

## Press release

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### West Midlands continues to make strides in digital connectivity, according to techUK's Local Digital Index

- *Ultrafast and Gigabit broadband coverage in the region is the best in the UK*

**LONDON, 16 October 2023:** The West Midlands has the second-best digital connectivity coverage across the whole of the UK for the second year in a row and is the fourth region with the strongest digital ecosystem overall, shows techUK's Local Digital Index.

techUK, the technology trade association, today publishes the third iteration of its Local Digital Index, which includes an in-depth analysis of the West Midlands' digital ecosystem that identifies the role digital technology must play to safeguard its economic recovery and drive future prosperity.

The Local Digital Index measures seven digital ecosystem components: digital infrastructure, digital skills, digital adoption, finance and investment, research & innovation, trade, and data ecosystems, which was introduced this year.

A few pieces of data regarding the West Midlands of note include:

- **Digital Infrastructure:** the West Midlands is second, with good 5G connectivity through to over 80% of homes and gigabit broadband to over 73% of premises. Furthermore, the West Midlands has the best gigabit broadband coverage in the UK. However, other areas of the UK are catching up with the West Midlands which continues to improve its coverage but at a slower pace than other areas.
- **Digital Skills:** the percentage of people finding/downloading information for work/business/school/college/university/homework is 75% in the South East and West Midlands.
- **Digital Adoption:** although this remains the hardest component to track, the Index notes that over 114,000 people in the West Midlands work in the 'Information and Communication' sector, 31,575 more than in 2022. However, the UK Business Count has dropped since last year in every area of the UK, except Yorkshire & the Humber.
- **Finance and Investment:** The nationwide fall in high growth companies since last year should be a concern, especially as this continues a trend going back to 2018. However, despite some difficult global and domestic economic forecasts, inward

investment in information and communication technologies (ICT) is higher in the West Midlands and other regions such as the East Midlands, Wales, the South East, Scotland, the North West, North East and London.

- **Research and Innovation:** the West Midlands scored fifth at regional level, spending £4,710million in research and development, securing £2,320,140 in Innovate UK Grants, and £430 million in HMRC R&D tax credits.
- **Trade:** the data on goods and services exports is up across every region. This is welcome news, but the regional disparities remain and gaps aren't closing between regions since 2022's Index.
- **Data ecosystems:** while the West Midlands are fourth in this metric, the Index shows there is a small gap between the UK's Nations and Regions in this component compared to others. This presents the scope for the West Midlands to take action to improve activity and thus increase their position and stance in the Index.

## Unlocking the Significance of Digital GVA

In a significant addition to the Index, techUK has incorporated regional Gross Value Added (GVA) data for the digital sector and its per capita implications. This data reveals that:

- **London:** the digital sector's GVA per person in London stands at £9,083.
- **West Midlands:** by comparison, the West Midlands reports a GVA per person of £2,055.
- **Scotland:** Scotland records a GVA per person of £1,979.
- **Wales:** Wales reports a GVA per person of £1,348.

The Index highlights the potential for growth and economic development by bridging the gap in Digital GVA between regions. If the six regions with the lowest Digital GVA – the South West, East Midlands, Yorkshire and the Humber, North East, Northern Ireland, and Wales - reached the UK median, it could contribute a remarkable £4.8 billion to the UK economy. This infusion of resources would result in new jobs, companies, opportunities, growth, and improved productivity, positively impacting regional economies across the country.

### West Midlands recommendations

The region scores well overall, featuring fourth in the Index. Each area within the regions has its own strengths and drawbacks. Most notably, the Index recommends that the West Midlands should look to improve finance and investment coming into the region, especially VC funding, and harness digital skills to take on the roles of the future.

Herefordshire, Worcestershire and Warwickshire's R&D score is particularly strong (i.e. third nationally) driven by spending. However, the region's digital infrastructure is lower than it should be given the strong scores on other components.

Using the data explorer platform from The Data City, the Index notes the West Midlands has secured £9.35 billion investment funding, compared to £20 billion in Yorkshire and the Humber and £41 billion in the North West, holding back future growth.

**Julian David, CEO of techUK, said:**

"The West Midlands has successfully maintained its status as a prominent hub for digital infrastructure, as evidenced by our latest data findings. The region deserves recognition for the ongoing efforts that have made it a standout location with some of the best connectivity in the UK.

