achieve big improvements in efficiency and productivity. Those businesses that capitalise on the full potential of new technology and data can gain crucial market advantage.

2.3 Nationally, Broadband Delivery UK (BDUK)(DCMS) has a target of 97% superfast coverage by the end of 2017 and of extending coverage further beyond that. Currently, superfast broadband access in the City Region sits at around 98% coverage, but with the successful delivery of the existing broadband infrastructure programmes, coverage in West Yorkshire and York for example, will increase to over 99% by 2019/20. However, fast average broadband speeds are not matched across the whole City Region and up take by households and businesses is below national levels (63% in West Yorkshire compared to 68% in the UK).

2.4 The update below focusses on progress in West Yorkshire and York with delivery of the broadband infrastructure programme (Contracts 1-2), although the potential Phase 3 proposals may include the wider City Region.

Contract 1

2.5 Phase 1 (Contract 1) of this scheme commenced in 2013 with BT as infrastructure partner and deployment has now been completed. Leeds City Council was the initial contracting authority; however the contract was novated to WYCA in 2016. The project came in ahead of schedule and under budget by over £2m. This capital sum is being reinvested into Contract 2, as per contract obligations, in order to deliver increased superfast broadband coverage.

2.6 The Contract 1 capital build programme only included the four districts of Leeds, Bradford, Calderdale and Wakefield, although the associated demand stimulation activity also included Kirklees as well.

2.7 The final delivery outputs of Contract 1, which importantly providing enhanced broadband access to over 65,000 homes and business premises, is set out in the table below; along with the current Contract 2(A) anticipated key outputs

Phases 1 + 2(A) Summary Programme Outputs*

	Contract 1		**Contract 2**		**Totals**	
	Structures	Premises	Structures	Premises	Structures	Premises
Bradford	96	7,833	39	1,572	135	9,405
Calderdale	109	20,614	28	1,568	137	22,182
Kirklees	0	0	215	24,111	215	24,111
Leeds	143	21,099	39	2,245	182	23,344
Wakefield	102	16,346	31	2,193	133	18,539
York	0	0	47	1,724	47	1,724
	450	65,892	399	33,413	**849**	**99,305**

***Does not include Phase 2(B) ERDF funding Outputs which are currently being modelled**

Contract 2

2.8 Phase 2 (Contract 2) extended the geographical coverage of the programme to the whole of West Yorkshire and York and again BT is the infrastructure partner. This was contracted in June 2016 and the first phase (2A) of Contract 2 deployment is underway and is funded by a combination of ERDF funding; Contract 1 underspend; BDUK; and local match from Contract 1 headroom. The Contract 2A investment totals £15.1m.

2.9 By June 2017, BT had delivered 115 'live' cabinets providing 15,298 superfast premises against the quarterly target of 15,368; a shortfall of only 70 and nearly halfway to the Contract 2 programme final target of 33,000 homes and business premises by the end of June 2018.

2.10 BT are currently modelling the potential additional coverage that can be delivered with the additional ERDF funding that has been secured (c£7m) plus additional match funding from BT - taking into account the available postcodes in compliance with State Aid rules. The results of the modelling will be available by early July 2017 and the expectation is that this will give West Yorkshire and York up to 99% fibre (Fibre to the Cabinet) coverage.

2.11 BT Openreach are now *re-modelling* with an anticipated extra £5m of their own capital investment as required by the contract. This is likely to take the end of deployment up to December 2020, giving a programme end date of end of March 2021.

2.12 To enable BT to continue with the survey, planning, and physical deployment associated with Contract 2B, a Change Request has been necessary to define the contract change, associated deployment schedule and finances resulting from the injection of capital investment for Contract 2B from ERDF and from the reinvestment of BT underspend from Contract 1.

Potential Contract 3

2.13 An additional £1.11m has been provisionally secured from BDUK for a future programme subject to WYCA and partners securing match funding. WYCA Investment Committee agreed on the 1st December 2016 to progress to full business case a proposal for the £1.1m match to be funded from the Local Growth Fund. The intention is for this joint funding to be spent on procuring (through an open OJEU tender process) a technology solution(s) that will enable WY&Y partners to accomplish the 100% coverage ambition set out in the City Region SEP. There is also the intention to bid for both additional ESIF and EAFRD funding when the calls are released later this year.

2.14 The first step of this work is the running of an Open Market Review (OMR). This is where companies supplying broadband infrastructure to West Yorkshire and York are requested to inform WYCA of their present and future (next 3 years) superfast coverage by individual premise. This data then forms the basis of identifying what geographies (urban or rural) will still be without broadband of <30 Mbps [superfast broadband minimum speed] once the current Contract 2 is complete.

2.15 The OMR has been completed and the data is currently being analysed to provide an updated mapping position. The BT modelled data will for the first time include information at the 'premise level' rather than just the postcode level as previously, providing a more specific information on coverage.

2.16 In addition, and as part of a wider review of existing WYCA frameworks and structures, officers will be reviewing the current governance arrangements for the Broadband programme later this year.

