

Name of meeting: Economy and Neighbourhoods Scrutiny Panel

Date: 14 February 2019

Title of report: Kirklees Digital Plan

Purpose of report The purpose of this report is to set out the background and context of the digital landscape across Kirklees; to provide the draft Digital plan for your consideration and input and to share local, regional and national strategy and investment which aligns with our ambitions.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	As above
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	Karl Battersby
Is it also signed off by the Acting Service Director for Finance IT and Transactional Services?	n/a
Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	n/a
Cabinet member portfolio	Cllr Peter McBride Cllr Graham Turner

Electoral wards affected: All

Ward councillors consulted: At this stage none

Public or private: Public

N.B. A glossary of terms is provided as appendix 1

1. Background and Context

1.1 The National Infrastructure Commission¹ (NIC) clearly sets out how digital connectivity has become an essential service much like water, gas and electricity and is recognised along with our roads, rail, air and sea links as a key contributor to driving productivity and economic growth.

1.2 By 2020/21 the NIC anticipates;

- Global internet traffic is expected to be 95 times that of 2005
- Connected devices will outnumber the global population by nearly seven to one.¹
- In the UK, fixed internet traffic is set to double every two years,

¹. <https://www.nic.org.uk/>

- Mobile data traffic is set to increase further at a rate of 25% to 42% per year. The machine-to-machine, Internet of Things market is estimated to be worth £276B.
- 82% of internet traffic will be streamed video content with 35% of that being Netflix.
- TVs will require 15Mbps dedicated bandwidth to operate. HD TV's are no longer manufactured.

1.4 If you visualise internet traffic as a national highway network, it's clear to see how vitally important motorways and trunk roads are for the country's economic growth.

Imagine the UK has just two internet motorways, the M1 and M62. The rest of the traffic is limited to a handful of 'A' roads (Fibre To The Premises) but most traffic is carried by 'B' roads (Fibre To The Cabinets) – which are slow and congested.

Local, regional and national strategy

1.5 The following strategies and plans support Kirklees Digital ambitions

- [UK Digital Strategy](#): The Government's plan to achieve a transformation in broadband in the UK; strong focus on full fibre
- [LCR Strategic Economic Plan](#): using digital infrastructure and technology to accelerate good growth
- [WYCA Transport Strategy 2040](#): Unlocking the potential of smart technology
- [Leeds City Region Digital Framework](#): Transforming Leeds City Region through digital technology
- Department for Education [Essential Digital Skills Framework](#): the digital skills adults need to participate to safely benefit from, participate in and contribute to the digital world.
- Kirklees Economic Strategy 2019 – 2025 (DRAFT): growing an inclusive and productive economy
 - Priority 1: Modern, Innovative Business
 - Priority 2: Skilled and Ambitious People
 - Priority 3: Active Partnerships
 - Priority 4: Advanced Connectivity and Infrastructure
 - Priority 5: Revitalising and Promoting Key Centre

Alignment of our actions and activity to these is being closely considered as we prepare our more detailed action plan. However, a high level review has concluded that our headline actions align closely to local, regional and national strategy and place us in a strong position to take advantage of any investment and funding that becomes available to support our ambition.

The Digital Economy

1.6 The global economy is undergoing a digital transformation, and it's happening at breakneck speed. Tech City UK estimates that the digital sectors are creating jobs 2.8 times faster than the rest of the economy. According to DCMS, the Digital sectors contributed £118 billion to the country's economy in 2015 and Government's ambition is for this to rise to £200 billion by 2025.

1.7 As well as the traditional digital sectors, technology is transforming other sectors – supporting education, improving activities in finance, delivering automation in manufacturing, solving health problems and improving people’s quality of life.

1.8 The Council is using technology to undertake a Digital Transformation of services that will provide 24/7 Digital Access, partner delivery through shared systems, automated fulfilment e.g. finance, assistive technology in health and social care, voice assistants, in-community sensors to monitor air pollution, and readiness to integrate an expected tide of devices residing on the ‘Internet of Things’. The Internet of things is the network of devices such as vehicles, and home appliances e.g. smart speakers that contain electronics, software and connectivity which allows these things to connect, interact and exchange data.

