

Heart of the South West Local Enterprise Partnership

LEP Board Paper agenda item 8

Report title: LEP Digital Funding Update

Date: 27 January 2023

Purpose: This paper is for **decision**.

Link to LIS: Indicate by **bolding** which area the paper links to.

Inclusive Growth			Clean growth	
Energy		Engineering		Digital
Ideas/ Innovation	People/Skills	Infrastructure	Bus. Environment	Places

Timing: Immediate

Financial Impact: Yes

Decisions requested:

- i. To note, we are expecting the £940,000 Gigabit Voucher Top-Up Scheme approved by the Board in July 2022 to have to be reallocated following the government's recent decision to increase the value of the national voucher.
- ii. To note, SIP has approved an additional capital grant of £250,000 to extend the £1m Mobile Boost programme by three months until March 2023.
- iii. To agree to SIP's recommendation to provide additional funding of up to £300,000 to the Taunton Digital Innovation Centre, £235,000 from the £8m Digital Investment Programme and £65,000 from the Getting Building Fund.
- iv. To agree to SIP's recommendation to reallocate £1.55m of the £8m Digital Investment Programme from the Digital Infrastructure strand to the Build Back Better strand.

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Summary

This paper provides an update on the £22m the LEP has provided to fund digital projects and asks the Board to note two changes since the Board discussion in July 2022 and agree to two SIP recommendations.

1) Background

- 1.1 The LEP has long recognised that digital connectivity is vital for improving productivity and delivering inclusive growth across Devon, Plymouth, Somerset and Torbay, and the Local Industrial Strategy and more recently the Build Back Better Plan recognise the potential for digital advancements in our priority sectors to be transformational. The Heart of the South West Digital Strategy encapsulates this in its vision statement to embrace technology, maximise adoption and impact, and be recognised as one of the UK's foremost digital leaders. The four priority areas in the strategy are digitally skilled people, digitally driven growth, digitally connected communities, and digitally inspired places.
- 1.2 The LEP has successfully targeted a proportion of its funding towards digital projects over the last six years:
- In 2016, we approved a £10.2m grant for Connecting Devon and Somerset (CDS) to deliver the Superfast Broadband Extension Project, the phase 2 programme of capital investment in the physical infrastructure needed to extend the coverage of Next Generation Access Broadband (30Mbps and above). This was made up of £6m from the Local Growth Fund 2 and £4.2m from the Growing Places Fund.
 - In 2020, we approved a further £3.9m for three digital projects - Mobile Boost received £1m, Further Education Digital Accelerator received £1.13m, and 5G Smart Sound Plymouth received £1.8m.
 - In 2021, the Board approved a further £8m in a new Digital Investment Programme focussing on digital skills, digital business utilisation and community triage, digital infrastructure, and the Build Back Better transformational opportunities.
- 1.3 In addition, the Heart of the South West Digital Skills Partnership has supported nearly 2,000 individuals with digital training and helped to secure four rounds of DfE funding to run a series of digital bootcamps over the last 2-3 years. Further information is available on this in the SAP update for the Board.

2) Superfast Broadband Extension Project

- 2.1 The LEP has contributed £6m Growth Deal and £4.2m Growing Places Fund towards the Phase 2 Superfast Broadband Project. This forms part of a broad £52.7m package including BDUK and local authority funding together with ERDF and RDPE monies. The project formed part of the government's superfast rollout, though has latterly been gigabit capable. The map below shows the geographic coverage of the rollout made up of different procurement Lots.

Connecting Devon and Somerset Background



- 2.2 Unfortunately there have been delays in spend due to a variety of issues, with SIP being advised in November last year that unspent Growth Deal totalled £3m and unspent Growing Places Funding totalled £3.5m. SIP has therefore put in place enhanced monitoring through quarterly monitoring reviews between the LEP and CDS, which will focus on the spend profile for LEP monies and progress against outputs. Technical assurance is separately provided by CDS and Building Digital UK (BDUK) who report to the CDS Board, which David Ralph sits on. Paul Coles has agreed to represent SIP at these quarterly monitoring meetings, with the first one on 25th January.
- 2.3 The Board will recall that at the July meeting last year, it agreed to reallocate £940,000 from the Superfast Broadband Extension Project towards a new voucher top up scheme delivered by BDUK with support from CDS's community engagement team. Effectively, the LEP's funding extended the value of the national BDUK Gigabit Voucher and was targeted at those parts of Somerset that were due to benefit from the Phase 2 Superfast Broadband Extension Project under Lot B but the contract had to be terminated. The government announced in December that the national Gigabit Voucher would increase from £1,500 and £3,500 for homes and businesses respectively to £4,500 for all beneficiaries. All voucher top-up schemes have therefore been paused and we are expecting this will need to be reallocated. SIP will consider alternative ways to use this funding before reporting back to the Board.

3) 2020 Project Approvals

- 3.1 The funding awarded in 2020 has now all been claimed by the grant recipients.
- 3.2 The Mobile Boost scheme is designed to help small businesses and homeworkers in partial or total indoor mobile not spots improve their indoor 4G coverage by acquiring a signal booster through a universal voucher scheme across the Heart of the South West area. It specifically targets premises that have no adequate coverage from any operator or only one operator and offers a voucher up to £1,200 depending on the technology required. The scheme has been delivered by CDS who were forecasting 1,345 installations by the end of December 2022, surpassing the target we set of 1,250 installations. 48% of installations have been for applicants identifying themselves as a business or business and resident, and 52% of installations were completed for residents. However, out of the 647 installations for residents, over 300 applicants also identified as home workers.

