

Agenda Item 4

Title:	Spending Review & Future Funding Landscape
Purpose:	To update the board on the announcements from the recent Spending Review and to consider the opportunities for Buckinghamshire economy from within the current funding landscape.
Recommendation(s):	That members note the content of this report and advise on how they would like the LEP to address the new funding opportunities.
Impact on Risk Register:	The Risk Register highlights the need to closely align our investment proposals with partners to deliver additional economic investment into Buckinghamshire.

1 Spending Review Summary

On 27th October, Rishi Sunak MP, the Chancellor of the Exchequer, delivered a statement on the Autumn Budget and Spending Review. It was the first full multi-year Spending Review since 2015 and represented the most significant policy announcement since the General Election in 2019.

Higher than expected economic growth (6.5% this year and 6% next year) along with much lower unemployment than anticipated means that Covid-19 related economic scarring assumptions have been revised down from 3% to 2%. If this proves to be the case it will be the lowest level of scarring from any modern recession, though clearly some sectors have been impacted to a greater degree than others.

This forecast has enabled the Chancellor to spend more on public services, driving economic growth and transitioning to a net zero economy than many had anticipated. This includes spending increases for all government departments and a 3% increase in local government spending. The levelling-up agenda was writ large throughout the Spending Review announcements, with investment in projects outside of London and the South East being highlighted.

2 Main Areas of New Investment

Funding for over 100 local projects was announced via the Levelling Up Fund and the Community Ownership Fund but only 14 of these projects are located in the South East and none in Buckinghamshire. Subsequent to the Spending Review the Community Renewal Fund bids were announced with Buckinghamshire successful in two projects. This includes the Visit Buckinghamshire project (referenced in the CEO report) that secured £800k, out of a total national investment pot of £220m.

The other significant funding announcements were:-

Community & Infrastructure

- Rail investment over £35bn for the Spending Review period.
- Additional £5.7bn over three years to keep essential rail services running.
- Reconfirmed £5bn investment in Project Gigabit.
- Strategic roads investment of £24bn (2020-25).
- Over £3bn of funding for buses, including a new dedicated commitment of £1.2bn for bus transformation deals in England and a further £355m for zero emission buses.
- Additional £2.7bn over the next three years for local roads.
- Maintenance in non-city regions, and £2.6bn for road upgrades.
- More than £2bn investment in cycling and walking initiatives.
- UK Shared Prosperity Fund launched with £2.6bn over 3 years.
- New English councils grant of £1.6bn in each of the next three years to support social care.
- Additional £37.8m to tackle cyber security.

Skills

- £2.8bn capital investment in skills, improving the post-16 estate, new places, specialist equipment and facilities, and delivery of 20 Institutes of Technology.
- Increased apprenticeship funding to £2.7bn by 2024-25.
- £1.6bn by 2024-25 for 16-19 year old education in England.
- £1.1bn per year increase in core funding for universities and research institutions by 2024-25.

Innovation

- Unspecified funding for the UK to become the first country to launch a rocket into orbit from Europe in 2022.
- £5bn in health-related R&D, including an increase of £605m from 2021-25.
- £2.5bn for Innovate UK core funding.
- £800m for the establishment of a new Advanced Research and Innovation Agency.

3 Alignment with current Bucks County Deal Proposals

There is close alignment between Buckinghamshire's priorities in its critical growth sectors and the government's ambition, especially at Westcott which is closely aligned to a rocket launch capability. The focus on innovation and R&D investment outside of the South East means that Buckinghamshire will need to demonstrate its role as being in the national interest and help develop UK supply chains with strategic link opportunities opening up in the North and Midlands. There is also the government ambition for strong UK company based global performance and the attraction of foreign direct investment.

In terms of the net zero agenda, there are opportunities for electric and autonomous vehicle development at Silverstone and a Hydrogen Innovation Hub. Net zero should be a cross-cutting theme across all propositions and projects in the County Deal.

There is an opportunity for Buckinghamshire as part of its County Deal to demonstrate how it could be a test bed and pathfinder for integrated approaches to health and social care helping the government to deliver its 2.4% R&D spending target by 2027.