1.9 The backbone of the digital economy is connectivity. Critical to Kirklees’ ability to capitalise on the opportunities offered through digital transformation is universal coverage of high quality, fast and reliable digital broadband networks. Although this will be led by private sector commercial investment, Kirklees has a key role to play in attracting and removing barriers to investment.

1.10 *Critical to enabling this future reality is universal coverage of high quality, fast and reliable digital networks.*

Coverage and Take-up

1.11 The different broadband speeds available to our residents, the percentage of the population that can access them (coverage) and the percentage of the population that uses these speeds (take-up) can be summarised as:

Speed	Infrastructure	Coverage	Take-up	Predicted use
Up to 24Mbps – ADSL	Copper	100%	60%	Will decrease over time
24Mbps - 30Mbps – Superfast	Fibre to the Cabinet (FTTC): Copper and fibre mix	96.6%	40%	Will increase over time
1 Gbps – Gigabit	Fibre to the premise (FTTP): Full Fibre	30% by 2021	2%	Will increase over time

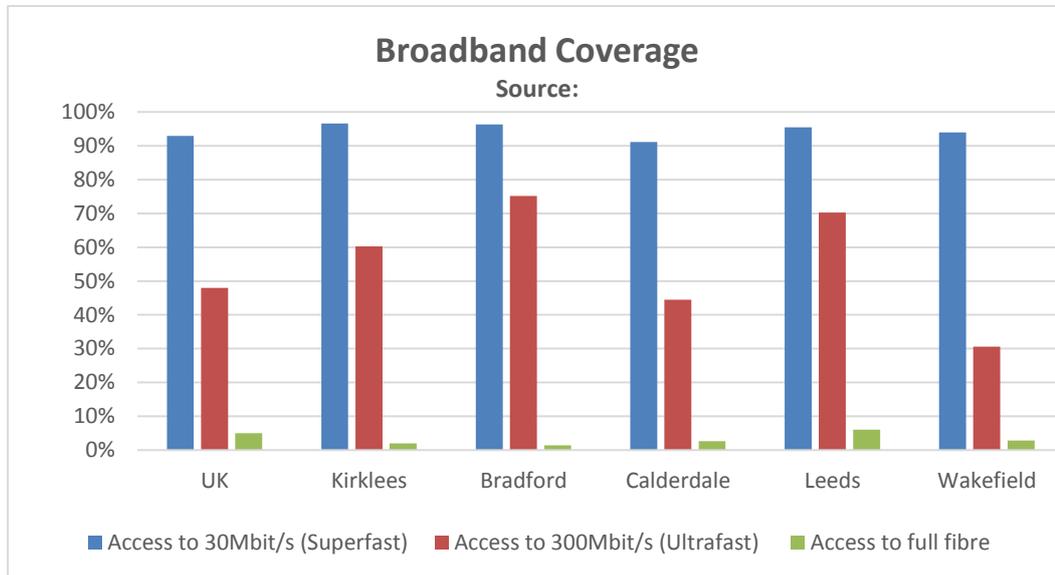
1.12 100% of our population is serviced though legacy copper infrastructure, ADSL, with take-up at 60%. Usage of ADSL will decrease over time as residents and businesses take advantage of faster speeds provided by fibre.

1.13 96.6% of our population is serviced by Superfast (up to 30 Mbps) (see figure 1 overleaf). The Superfast West Yorkshire and York (SFWYY) programme has delivered superfast speeds to 24,000 premises over the last 2 years and additional funding is being sought to reach the remaining 3.4% through Contract 3 (typically the most rural, hardest to reach areas where there is no interest in commercial investment). Coverage is anticipated to reach 98% by 2022.

Take up of superfast is approximately 40% (in line with the UK average) and has increased significantly over the last few years – it’s now seen as the fourth utility. A rapid change in the

digital landscape and available technology has seen a need for businesses and residents to access faster, more-reliable internet - supporting improved business communications, digital marketing, the ability to work from home, use of cloud computing, streaming via Netflix, TV, smart speakers and multiple-device use in the home.

