

Press release

FOR RELEASE: 24 October 2022, 12:00 AM

Much to cheer about for the Scottish tech sector, but risks of some areas being “left behind”

- *Strong performances for Eastern Scotland in digital skills, digital adoption and trade, while West Central Scotland scores well in digital infrastructure*
- *However, the Highlands & Islands’ overall digital score is the lowest in the UK*

24 October 2022: A tale of two Scotland’s is the assessment from techUK, the leading voice of the tech industry, today as it publishes the latest version of the Local Digital Capital Index (LDC Index) report. Scotland’s rural versus urban divide shows an intranational divide which may prevent a balanced growth of its digital economy.

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 UK Government to work with the industry, devolved government and others 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.

Eastern Scotland scores well in skills and trade support and finishes 11th overall. Positively it has no single component scoring outside the top third of measures across all the UK’s regions. Digital adoption, particularly on measures such as a regions digital employment share and share of digital occupations is higher in Eastern Scotland than in Greater Manchester, Bath and Bristol or East Anglia. All this shows the strength and importance of the digital tech sector to the local economy.

However, more rural areas of the UK score poorly and the Highlands & Islands finishes lowest overall, despite pockets of strength in finance and trade being identified. While Southern Scotland scores in the bottom half across every measure and overall finishes a few places above the Highlands & Islands.

Recommendations to Government

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.

Julian David, techUK CEO, said

"Scotland has shown that it has a growing tech sector and successful companies providing excellent foundations to build on. However, this isn't consistent across the country and there is a risk that some communities could be left behind at a time when digital technology is being embraced and enhanced.

"The success seen in more urban areas of Scotland is to be applauded and competes with some of the best areas across the UK, however, the more rural areas lag behind. This isn't an easy challenge, and is replicated in other areas of the UK, but it is one that should be addressed when considering future growth and ensuring digital inclusion".

-ENDS-



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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 900 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.