Proposal	Potential funding opportunities
Westcott DISC & Apprenticeship Centre	Use the Science and Technologies Facility Council who will be managing the National Space Propulsion Test Facility to act as a champion to promote the DISC and Academy proposition. Meet with the Department of Education to explore how the academy concept may best be represented within the Skills Capital Funding Landscape.
Silverstone Expansion	Net Zero Fund linked to battery and alternative fuel cell development. Monitor the proposals for the development of Net Zero Innovation Zones currently being promoted by the Knowledge Transfer Network.
Global Screen Skills Hub	The Spending Review provides £42 million to support the UK's world-leading creative industries, including supporting SMEs to scale up and providing bespoke support for the UK's independent film and video game industries. Meet with the Department of Education to understand how the hub skills provision relates to the Skills Development Fund.
Bucks Health and Social Care Academy	The Academy proposals will need to clearly articulate how they are able to reduce NHS backlogs through effective staff training programmes and to attract and retain under represented groups in nursing and allied health professions.
Epilepsy Society Expansion	Opportunities to explore the £5bn Health R&D Fund aimed at life science & genomic research
Denham Hydrogen Innovation Hub	Monitor announcements relation to the Net Zero Hydrogen Fund and wider net Zero Innovation Portfolio managed through BEIS.

4 Partnership & Engagement Approach

Given the continued focus on Levelling Up, it is clear that we will increase our chances of success in showing a strong partnership approach to the different elements of the funding bids, we will need to demonstrate the national benefit of investment into Buckinghamshire's assets and in many cases will need to work closely with government departments and other national agencies to help deliver our case to Treasury officials and other funding bodies.

A new external funding group has recently been established as part of the Skills Action Plan, and given the rapidly changing funding landscape it may be helpful to replicate this approach for innovation and infrastructure funding areas.

5 The Evolving National Strategic Landscape

The recent launch of the Innovate UK – [Action Plan for Business Innovation](#) helps provide a framework for more direct engagement with many such partner agencies including British Business Bank (BBB), Defence and Security Accelerator (DASA), Department for International Trade (DIT), the Defence Science and Technology Laboratory (DSTL), Intellectual Property Office

(IPO), National Physical Laboratory and the wider National Measurement System, wider UK Research and Innovation, and associated bodies. This is the latest in a series of significant strategic announcements that support this evolving funding landscape, the most significant strategic developments for the Buckinghamshire are -

[UK Innovation Strategy](#)

This strategy focuses on how the Government support businesses innovate by making the most of the UK's research, development and innovation system developing the UK to be a global hub for innovation. Plans against 4 key pillars, which will support the achievement of that vision:

- Pillar 1: Unleashing business – we will fuel businesses who want to innovate
- Pillar 2: People - we will make the UK the most exciting place for innovation talent
- Pillar 3: Institutions and places - we will ensure our research, development and innovation institutions serve the needs of businesses and places across the UK
- Pillar 4: Missions and technologies – we will stimulate innovation to tackle major challenges faced by the UK and the world and drive capability in key technologies

[UK Hydrogen Strategy](#)

The UK's first Hydrogen Strategy outlines:

- how the UK will rapidly and significantly scale up production and lay the foundations for a low carbon hydrogen economy by 2030
- how government will support innovation and stimulate investment in the 2020s to scale up low carbon hydrogen

The Strategy details how the Government will look to capture the economic benefits of growing the UK hydrogen economy, supporting innovation and stimulating investment to develop the supply chains and skills needed and create jobs and export opportunities for the UK.

[National Space Strategy](#)

This first ever National Space Strategy brings together the UK's strengths in science and technology, defence, regulation and diplomacy to pursue a bold national vision:

The strategy outlines 4 key pillars which will support the achievement of that ambition:

- Unlocking growth in the space sector
- Collaborating internationally
- Growing the UK as a science and technology superpower
- Developing resilient space capabilities and services

6 Immediate Opportunities

- To work more closely with Innovate UK to help raise innovation levels across the County.
- To monitor the development of the new Advanced Research and Invention Agency and work with the newly appointed CEO.
- To follow up the recent visit from the UK Space Agency CEO and the Science and Technology Facilities Council to promote the globally unique role of Westcott in delivering the launch aspirations for 2022.

- To work with government departments to establish how Buckinghamshire's growth sectors could be supported through new funds / initiatives in particular through the Department of Education as part of the Skills Capital Fund and BEIS as part of the Net Zero Innovation Fund.
- To highlight the strong job growth and international investment in the Film and High-End TV industry but to highlight the risk of losing this investment due to skills shortages and need for greater investment in nationally recognised hub locations.
- To bid for funding to establish Skills Bootcamps in Buckinghamshire, to help ease skill shortages in key areas (including digital skills).
- Maintain close working relationships with DCMS to identify the latest investment opportunities.
- To promote new incentives to encourage more businesses to make green investments and reduce their carbon footprint.
- To develop a closer Team Bucks approach to share insight into funding opportunities and to collaborate on targeted funding applications.

Board members are asked to:

Note the content of this report and advise on how they would like the LEP to address and prioritise the new funding opportunities.