

# Digital Infrastructure Programme Place, Regeneration and Housing Committee

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**31 August 2023**

# Policy Context 1/2

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## National Policy

- UK Government recognises that digital infrastructure plays a vital role in unlocking potential and is the foundation of a thriving digital economy.
- Department for Science, Innovation and Technology (DSIT) are using policy levers to encourage competition, investment and removing barriers. Industry has invested over £30 billion.
- DSIT aim to have 85% gigabit-capable (1,000 Megabits/sec) broadband coverage by 2025 and at least 99% by 2030.
- Government announced their Wireless Infrastructure Strategy in April 2023. This strategy sets out a policy framework to extend coverage of 4G to 95% of the population and to deliver standalone 5G to all populated areas in the UK by 2030. As part of this, government have announced a £40 million fund to establish eight to ten 5G Innovation Regions.

## Leeds City Region Digital Framework 2019

- One of the five outcomes of this framework was 'world class digital infrastructure.' This included investing in world class connectivity through fibre, mobile, wireless, and new technologies.
- In April 2021, the LEP's geographic remit altered. Alongside this, there has been an increased digital adaptation by residents and businesses during COVID, new trading relations with the European Union due to Brexit, and significant advances in technology. It is therefore timely to refresh the Digital Framework.

# Policy Context 2/2

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## Emerging West Yorkshire Digital Blueprint

The Digital Blueprint will update on how lives are transformed by digital technologies and will include a coherent strategy for delivery and partnership working, which is expected to be framed into three strands: place, people and businesses.

- **Place** – ensuring the region is a well-connected place providing the latest digital infrastructure networks such as a 5G and gigabit broadband. This will pave the way for smarter cities, incorporating how towns and cities build smart infrastructure and provide real-time urban management. For example, connectivity will underpin the ability to provide real-time travel updates in mobility hubs.
- **People** – ensuring that the Digital Skills Plan is incorporated as an enabler within the wider digital aims of the region, building on the pillars of digital inclusion, the digital workforce for the future, SME and third sector digital growth, and simplifying the digital offer. This includes higher level skills for the tech sector, skills for all businesses, upskilling of the existing workforce, and education in schools.
- **Businesses** – updating the Digital Framework of 2018/19's 'digital opportunities for all businesses', given the seismic changes to digital for businesses over the last 4-5 years. This recognises the higher productivity and sustainability that can be unleashed through additional digital capabilities, as well as the benefits and opportunities of West Yorkshire's thriving digital business ecosystem.

## Key dates in the development of a Digital Blueprint

- **5th September 2023** – Ongoing engagement with businesses and private sector
- **Month of October 2023** – Public consultation
- **January and February 2024** - Committee engagement
- **21st March 2024** – Combined Authority approval

