

## **Report of the Cabinet Member for Economic Recovery and Skills**

I will be reporting as follows for Full Council on 2 December 2021:

### **1. By Councillor Hannaford as follows:**

It has been confirmed again recently that just one in five businesses and homes in county areas have access to gigabit broadband speeds, compared to over three quarters of London, with MPs warning that rural shires could be the 'poor relation' to cities in the government's gigabit rollout.

The findings come in a new report *Levelling Up Digital Connectivity in Counties* from the County All-Party Parliamentary Group, which explores the challenges in rural connectivity.

The study analyses the rollout of the government's flagship gigabit broadband scheme so far which aims to have 85% of the United Kingdom accessing gigabit speeds by 2025.

However the current data shows that just 21% of premises in county areas have access to gigabit broadband – 2.4m out of a total of 11.7m, based on the latest Ofcom data.

Can the Cabinet Member please update council on these important issues in Devon.

### **2. By Councillor Atkinson as follows:**

In a recent press release Cllr Gilbert, the cabinet member for the economy, said while £9.3m has been given to for thirteen innovative six-month pilot projects across Devon there is "very real disappointment over Devon's Levelling Up bids."

He suggests that Devon may be luckier in the next round of Community Renewal Fund bids from the £220 million UK Shared Prosperity Fund.

In the same press release Cllr David Worden, Chair of the Devon Districts Forum, said:

"There's no doubt the outcome of the Devon Levelling Up bids meant we were all feeling very let down and shocked. "We need to work with government and our Members of Parliament to better understand where Devon stands in Whitehall's thinking in terms of Levelling Up, Shared Prosperity Funding and potential for a Devon deal."

In a subsequent press released on the shared prosperity fund Cllr Gilbert says:

If the Government allocated UKSPF funding to pan-Devon's local authority areas to at least match what they would have received from the EU, they would share around £83.5 million, £11.52 per head, for jobs, skills and business support spread over six years up until 2028.

But if the Government funded pan-Devon's most economically deprived areas on the same basis as Cornwall, they would benefit from an additional £540 million, £80.19 per head, in economic support over the same period. Supporting pan-Devon on a like for like basis with Cornwall would deliver up to £1.13 billion, £155.86 per head, in economic support.

Will the member for economy recovery and skills report on:

- How this disappointing news affects Team Devon's Prospectus 2020 **pledge to re-build the county's economy to be stronger, more inclusive and sustainable in the [prospectus for its COVID-19 Economy and Business Recovery Plan](#)** now that it has only obtained £9.3m of the £201.5m asked for in that report .
- How will this also affect and the HoSW LEPs Plan to Build Back Better
- Which of the programmes and projects listed in its prospectus with the potential to create 30,000 new jobs, 80,000 new training places and secure investment of £550 million, generating £2.8 billion of additional economic output will now be impossible to achieve?
- The government's plan to close down the HoSW LEP and their relationship to the shared prosperity fund
- If Devon's economy should get more than £500 million in additional Government support if the county's hardest hit areas are treated the same as Cornwall how would the aspirations in the Team Devon Prospectus be changed?

## **Response**

### **1. Levelling Up Digital Connectivity in Counties**

Fast and reliable broadband is critical for the prosperity of our businesses and communities and the County Council is making significant capital investment through the Connecting Devon and Somerset (CDS) programme to support this aim. Devon's hardest-hit areas are among the most economically-deprived in the country as evidenced in the Team Devon briefing for Members on the need for Government to prioritise Devon for UK Shared Prosperity Fund investment, and the latest UK Competitiveness Index. Continued Government investment in improving digital connectivity in the County must be a key part of levelling up.

CDS has delivered connectivity to more homes and businesses than any other broadband programme in England and cost per premise is in the lowest quartile.\* To date the CDS programme has supported more than 300,000 premises receive superfast broadband, with circa 160,000 being in Devon. \*Source: *Building Digital UK*

New contracts are underway rolling out full fibre connections. Around 56,000 premises are under contract to receive a gigabit solution by December 2024, with over 35,000 of these being in Devon, and a further 8000 homes with full fibre in small rural communities and across North Western Devon, are being connected.

We do however recognise that there remains a clear task to address the very hard to reach premises who have poor speeds, which is our key priority, along with upgrading county-wide superfast networks to deliver gigabit capable speeds.

The County Council, as part of the CDS partnership has contributed to a recent Government consultation on addressing the very hard to reach areas, stating a case for focusing on rural connectivity. Our response evidenced an increasing need for Government and wider public sector investment in digital connectivity in rural areas and that the very hard to reach areas (VHTRAs) are at risk of being left behind without it. Gigabit solutions are needed to remove the digital divide and support the levelling up agenda. A link to a briefing on our response is provided below:  
[Briefing-Very-Hard-to-Reach-Premises-consultation-CDS-response.pdf](https://connectingdevonandsomerset.co.uk/Briefing-Very-Hard-to-Reach-Premises-consultation-CDS-response.pdf)  
([connectingdevonandsomerset.co.uk](https://connectingdevonandsomerset.co.uk))

We await the outcome of the national consultation and an opportunity to work with Government on an approach to address the situation.

In respect to the conclusions in the APPG report, we largely agree with the findings and the position set out. Addressing new build is a point we support, and we continue to work with the market to invest and deliver gigabit capable solutions across the county. The report does however overlook a few key factors including market appetite to deliver within rural areas. Before the launch of the national superfast programme, central Government estimated only a third of rural areas in England would require public subsidy. In reality, CDS has had to support a much larger proportion of new networks in a number of rural areas due to the shortfall in market interest. Other limiting factors affecting rural areas include resourcing and supply chain constraints and some significant labour and skills shortages within the civil engineering sector. These are significant issues that also need to be addressed to level up the digital connectivity in rural areas and across counties. These points were also highlighted in our response to the VHTRAs consultation and our recommendations.