3. Future Full Fibre Programme

3.1 Following the publication of the UK Digital Strategy in March 2017 and the subsequent Budget Statement, DCMS is developing a Local Full Fibre Networks Programme (LFFN) with funding availability of upto c£700m. The programme will build on the consultation exercise undertaken in late 2016 and will take forward ambitions to extend full fibre networks. DCMS are interested in exploring options around voucher schemes as a means to delivering more fibre to end users. At this stage DCMS are interested in considering options for any type of end user – business, residential or other including public sector.

3.2 Officers are in discussions with DCMS regarding potential opportunities for schemes to stimulate more investment in fibre infrastructure, particularly to businesses, with potential pilot schemes that could help inform the national programme, which is intended to be launched in 2018/19.

4. Enterprise Zones

4.1 The LCR EZs are city region strategic priority areas with the potential to deliver significant new commercial and industrial development, creating new jobs and economic growth. However, currently the broadband infrastructure provision to the EZ sites is minimal due to a variety of reasons including that the industry tends to be responsive to consumer demand so investments will not be put in place ahead of a user being present, but State Aid rules preclude public funding being invested on some vacant sites.

4.2 The Leeds EZ is not currently eligible for superfast broadband under the public-funded WY&Y programme due to state aid rules. There are also leased lines going into businesses in the Thornes Farm site part of the Leeds EZ. This is common practice as many businesses locating within EZs tend to be companies demanding more consistent spends and resilience than the 'residential' superfast broadband can provide (i.e. up to 80Mbps). Nevertheless, WYCA and local authority partners are liaising with digital providers (including BT and Virgin) via the WY&Y Broadband Team in looking for solutions to providing faster broadband on all the EZs.

5. Strategy and Policy Update - New Build Developments and Fibre Broadband

5.1 Ofcom's Connected Nations Report (November 2015) states that "High quality, widespread communications, fixed and mobile are an engine of our economy and the pulse of our society. They are not 'nice-to-haves,' but essential enablers of our working and social lives. As businesses and consumers drive an ever-increasing demand for communications, the infrastructure that serves them must keep pace with their demands and needs."

5.2 Now commonly regarded as the fourth utility, the expansion of fixed line 'superfast' broadband (typically over 24 megabits per second) has seen huge investment in recent years. As well as the commercially funded roll out, primarily by BT Openreach

and Virgin Media, National and Local Government is investing over £1.7bn in bringing superfast fibre optic broadband to 95% of UK premises by the end of 2018.

5.3 In West Yorkshire and York, the two phases of the superfast broadband programme will mean that 99% of premises in the district have access to superfast broadband by the end of 2020 (subject to confirmation of Contract 2B outputs).

5.4 Broadband infrastructure must keep pace with the ever increasing demand for communications. The amount of data used by consumers rose by 40% in just 12 months between 2014 and 2015. Demand for data and speed is driven partly by services, such as internet-based TV streaming providers (Netflix, Amazon Prime, Apple TV, BBC iPlayer) and partly by the actual increase in speeds. With higher available speeds, more and more becomes possible.

5.5 The 'internet of things' is a concept which predicts a future where hundreds of types of household devices are connected to the internet. According to technology research consultant Gartner, there will be 26 billion devices connected to the internet of things by 2020. While it is impossible to accurately predict the speed requirements of the future, it is clear that faster speeds and higher data usage is a trend which looks set to continue.

5.6 The National Planning Policy Framework (NPPF) recognises the importance of infrastructure in delivering sustainable economic growth, and states that 'the development of high speed broadband technology and other communications networks also plays a vital role in enhancing the provision of local community facilities and services'. There is also an expectation that in preparing Local Plans, local planning authorities should support the expansion of electronic communications networks, including telecommunications and high speed broadband.

5.7 BT Openreach announced recently that Fibre to the Premises (FTTP) would be built for free to housing developments with 30+ premises. For smaller developments, a contribution may be needed from the developer to jointly fund the deployment of a local FTTP network.

5.8 Virgin Media working with the House Builders Federation (HBF) will provide developers with all the equipment to connect homes to its network and offer a rebate scheme to cover any costs of the work. The scheme is part of Virgin Media's £3bn Project Lightning network expansion that will see its network reach 17 million UK premises by 2019.

5.9 Whilst this is welcomed for developments currently being planned, the WY&Y Delivery Team have received a number of enquiries of recently completed developments where the developer has not provided any type of superfast broadband connections to its new properties.

5.10 City Region Chief Planning Officers continue to meet with industry representatives on this matter, and there is broad consensus of the importance of enhancing planning policy and the planning process to provide a stronger supportive planning policy

approach in Local Plans across the city region; and to ensure that adequate broadband connectivity to new developments is delivered. Calderdale and Bradford planners are currently implementing planning policies to seek to ensure this happens, and other city region authorities are exploring how they could also seek to enhance broadband connectivity through their planning powers and decision making processes.

6. Recommendations

6.1 That the LEP Board notes the positive delivery performance of the West Yorkshire and York Broadband Infrastructure programme.

6.2 That the LEP Board notes the ongoing activity to further develop broadband infrastructure projects to seek to deliver the SEP ambition of 100% superfast broadband coverage.