Figure 1: Comparison of broadband coverage in Kirklees to the UK and neighbouring authorities Source: October 2018 Update of the Connected Nations report and associated data tables by OFCOM



1.14 Government is heavily focussed on increasing full fibre coverage across the UK to provide Gigabit speeds to homes and businesses. In May 2018, they pledged 15m Fibre-To-The-Premises (FTTP) connections by 2025 (60% UK coverage) and full coverage by 2033.

2% of premises in Kirklees currently use Gigabit / FTTP services and this will continue to increase. Our Gigabit network is set to reach 30% by 2021 through the current City Fibre Homes programme. These services will give our economy the boost it needs for the 4th Industrial Revolution, a fundamental technological revolution that will change the way we live, work and relate to one another.

1.15 In Kirklees, whilst aspiring to expand the full fibre network extensively, we must not lose sight of those premises with the poorest broadband speeds; seeking to increase their broadband speed as high as realistically possible.

Digital Exclusion

1.16 Although we live in an increasingly online world, a significant part of the population remains digitally excluded. A national study² set out a Digital Heatmap showing the likelihood of digital exclusion across the UK at Local Authority level. Across Kirklees, overall digital exclusion is Medium.

The Four metrics used to indicate digital exclusion were:

- Infrastructure (2% premises in Kirklees do not have basic broadband speeds of at least 10Mbps; 2.23% premises do not receive 4G mobile data from all providers))
- Number of people who have never been online in the last 3 months (8.5% in Kirklees)
- Basic Digital Skills (23% of adults in Kirklees lack the 5 basic digital skills)
- Basic Digital Skills used (42% Kirklees' adults have used basic digital skills in the last 3 months)

² Local Government Association and the London School of Economics and Political Science (LSE), in association with Lloyds Banking Group. <http://heatmap.thetechpartnership.com/>

Although a medium rating is encouraging, we must continue to address our resident's ability to access online products or services and increase their ability to use simple forms of digital technology.

1.17 Many jobs have a digital element so effective digital skills provision is essential to ensure the workforce is prepared for this and future technological changes. It is predicted that within 20 years 90% of all jobs will require some degree of digital skills and as the digital economy grows, there will be even greater demand for people with specialist digital skills.

1.18 There is also a direct relationship between digital exclusion and digital infrastructure. The more infrastructure we have, that is not being accessed, the more 'excluded' residents we have as a result: and the greater the economic growth potential is hampered.

The Council will need to work closely with Internet Service Providers to summarise the complex digital landscape into tangible messages for business and residents, promoting the benefits of technology to how we all live, work and play, supporting skills development and encouraging take up.

Local, regional and national investment

1.19 The following local, regional and national investment supports our *draft* ambitions;

- Superfast West Yorkshire and York Contract 2 and 3
A partnership to improve access to and take up of superfast broadband. Focusses on areas where there is no commercial interest to invest in improving broadband speeds (typically rural, hard to reach areas). Contract 2 is funded by DCMS and European funding. Funding is being sought to extend the programme to reach 98% superfast coverage by 2021.
- £30m City Fibre / Vodafone investment in Huddersfield
Commercial investment bringing full fibre connectivity to approximately 64,000 homes and businesses across the 9 Ward areas of Newsome, Colne Valley, Lindley, Ashbrow, Almondbury, Golcar, Dalton, Crosland Moor and Netherton and Greenhead by 2021. Over the next 15 years, the roll-out of full fibre could unlock £18m in business productivity and innovation, and £11m from new start-up activity.
- Network Rail Transpennine Fibre Project
Providing full fibre from Manchester to York along the Transpennine rail route. Timescales TBC.
- Digital Enterprise Programme
An innovative business support programme which helps small to medium businesses in the Leeds city region, to scale up and achieve digital transformation.
- The Better Broadband Scheme
Government scheme to provide access to a subsidised broadband installation to homes and businesses that are unable to access a basic broadband service with a download speed of at least 2 Mb per second and who will not benefit from the superfast broadband roll out. Available until November 2019.
- Gigabit Broadband Voucher Scheme
Government scheme providing vouchers of up to £2500 for business and £500 per resident that can be used to contribute towards the cost of providing a Gigabit-capable broadband connection. Available until 2021.
- The Openreach Community Fibre Partnership Programme
Communities have the option of working with OpenReach to develop a customised solution to bring higher broadband speeds to the area. Government voucher schemes can be used towards the cost and OpenReach contributes towards the cost in line with their own commercial model.
- Universal Service Obligation (USO) for broadband from 2020
Government is introducing this UK wide measure to deliver better broadband speeds to the hardest to reach premises in the UK. The USO will provide a legal right to request a