We are, through CDS working closely with Government to advance Project Gigabit and secure national investment to upgrade our digital connectivity. Project Gigabit is a centrally run programme, and new contracts and investments under this national programme will be managed by Government across the country, working with local bodies. We are gathering the evidence and data to support opportunities for Devon working collaboratively with Government officials and hope to begin the process of market engagement in the New Year. This will be led by Government, with our support, and will seek to test the market appetite to deliver gigabit solutions in Devon and Somerset which will help design new nationally-funded procurements. Our focus will be on targeting rural areas and supporting the areas with the poorest connectivity first not just uplifting those on good speeds to better speeds. The market is investing in gigabit solutions across Devon but is more focused on urban locations. We will seek to influence Project Gigabit to be designed to help address this imbalance and target national investment to communities with the poorest speeds.

## 2. Devon's Levelling Up Bids

Whilst I thank Councillor Atkinson for the question/s raised, I believe some initial clarification about the status of the Shared Prosperity Fund and the background to the other statements highlighted may be needed in order to provide a succinct and accurate answer.

Firstly, I would highlight that the details of the Government's forthcoming £2.6bn Shared Prosperity Fund have yet to be announced, and as such, Devon County Council is unable to comment on the specifics. We currently anticipate some details of the fund, including its operation and distribution, will form part of the Government's Levelling Up White Paper in December 2021.

The Government has however made initial announcements on two related programmes over recent weeks, the £220m Community Renewal Fund, a pilot programme for the forthcoming Shared Prosperity Fund; and the first round of funding released as part of the Government's Levelling Up Fund, a separate £4bn capital pot focused on accelerating regeneration / community activity at the District Level.

For its part, Devon has had mixed fortunes through these funds over recent weeks. With regards the Community Renewal Fund, the Government recently announced an award of £9.3m for Devon, to be spent through 13 successful projects by June 2022. This was the largest allocation in England to a single authority, making up approximately 4.2% of the national pot, and will enable a mixture of skills, employment, business support, community development and environment enhancement activity to be taken forward over the next 7 months.

Devon District partners and the County Council were however unsuccessful in securing any projects through the first round of allocations for the Levelling Up Fund. This was despite several Devon areas having been identified by Government for intervention within the related programme prospectus, and considerable joint working across local partners to identify and develop a range of high-quality projects. We are currently working closely with related partners to secure feedback around their projects from Government, and to make a strong case for any subsequent applications submitted to round 2 of the scheme. This second round is currently anticipated to launch in spring 2022.

In addition to these programme-based announcements, Team Devon partners have also worked together closely over the past few months in seeking to make a renewed case to Government for a fairer share of any future socio-economic funding for the Devon area.

Following the announcement of the total value of the Shared Prosperity Fund at Budget 2021, and potential use of the previous EU funding regime map to allocate future funds, work has been ongoing to consider how this may affect the County. This has included supplementary analysis of the likely distribution based on previous EU funding patterns, and how funding levels may differ if Government were to instead consider a more equitable approach to distribution based on current levels of deprivation and economic performance at a District level.

This however is speculative work at present, with examples seeking to influence emerging thinking and highlight the challenges involved should Government seek to repeat the previous EU funding regime allocation process nationwide.

With this background in mind, and in response to the five questions raised, I can therefore report the following:

1) Devon County Council has yet to discover how much funding the County is to receive from the Shared Prosperity Fund, and is therefore unable to comment on its progress using these funds against the £200m of ambitions identified through the Team Devon Prospectus.

The County has however had some initial success in securing £9.3m from the Government's Community Renewal Fund Programme, which will now be spent on related projects through to June 2022. Prospectus aims and objectives are also being pursued through an array of other funding sources, including the Council's own recovery programme funding (£6m agreed by Council in March 2021), through the use of recovery funds held by the District Councils; additional education and skills funding awarded to our colleges and through the LEP over recent months by DfE; additional resources released for community development and placemaking by DLUHC; and the alignment of projects using the balance of funds available from the EU Structural Funding regime through to the end of 2024.

2) This is a question best addressed directly to the Heart of the South West Local Enterprise Partnership, and / or through their Scrutiny Committee.

3) We do not yet know the outcome of the Shared Prosperity Fund allocation process for Devon, and therefore its likely impact on the shared ambitions set out through the Team Devon Prospectus. We anticipate being able to comment on this further following the publication of the Levelling Up White Paper in December 2021 and the launch of the UKSPF fund later next year.

4) The Government has yet to announce the outcome of the review of Local Enterprise Partnerships, or the details of the Shared Prosperity Fund. We currently anticipate these matters will also form part of the Government's forthcoming Levelling Up White Paper. This question is best addressed to the LEP directly and / or its Scrutiny Committee.

5) Devon County Council does not currently know the outcome of the Government's plans for the Shared Prosperity Fund, nor the levels of funding likely to be involved. As such, it is too early to speculate on the flexibilities and usage of any funds likely to be awarded.

However, Team Devon partners have sought to work together closely on our priorities and programme ambitions over the past two years, seeking to focus on a selection of shared aspirations through our recovery prospectus and its underlying themes. This approach has been carried over into the operation of other programmes over the past year, including the development of the local criteria for the Community Renewal Fund. As far as practicable, the authority will be seeking to extend this commitment to collaboration and joint prioritisation into future processes and funding delivery, building on the positive partnership experience to date.

**Councillor Rufus Gilbert**

Cabinet Member for Economic Recovery and Skills