- 3.3 In December 2022, SIP approved an additional capital grant of £250,000 to extend the programme by three months until March 2023, which CDS is forecasting will enable a further 300 installations. This funding is from the Digital Infrastructure strand of the £8m Digital Investment Programme approved by the Board in 2021.
- 3.4 The Further Education Digital Accelerator project provided £1.1m funding to 9 FE Colleges to support a once in a decade investment in further education digital infrastructure, modernising and accelerating the area's FE ICT offer for learners and employers alike through an enhancement of digital hardware and connectivity. The improvements were completed across all campuses in May 2022.
- 3.5 Finally, the LEP's £1.8m grant has delivered the world's first 5G ocean-based marine testbed, Smart Sound Connect, which enables ultrafast download speeds and low-latency 5G connectivity to support the development of new marine technology, including advanced applied autonomy, clean propulsion, smart ports, smart shipping, and environmental monitoring using the Internet of Things. In September 2022 at the 20th Mobile Industry Awards in London, the project was named the 5G Innovation of the Year.

4) £8m Digital Investment Programme

- 4.1 In October 2021, the Board agreed an £8 million comprehensive Digital Investment Programme comprising funding to improve digital skills, increase digital business utilisation, improve digital connectivity in very hard to reach areas, and help deliver the Digital transformation programmes in the Build Back Better plan.
- 4.2 Of the £8 million, the following has now been approved:

Digital Skills - £1.5m	<ul style="list-style-type: none"> • Raising Digital Engagement at Key Stage 3 in Secondary Schools - £400,000 • Digital Training for our Core Sectors - £800,000 • Digital Leadership for SMEs - £300,000 <p>All contracted through Devon County Council</p>
Digital Business Utilisation and Community Triage - £500,000	<ul style="list-style-type: none"> • £500,000 Digital Business Utilisation contracted through Devon County Council.
Digital Infrastructure - £250,000	<ul style="list-style-type: none"> • £250,000 for Connecting Devon and Somerset to extend the Mobile Boost scheme until March 2023
Build Back Better – Digital Futures - £3.985m	<ul style="list-style-type: none"> • £50,000 for Tech South West to develop a digital platform • £500,000 for Destination Plymouth to develop a Tourism Data Hub • £2m for the Satellite Applications Catapult to establish an Environmental Living Lab • £1.2m for the University of Plymouth for the Smart Sound Connect Subsurface project

- 4.3 At its meeting in November, SIP agreed to use £235,000 of the £8m programme to fund the fit out and mobilisation of the Taunton Digital Innovation Centre, together with £65,000 from the Getting Building Fund. This is detailed in the attached Board paper at Annex A which asks the Board **to agree to SIP's recommendation to provide additional funding of up to £300,000 to the Taunton Digital Innovation Centre.**

- 4.4 Work continues to identify a delivery mechanism for the Community Triage and therefore £215,000 remains allocated for this.
- 4.5 In November last year, SIP agreed to issue a further call for digital proposals that could accelerate delivery of the Build Back better Plan, and a call for Expressions of Interest (EOIs) was issued on the 14th November. Fifteen EOIs were received by the deadline, twice as many as we were expecting. The total funding request was £5,686,500, with the smallest EOI being £25,000 and the largest being £1,000,000. A summary of each of the EOIs is attached at Annex B.
- 4.6 The approach to shortlisting EOIs to take to the next stage was presented to SIP on the 10th January. This paper is attached at Annex C. The thematic approach that was taken was agreed and the sector EOIs were prioritised. The independent assessment of each of the five sector EOIs, attached at Annex D, was discussed and SIP agreed to shortlist the four top scoring EOIs:
- Exploiting Cross-Sectoral Opportunities for Innovation Led Growth in High-Value Engineering Design and Manufacturing
 - Cyber-Resilience of Offshore Wind (CROW)
 - HoTSW Digital Reverse Engineering And Metrology (HoTSW DREAM)
 - AI-enabled Co-design in Engineering Laboratory (ACE-Lab)
- 4.7 There was some discussion about whether to also shortlist the EOI for the Plymouth and South Devon Freeport High Speed Data Network. However, it only scored 62 compared with a score of between 78-86 and the other four sector applications. This was due in part to the lack of information provided in the EOI however, it was also felt that this digital connectivity should be a priority for the £54m funding award that the Freeport has received from government and local authorities given it is a "prerequisite to any new tenants and businesses...", as stated in the EOI.
- 4.8 Therefore, **the Board is asked to agree to SIP's recommendation to reallocate the remaining funding from the Digital Infrastructure strand of the Digital Investment Programme to the Build Back Better strand.** Somerset County Council have now confirmed that as 2% topslice was previously taken from the Growth Deal, the full £8m is available for investment in digital projects hence why the amount available is now £1.55m and not £1.39m as per the SIP paper.
- 4.9 The next step will be to invite business cases for the four shortlisted projects with the aim of taking the appraisals to SIP on the 4th April. Currently the four EOIs total £1,674,500 but an element of this appears to be revenue and therefore it is anticipated that the funding request will reduce to something nearer the available £1.55m.