"The accomplishments of the West Midlands extend beyond just digital connectivity, as evidenced by its fourth-place ranking in the UK's Local Digital Index. Nonetheless, it remains crucial for the region to maintain the momentum of digital advancement and adoption, as any slowdown poses the risk of the region lagging behind."

**CEO of TechWM, Yiannis Maos MBE said:**

"The West Midlands was at the heart of the first industrial revolution, and whilst the world may have changed remarkably since then, our ingenuity and entrepreneurial spirit remain the same. Our burgeoning tech and innovation sector is something that I know those of us who are part of it are extremely proud of, but we can't rest on our laurels just yet!

"The results of this index reflect our growing confidence as a tech powerhouse and our forward-thinking in areas such as digital connectivity, but they also show areas for change and improvement. As the tech ecosystem in the West Midlands continues to thrive and evolve, we must use this momentum of success so far to come together and bridge the gaps in areas such as finance and investment.

"The West Midlands tech sector has clearly already built itself a solid foundation, but with the fourth industrial revolution now well and truly underway, we must continue to work together to support one another and amplify the great work we are doing to become the globally recognised tech hub we have earned the right to be. At Tech West Mids, we will continue to strive to be at the heart of that collaborative spirit."

**Professor Kerensa Jennings, Director, Data Platforms at BT Group and Chair of the techUK Local Digital Capital Working Group said:**

"Improving digital infrastructure and skills across the UK is at the heart of the work BT Group is doing, and this report demonstrates just how important that is.

"We know of the increasing importance of digital technology and skills in keeping people connected and allowing businesses to thrive, and the West Midlands is testament to that.

"The findings showcase the significant role digital has to play in economic prosperity and the importance of our continuing investment into full-fibre broadband and 5G connectivity across the UK."

**-ENDS-**

**Notes to Editors**

- The Local Digital Index is being launched at Birmingham Tech Week today (16 October 2023) at BT's offices.
- The Index relies on publicly available and transparent data sourced from various government agencies across the UK's nations and regions.
- The national and Scotland press releases are available [here](#).
- The full report can be downloaded [here](#). (from 16 October at 00:01)
- [techUK's Nations and Regions website hub](#)

The techUK Local Digital Index national recommendations are as follows:

1. **Improve data leads to improve policy making:** collecting good data is key to understanding if policies, interventions and programmes are working.
2. **Modernise the National Curriculum:** ensuring digital literacy, digital skills, and digital ethics education are cross-curricular and integrated throughout primary and secondary education.
3. **Update and renew the path for Apprenticeships and Skills:** the UK should help raise British workers' pay by £5.69 billion by making the Apprenticeship Levy more flexible, delivering an Employment Bill, and building an online Digital Skills Toolkit to help individuals and employers identify accredited courses to boost digital skills.
4. **Provide clear support to businesses starting and growing in the UK:** the UK should help provide more certainty to the on-support schemes by making the Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) schemes permanent as well as reforming the Seed Enterprise Investment Scheme (SEIS) by raising the cap for both investors and start-ups.
5. **Incentivise businesses to stay in the UK:** having a pro-growth approach to regulation, digital IDs in financial services, Smart and Open Data schemes, leading on AI governance, with a long term strategy for R&D incentives and reducing the cost of R&D facilities to incentivise businesses to stay in the UK as they expand overseas.
6. **Meet regional digital strategies with a new National Digital Inclusion Strategy:** a new National Digital Inclusion Strategy could create specific funding to support digital inclusion projects across the regions allied to data shared and a specified need for tech and business engagement in digital inclusion strategies.
7. **Create a Small Business Digital Growth Allowance:** a new Digital Growth fund is required to keep digitising the UK economy and support SME to adopt digital technologies.
8. **Provide digital support to Rural & Coastal areas:** DSIT and DEFRA should coordinate flexible support to help farmers adopt equipment and products, update practices and embrace digital technology.
9. **Provide Digital Infrastructure – from coverage to uptake:** Government should work with telecommunication companies, devolved government across the UK, and elected Mayors to measure the uptake of better digital infrastructure.



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10. **Ensure Investment Zones' regulation reform and planning is expedited:** increasing pace to ensure all Investment Zones are agreed and operating by January 2025. In addition, the absence of an Investment Zone in the South West of England should be remedied.

## About techUK

techUK is the technology trade association that brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve.

With around 1000 members (the majority of which are SMEs) across the UK, techUK creates a network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet.

By providing expertise and insight, we support members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.