broadband connection of at least 10 megabits per second (Mbps) download speed. Eligible consumers and businesses will be able to request a connection under the USO and a Universal Service Provider(s) will be required to fulfil all requests up to a cost threshold of £3,400.

2. The Kirklees Digital Plan

2.1 Appendix 2 provides our draft high level digital plan which aims to succinctly provide an overview of the *draft* ambition, objectives and headline actions we are planning to undertake/instigate. It supports the priorities in the Kirklees Economic Strategy 2019 – 2025 (DRAFT)

2.2 Our ambition is to stimulate affordable, accessible, appropriate digital infrastructure and skills development.

2.3 Our objectives are to

- Strengthen and support supplier investment
- Create a resilient and future-proofed network
- Use connectivity as a catalyst for investment and innovation
- Develop personal/life and employment skills
- Collaborate to drive local, regional and national policy and investment

2.4 Our priorities, desired outcome and headline actions are set out below

Leadership and Collaboration – *Digital connectivity requires strong leadership and co-ordination, a cross-boundary and multi service approach.*

We will work with our partners to drive national, regional and local policy, investment and skills in order to deliver a resilient infrastructure network that supports a thriving economy where citizens have a good quality of life and business can take advantage of technology to innovate, aspire and achieve.

Stimulating Investment - *Strengthen and support commercial supplier investment to develop world-class connectivity*

We will make Kirklees is a highly attractive destination for inward investment based on its world-class digital connectivity, particularly in key economic centre and at strategic sites. Digital connectivity will be a catalyst for investment and innovation.

Extending the Network – *Maximise Gigabit, Superfast, Ultrafast, WiFi and Mobile (including 5G) across all geographical areas*

We will enhance and fill gaps in the digital network and provide premises with access to the highest available broadband speeds and a choice of supplier.

Demand Stimulation – *Work with key stakeholders to ensure arrangements are in place to address digital exclusion and enhance business and personal performance.*

We will aim to provide the right support, skills and knowledge to make it easier for businesses and citizens to achieve their growth potential and take advantage of existing and future technology and employment opportunities.

3. Information required to take a decision

Not applicable.

4. Implications for the Council

The successful delivery of the Kirklees Digital Plan will enhance our residents and our businesses productivity and ability to do more for themselves. Specific implications and risks will be identified during preparation of a detailed delivery plan. This delivery plan will contain specific actions, timescales, lead officers and budget and will be reviewed by the Kirklees Digital Partnership. The current highest level of risk associated with non-delivery is lack of staffing capacity.

5. Consultees and their opinions

Not applicable.

6. Next steps

The Overview and Scrutiny Panel for Economy and Neighbourhoods takes account of the information presented and considers the next steps it wishes to take.

7. Officer recommendations and reasons

7.1 The Economy and Neighbourhood Scrutiny Panel endorse the need for the Kirklees Digital Plan and understand the importance of this plan as a tool for galvanising delivery which meets the specific needs of our residents, business, suppliers and inward investment.

7.2 The Economy and Neighbourhood Scrutiny Panel acknowledge the progress made to date.

8. Cabinet portfolio holder's recommendations

The portfolio holder(s), Councillor Peter McBride and Councillor Graham Turner support the approach outlined above in the officer recommendations.

9. Contact officer

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10. Background Papers and History of Decisions

A paper highlighting our plans for digital infrastructure was considered by the Kirklees Digital Partnership on 21st July 2018.

On the 11th December 2018 'Facilitating the development of fixed line broadband services was considered by Cabinet. A copy of the report and decision can be found here <https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?ID=6808>

11. Service Director responsible

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