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**Report to:** Inclusive Growth and Public Policy Panel

**Date:** 1 March 2019

**Subject:** **Broadband Rollout**

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## **1. Purpose of this report**

- 1.1. To set the context to digital infrastructure and how it supports inclusive growth, and provide an update on the City Region's work relating to digital infrastructure delivery.

## **2. Information**

### Context

- 2.1. By 2020, the volume of global internet traffic is expected to be 95 times that of 2005, and connected devices will outnumber the global population by nearly seven to one. In the UK, fixed internet traffic is set to double every two years, while mobile data traffic is set to increase further at a rate of 25% to 42% per year<sup>1</sup>. At the same time, the UK government has digitised most of its services, making reliable digital infrastructure a crucial component of digital inclusion.
- 2.2. The UK's digital infrastructure must be able to support this rapid increase in traffic, providing coverage with sufficient capacity to ensure data can flow at the volume, speed and reliability required to meet the demands of modern life. It is essential to connect those localities and residents that do not currently have access to digital infrastructure. Broadband and mobile must be treated as the fourth utility, with everyone benefiting from improved connectivity. This will play a crucial role in ensuring that everyone, wherever they live and however they connect, can make full use of digital services and benefit from participation in the digital economy.
- 2.3. The economic and social benefits of digital connectivity are only realised when people are able to access, use and exploit the technology effectively. Notwithstanding the availability of the infrastructure (i.e. broadband connection) there are various barriers or challenges in terms of gaining

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<sup>1</sup> UK Digital Strategy (Department for Digital, Culture, Media and Sport, 2017)

access to digital services. These issues were highlighted in the Digital Inclusion report that was presented to the 4 December Panel meeting.

- 2.4. The **Leeds City Region Digital Framework** provides a framework for investment and a collective narrative/ ambition for 'digital' across the whole City Region. The Framework articulates an approach to the digital economy and to the development of digital capability across the City Region's population and institutions that sets the direction of travel and encourages all the other actors in the region to align with both the LEP and the Combined Authority and each other.

#### Superfast West Yorkshire and York Broadband Programme – Delivery

- 2.5. The **Strategic Economic Plan (SEP)** published in 2016 has an ambition to ensure 99% of premises have access to superfast broadband of 30 Megabits per Second (Mbps) by 2021 to ensure fast and reliable connectivity. In 2016 approximately 92% of homes and business premises in West Yorkshire and York had access to superfast broadband.
- 2.6. The Superfast West Yorkshire and York Broadband Programme (SWYY) is currently in its second phase of delivery. Delivery of Phase Three is subject to an ongoing procurement process and the successful outcome of ESIF application in spring 2019. This programme delivers connections to Small and Medium-size Enterprises (SMEs)<sup>2</sup> and residential premises are also connected. This public 'gap funding' model supports delivery of broadband in areas that are not commercially viable. A range of commercial infrastructure suppliers are delivering new broadband connections beyond the SYYY programme.
- 2.7. It is currently estimated that delivery of the three phases<sup>3</sup> of the Superfast Broadband Programme (alongside other public programmes and commercial delivery) will mean that 99% of premises in the region have access to superfast broadband by the end of 2021/22.

#### Superfast West Yorkshire and York Broadband Programme – Delivery Approach

- 2.8. The economic benefits of increased internet speeds for businesses include enhanced productivity and the ability to operate over larger markets. Households can also benefit from investment as it provides opportunities to reduce travel requirements by increasing opportunities for home working and learning and enhanced telecommunications. It is also essential to enabling all residents to access the wide range of digitised government services. It can also support wider efforts to increase digital inclusion.
- 2.9. The European funding sources used to deliver the SWYY programme have a focus on SME connectivity. However, SMEs are spread over a wide geography which allows for residential areas to also be connected via

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<sup>2</sup> As a core requirement of the European Structural and Investment Fund which is used the part fund the programme

<sup>3</sup> Subject to the successful procurement of Phase Three of the Superfast West Yorkshire and York Programme

complementary funding sources but under the same investment programme. All phases of the SWYY programme seek to provide broad coverage to areas that do not currently have access to superfast broadband and are unlikely to receive connections commercially within the next three years.