# Previous and Current Digital Infrastructure Programmes

## Superfast West Yorkshire and York Broadband Programme

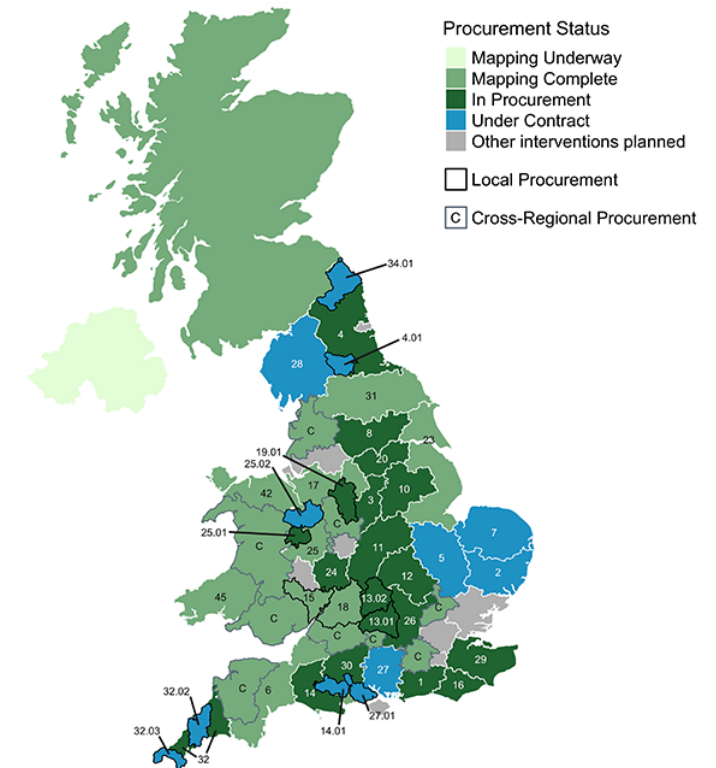
- Contract 1 - delivered Fibre to the Cabinet (FTTC) to over 67k premises
- Contract 2 - delivered a blend of FTTC & Fibre to the Premises (FTTP) to reach 98% access across West Yorkshire and York & over 41k premises.
- Contract 3 - delivered a blend of Fixed Wireless Access (FWA), FTTP & 5G to over 5k premises - completed June 2023.
- Total public sector investment - c.£30.23m

## Project Gigabit

- A national £5billion investment programme in rural broadband infrastructure which is procured centrally by Building Digital UK, an executive agency, sponsored by DSIT, in regional 'lots' (see *plan*)
- West Yorkshire's rural area will be subject to a large procurement referred to as Lot 8 (Estimated contract value: £60.9 million; Prems in scope c.29,000).

## West Yorkshire Coverage

- The relatively urban nature of the region alongside strong commercial investment has had a positive impact on coverage. However, poor coverage is predominately in rural areas, with pockets of poor coverage in urban areas.
- 84.73% of West Yorkshire Premises are covered by gigabit-capable internet connections (national average 75.76%).
- Around 86% premises have mobile 4G coverage (national average 83%).



# Digital Inclusion

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## Digital Inclusion

- 25% of adult residents in Yorkshire and Humber don't have essential digital skills for life. 7% of these are digitally excluded, meaning they cannot complete a single 'foundational' digital task, and 4% remain entirely offline. The close association between digital exclusion and other dimensions of inequality underpins an urgent social and economic need to act.
- On 22nd June 2023, the Combined Authority Committee approved a Green, Digital and Skills for Business programme which includes a project on digital inclusion. This will boost the capacity of community organisations to deliver digital inclusion. The programme has been developed with extensive collaboration with Local Authority Digital Leads.
- Digital projects that have been approved, working closely alongside Local Authority Employment and Skills colleagues, include:
  - **Skills support for employers, with a focus on green and digital** – training needs will be identified via a diagnostic process and business will be supported to identify provisions needed.
  - **Digital inclusion** – Local authority advisors to link community organisations with digital inclusion tools/funding to help the digitally excluded get online.
  - **Digital Skills in School** – specialist suppliers to be commissioned to deliver primary and secondary school activity to increase student's knowledge of skills and careers related to digital.

# Broadband Take Up

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## Broadband Take up

- We recognise that take up of Superfast (30 Mbps) is about 73% in England. West Yorkshire is at a similar but slightly higher level. Nationally take up of higher speed broadband services is on the increase as demand digital services grows.
- Take up will also increase as the older (and slower speed) copper telephone network is phased out in the future.
- Work is ongoing with commercial providers to improve take up - including work on increasing access to Social Tariffs, delivering social value within publicly funded contracts and supporting the digital skills agenda.

# Bridging the Gap – 100% Gigabit Connectivity

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## Context

The Covid-19 pandemic demonstrated the importance of digital infrastructure – ensuring business continuity and reducing isolation.

