

## National Institute of Economic and Social Research

### Boosting digital infrastructure will help close regional gaps

**\*FOR IMMEDIATE RELEASE\***

Significant investment in digital infrastructure to increase the coverage of ultrafast and full fibre internet for everyone in the UK may help to reduce regional disparities as the access is unevenly distributed across the country, according to an election briefing by the National Institute of Social and Economic Research.

While three quarters of premises in London have access to ultra-fast broadband, the figure is just one in three in Wales (31%) and less than half (45%) in the South West. Access to full fibre is much lower: the North East (2%) and East of England (4%) have the lowest access rates while even the best-connected region, Northern Ireland, only has 25% coverage. This has become a politically charged issue following the Labour Party's manifesto proposal to invest £20.3 billion into rolling out full fibre by 2030.

People living and working in a modern economy need access to high-speed internet, but currently digital infrastructure is highly unevenly distributed across the UK's regions. It is also one reason for large regional differences in productivity – along with disparities in education and skills, investment in innovation activities and spending on transport infrastructure - compared to most other OECD countries, with a large gap between London and most other regions. R&D spending, another key area of the innovative economy, also remains low in the UK as a whole and is largely geographically concentrated in the South East and East of England.

*“Considering that digital technologies are becoming ever more important in people’s personal and professional lives it is obvious that a lack of access to fast internet is a driver of geographic disparities,”* said Ana Rincon-Aznar, Principal Economist at NIESR. *“Speeding up the coverage of ultrafast and full fibre internet for everyone in the UK may help to reduce regional disparities as the current access to high-speed internet is unevenly distributed across the country.”*

- Economic performance varies widely between different parts of the UK in terms of income, employment and productivity, but also in terms of health and wellbeing. There is a high degree of persistence – which means when regions fall behind, they do not tend to catch-up - in many of these measures, and the disparities along some of these dimensions have grown further in the decade since the financial crisis.
- There are several drivers of spatial inequality in the UK. A key driver of local economic performance is education, which in turn plays a major role in driving differences in worker productivity. Productivity is the key driver of differences in income per capita across the UK.
- Finding ways to reduce this dominance by improving the performance of other areas would help “rebalance” the UK.
- Government budget cuts since 2010 have been unevenly distributed across the UK. Local government in England, and particularly cities in the North of England have been the hardest hit. These cuts have reduced redistribution and contributed to the widening of spatial disparities.

- Business investment remains weak across the UK, and investment in infrastructure is unevenly distributed, with London receiving a disproportionately high share of spending on some major projects.
- Public and private sector organisations in the UK receive funding from the EU through a variety of different funds, which are targeted at more deprived areas. The loss of those funds could increase inequality in the absence of any offsetting policies.
- The party manifestos promise action to reduce these disparities, but these policies need to have a regional, local dimension with a clear focus on how they will actually reduce regional inequalities which remain persistent over time.

**ENDS**

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### Notes for editors:

This full General Election Briefing on “*Places and Spaces: Mapping Britain's Regional Divides*” can be found [here](#).

NIESR’s microsite containing briefings, podcasts and vodcasts on the General Election can be found [here](#).

This briefing is supported by the [Nuffield Foundation](#).

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