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PRESS RELEASE

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"Stark divide" in UK's regional tech sector could hold back future growth

- *London, the South East and East of England perform well, but the new report notes the necessity for levelling up in Northern Ireland, Wales and North East*

LONDON, 24 October 2022: Future economic growth could be held back because of the 'stark regional divides' in the UK's technology sector, says techUK in a new report published today.

The technology trade association has published the second iteration of the Local Digital Capital Index (LDC Index), which measures the strengths of the UK's regional digital ecosystems, and concludes that a technology sector concentrated and reliant on the South of England isn't sustainable for the wider UK economy. The trade body has called on the Government to work with the industry in order to secure future growth in the sector, create jobs and invest at a local level.

The LDC Index assessments are made across six components: digital infrastructure, finance and investment, skills, digital adoption, research and development, and trade. The findings present a picture of a nation digitally divided; techUK notes that there is a split between rural and urban areas but also between the South and the North and UK nations.

techUK's Index found that Greater London and the South East scored consistently well across the various components. More localised data also found that the biggest tech investment hubs such as London, Oxfordshire, Gloucestershire, Bath and Bristol predictably show a strong digital ecosystem across multiple components.

However, Northern Ireland, Wales and the North East of England don't perform as well, even though digital connectivity is relatively strong in the North East.

The lack of a consistently strong digital ecosystem across the UK poses a threat to the growth of the country. The technology sector has been growing exponentially, leading to more jobs and higher wages, and the Index shows that further investment is essential to tap into the digital ecosystems of those local areas currently falling behind to ensure their growth and for the benefit of the citizens.

Recommendations to Government

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techUK strongly calls for closer collaboration between local and central government and the tech industry to fill these gaps, and has listed ten recommendations to government to achieve urgent levelling up across the UK's nations and regions:

1. Ensure that Project Gigabit reaches all areas of the UK, particularly rural communities.
2. Investment Zones announced by the Government must also be 'tech zones' to attract people to work, base their business in them and secure new future investment.
3. Improve skills data to ensure that activity, such as funded digital bootcamps, and comparisons of these activities are consistent across the UK.
4. Digital actions and activities should be identified in future Levelling Up bids and projects made by local councils to help address regional divides and exclusion.
5. Data should be shared more regularly on initiatives such as Help to Grow Digital to allow local activities to support national schemes.
6. Conclusive and consistent data to measure data ecosystems across the UK. Government should look to running a testbed with a Combined Authority to build a working model that can be adopted UK wide.
7. Devolved Government and elected Mayors should publish and regularly update their digital strategies. Central Government can't do this alone and needs to empower more local activity and accountability.
8. Finance and investment regionally lag behind London. Improved access to venture capital (VC) and angel investment, better signposting to support and test new proposals, such as the creation of new ringfenced regional funding in partnership with elected Mayors focused on digital outcomes and supporting vital national infrastructure.
9. Implement changes to the standard industrial classification (SIC) and standard occupation classification (SOC) to better mirror the tech sector and changing occupation, to better tracking and data capture.
10. Local collaboration to ensure digital connectivity reaches all areas of the UK and Mayors and Combined Authorities have an important role to play.

techUK CEO Julian David said:
"There is a stark divide in the UK's local, regional and national tech scenes. If we want to back the UK's future economic growth, that can't be allowed to continue. The technology sector has been growing exponentially and has the potential to add an extra £41.5 billion to the UK economy, however, for that to happen it needs to be strong across the whole of the UK.

"In the Local Digital Capital Index, we strongly encourage Government to work with the tech industry to ensure we achieve the levelling up, boost local communities and the overall economy".

Professor Kerensa Jennings FRSA, BT Group Director, Data Platforms, said:
"Having a data tool like the Local Digital Capital Index enables policy makers, businesses and civic leaders to make choices grounded in evidence. Our six critical components span infrastructure, skills, finance and investment, trade, adoption, and research and development. Taken together, they paint a picture of opportunity and challenge. Particularly

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through these times of great hardship for so many, I am hoping the findings help both those in power and those who need a voice on the ground take positive steps for change."

Kulveer Ranger, SVP at Atos and techUK Board Member, said:
"Against the backdrop of a cost-of-living crisis, it is more important than ever that local communities can harness the potential of a growing digital industry to ensure their future prosperity. Using our experience at developing innovation and skills, we aim to work with other industry partners and third sector organisations to help develop local, place based digital skills pipelines. We call this 'Innovating Up'."

-ENDS-

Notes to Editors

The full report can be downloaded here.

The data used in the Local Digital Capital Index is more localised data than in 2021 and has been developed working in conjunction with Henham Strategy.

techUK's Nations and Regions programme.

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 over 850 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.