- Improved digital connectivity has the potential to drive growth and productivity and widen job opportunities through remote working. Higher levels of remote working in turn has positive impacts on the environment, with less car journeys being made.
- Governments aims are for 85% of the population to have gigabit broadband by 2025, and for at least 99% by 2030. This will only be possible through public investment to address areas of market failure.
- Current known commercial and public sector investment is likely to get the nation to c.85-90% gigabit coverage. This will become clearer following procurement and delivery of Project Gigabit.
- There is a role for the public sector (particularly at the regional level) in unlocking gigabit coverage for the ‘final 5-10%’ and accelerating commercial investment to secure the benefits sooner and ensuring rural and hard to reach communities are not left behind.

## Development so far

- The Committee (7 July 2022) endorsed proposals to commence project development work on a new digital infrastructure programme utilising Broadband Gainshare.
- Engagement has taken place with a range of stakeholders seeking out learning from previous programmes. This includes engagement with delivery colleagues on Superfast and Wakefield Gigabit Voucher Schemes, neighbouring regions, BDUK and the commercial sector.

# Summary of Headline Options Considered

Option	Summary of Suitability
<p><b>Large scale roll out programme via single procurement</b> e.g. further Superfast Broadband Programme phase</p>	<ul style="list-style-type: none"> <li>• Potential delivery conflict between Project Gigabit Lot 8 and any ongoing local Superfast Programme in rural areas</li> <li>• Significant State Aid issues that would need to be addressed through procurement.</li> <li>• Requires a single supplier - higher risk of low supplier interest and/or failed procurement</li> <li>• Resource intensive to deliver</li> <li>• Shortage of in-house specialist technical skills to support delivery of programme</li> </ul>
<p><b>Digital inclusion &amp; skills</b> e.g. education in schools, Free data plans, data plans via social landlords</p>	<ul style="list-style-type: none"> <li>• Funding available for activities elsewhere and a range of programmes already in delivery across West Yorkshire.</li> <li>• Potentially technical and resource intensive to deliver at scale whilst ensuring those in most need are targeted.</li> <li>• Digital education in schools is included as a Social Value element within Project Gigabit, potential for duplication.</li> <li>• Lack of alignment with general purposes of Broadband Gainshare - support infrastructure roll out – to go faster &amp; further with coverage</li> </ul>
<p><b>Gigabit voucher product</b></p>	<ul style="list-style-type: none"> <li>• Strong support from the West Yorkshire partnership.</li> <li>• Aligns with the general purposes of Broadband Gainshare, which is to support infrastructure roll out – to go faster &amp; further with digital coverage.</li> <li>• Straight forward to deliver based on local and national gigabit voucher experience</li> <li>• Scalable and can be deployed at a variety of scales</li> <li>• Low risk of failed procurement – delivery would be via a suite of potential suppliers</li> </ul>
<p><b>Digital infrastructure accelerator</b></p>	<ul style="list-style-type: none"> <li>• Flexible approach would allow the programme to address abnormal infrastructure issues which impact the viability of commercial roll out &amp; clusters of poor coverage.</li> <li>• Potential to unlock significant amounts of follow on commercial investment.</li> <li>• Agile programme framework allowing delivery of schemes that meet local needs and aspirations</li> </ul>



# Future Digital Programmes: Scope, Outputs and Outcomes

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## Proposed Programmes

- **Urban Gigabit Vouchers:** this will increase gigabit-capable coverage across urban areas, especially those with persistent poor coverage (sub 30 Mbps), with no prospect of commercial coverage in the next 3 years, often due to a lack of interest. Vouchers will be provided to SME businesses and/or residents to gap fund the installation of high-speed broadband into commercial or residential property by their chosen commercial provider
- **Digital Infrastructure Accelerator:** this product will allow for the development of individual schemes to deliver infrastructure to accelerate commercial digital infrastructure delivery. This could be delivery of fibre ready ducting, complete connections or other ancillary infrastructure.