- 2.10. This means delivering a programme across a mix of urban and rural areas and residential and business areas. This provides a robust core approach that ensures high Value for Money which provides a strong business case when bidding for competitive external funding sources.
- 2.11. Consideration has been given to whether priority locations, sites or corridors should be targeted in any future roll out of broadband infrastructure. However, this can be a complex task as the identification of specific locations can be challenging to deliver on an impartial/consistent basis for all council partners. This also needs to be balanced against the need to deliver the core economic output (SMEs connected) associated with the programme's EA funding sources.
- 2.12. The SEP's Spatial Priority Areas and Enterprise Zones are a robust set of agreed City Region priorities. These locations have been highlighted as preferred areas to be connected for Phase Three of the programme.
- 2.13. SWYY Phase Three is currently at procurement stage. As part of this process provision has been added to the Invitation to Tender (ITT) documentation to account for social value. This includes requesting evidence on the:
  - extent jobs will be created/safeguarded;
  - creation of apprenticeships; and/or
  - creation of opportunities for the long-term unemployed.

#### Superfast Broadband Coverage

- 2.14. Nationally superfast broadband coverage has increased to 94% for homes and businesses in 2018, up from 91% in 2017. Coverage for SMEs is now 90% nationally<sup>4</sup>.
- 2.15. Existing superfast broadband coverage across the West Yorkshire and York is illustrated at Appendix A. This is based on information gathered from the SWYY Broadband Programme. This analysis shows that superfast broadband coverage is widespread across the City Region. It is currently estimated that following completion of the Superfast West Yorkshire and York programme (Phase Two) and new connections being delivered commercially that coverage within that geography will be just over 97%. It is currently estimated that proposals for Phase Three of the programme and ongoing commercial delivery will increase coverage up to the 99% target outlined in the City Region's Strategic Economic Plan.
- 2.16. The extent of current superfast broadband coverage shows that some of the most deprived areas of the City Region already have access to superfast connectivity. Looking at the Index of Multiple Deprivation ranking shows that

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<sup>4</sup> Connected Nations 2018 UK Report (Ofcom, 2018)

the majority of the top 10% most deprived areas have superfast broadband access.

#### Superfast Broadband Take Up

- 2.17. Notwithstanding the availability of superfast infrastructure, with 94% coverage nationally, only 45% of homes are subscribing to these services (Ofcom, 2018).
- 2.18. Locally within the areas supported by the SWYY Programme take up under Phase One has been 52.6% within the deployment area (at December 2018). Phase Two of the programme is currently being delivered with take up currently at 38.4%. However, it should be noted that some premises may access slower types of broadband which are much slower than superfast but may allow access to basic digital services e.g. online banking and emails.
- 2.19. Although local take up compares well to national averages it is clear that the delivery of superfast broadband is not being exploited to its full potential. This is likely to be due to a range of factors, including: Understanding of the infrastructure; Skills; Motivation; and Trust.
- 2.20. It is clear that further work could be done enhance take up of digital infrastructure. This is explored in greater detail in Item 8 (Digital Inclusion) of this meeting's agenda.

### **3. Financial Implications**

- 3.1. There are no legal implications directly arising from this report.

### **4. Legal Implications**

- 4.1. There are no legal implications directly arising from this report.

### **5. Staffing Implications**

- 5.1. There are no immediate staffing implications.

### **6. External Consultees**

- 6.1. There are no implications directly arising from this report.

### **7. Recommendations**

- 7.1. That the Panel notes the digital infrastructure work that is currently being delivered and the inclusive growth implications.

### **8. Background Documents**

- 8.1. None

### **9. Appendices**

Appendix A: Superfast Broadband Coverage – West Yorkshire and York