## Outcomes and Outputs

Increased number of premises with access to high quality and superfast connections will result in wider scheme benefits, including:

- **Commercial Investment** – the programmes rely on and would unlock follow on commercial investment in digital infrastructure after the initial public sector support.
- **Unlock economic growth** – improved connectivity can be directly linked to business growth, supporting home working and expanding job markets.
- **Improved health outcomes** - access to high quality digital infrastructure can help maximise the benefit of digital health initiatives including better self-care and management of long-term conditions.
- **Education** – improved connectivity leads to diversification and improved learning methods within schools and at home, teaching children and young people the digital skills then need to succeed in later life.
- **Climate change** - increased connectivity makes it easier for businesses to explore greater use of remote and home working, leading to a reduction in the number of car journeys, improving air quality. Fibre networks also consume less power than older networks and are more resilient to extreme weather.

# Future Digital Programmes: Funding

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## Broadband Gainshare

- This is held as an investment fund managed by Openreach as part of the Superfast Broadband programme. As a measure to manage the State Aid implications of the programme.
- Local partners (via the West Yorkshire and York Superfast Programme Board) agreed that the general purpose of Broadband Gainshare is to:

**‘support infrastructure roll out, by going further and faster with coverage’**

- The Contract 1 Fund includes West Yorkshire and York for Contract 2.
- The Fund is partner authority money based on the contributions made by the original parties.
- The Combined Authority holds the Fund on behalf of West Yorkshire (and York) partners as the Accountable Body for the Superfast Programme.
- Place, Regeneration and Housing Committee (June 2022) supported the principle that development work commenced on the proposed programme with a view to utilising Broadband Gainshare.

Further work is being completed with partners to establish the potential size of Broadband Gainshare and the quantum of funding that may be available for West Yorkshire partners over the forthcoming years

# 5G Innovation Regions: DSIT Fund

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## Background

- 5G Innovation Regions (5GIRs) is a £40m Fund launched by DSIT designed to accelerate innovation in sectors of the UK economy.
- DSIT are looking to establish 8-10 5GIRs funded by up to c.£3.8m each.
- DSIT are seeking proposals that promote the development and scaled up adoption of 5G and other wireless technologies in business and public services to generate value and growth.
- Open to all UK Local Authorities and Combined Authorities.

## Timescales

- DSIT Briefing Session (1 August 2023)
- WY Stakeholder engagement (July – September 2023)
- DSIT 6 week 'Call' (closes Sunday 10 September 2023)
- Successful applicants notified (Mid-late October 2023)
- Project mobilisation (November 2023)
- Grant funding period (November 2023 – 31 March 2025)

**Due to the Fund timescales officers will provide a verbal update on this Fund at the Committee meeting.**

# Potential Timescales & Next Steps

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## **Project Gigabit (procured by Building Digital UK - BDUK)**

- **4 July 2023:** Invitation for tender opens for a 60-day period
- **27 September – 30 October 2023:** Combined Authority officers, alongside Local Authorities, to evaluate social value question
- **November/December 2023 (at the earliest):** Procurement and contract start

## **West Yorkshire Digital Infrastructure Programme Development**

- **Place Committee (31 August 2023):** Seeking input on the scope of the programme, funding options and emerging programme business case
- **Committee Engagement (early 2024):** Seeking approval of the Programme business case

# Discussion Points

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Views of the Committee are invited on the emerging framework for the programme.

1. **Emerging Approach:** Do you agree with our approach and proposed programmes?
2. **Scale and Phasing:** Do you agree with a pilot (spatially focused) approach initially, or should we be aiming for a larger scale West Yorkshire-wide programme from the start?
3. **Residential vs. Business Users:** within the Urban Gigabit Voucher product prioritise delivery to specific users?
4. **Scheme Development:** There are currently only a limited number of investment-ready projects in the Digital Infrastructure Accelerator Programme. How could we develop a pipeline of schemes?
5. **Other Considerations:** Are there any other considerations officers should be considering as the programme is developed?