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Richard Leonard
Convener, Public Audit Committee

By email: publicaudit.committee@parliament.scot

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Dear Convener

During our evidence session on 9 May 2024, I agreed to write to the committee with further information on a number of issues raised, specifically:

- A breakdown of the investment provided for the R100 programme by both the UK and Scottish Governments to date;
- An update on Project Gigabit;
- Further details (including the total cost) of the San Francisco entrepreneurial programme; and,
- Further examples to add to the list on page 13 of the Auditor General's briefing on funding commitments to demonstrate progress since the delivery plan was published.

Digital Connectivity

The Scottish Government is investing over £600 million in the Reaching 100% (R100) programme, recognising that access to fast, reliable broadband is a key building block for a green and growing economy. The UK Government has contributed £52m to the R100 contracts.

£31m of UK Government support for R100 contracts is funded through their £5 billion Project Gigabit programme. We understand that local and regional procurements will form the next stage of Project Gigabit activity in Scotland and may see further UK Government funding committed.

There is no predetermined level of funding assigned to deliver connections in Scotland via Project Gigabit procurements. Instead, funding is allocated to each individual procurement based on a model developed by the UK Government and used to allocate funding in the same way across the four nations. Therefore, the Scottish Government will not receive consequential funding as with other UK Government initiatives. The first Project Gigabit procurement in Scotland was launched on 7th May 2024 with the contract expected to be awarded later this year. Further procurements will launch throughout the year subject to continued market interest.

San Francisco Entrepreneurial Programme

The Techscaler Silicon Valley Hub was delivered as a pilot programme in February 2024 with the aim of building links between Scotland's and Silicon Valley's startup ecosystems.

It consisted of a "pop-up" hub in San Francisco, which provided office space for 12 Scottish start-ups to use as a base during this time, from where they could build new business networks, learn from other world class businesses in similar markets, and connect with US founders, partners, potential customers and investors.

The programme also offered support for founders to find their way around San Francisco and Silicon Valley, signpost relevant events and facilitate introductions as relevant.

The cost of the pilot Techscaler Silicon Valley Hub was £56,394.

Further examples of funding commitments to demonstrate progress since delivery plan was published.

As noted in page 13 of the Auditor General's briefing, the NSET delivery plans include detail of funding commitments for some activities, including:

- £50 million for the Just Transition Fund;
- £42 million for the tech scaler programme;
- £25 million of supply chain investments as part of the ScotWind developments;
- £10 million hydrogen innovation scheme; and
- £4.7 billion of Covid-19 related business support.

Further examples include:

- The £1.3 million Pathways Pre-Start Fund to support women and other underrepresented groups to become entrepreneurs.
- £3.6 million this year to support ScotMER. ScotMER brings together a wide range of stakeholders to identify evidence gaps for ornithology, marine mammals, fish & fisheries, diadromous fish, benthic, physical processes and socio-economic topic areas.
- £28.75 million of Scottish Government investment in the Scottish 4G Infill (S4GI) programme to provide 4G coverage in 'notspots' across parts of rural and island Scotland.
- Over £600 million Scottish Government investment into our Reaching100% (R100) programme to increase fast reliable broadband.
- £1.3 million of funding between 2022 and 2024, to support 13 projects through the Workplace Equality Fund (WEF), providing financial support for employers to address longstanding barriers in the labour market for priority groups.
- £1.9 billion in Scottish Government investment through Regional Growth Deals to unlock potential in regional economies over the next 10 years.
- Up to £500 million investment over 5 years to support offshore wind supply chains, including £67 million in 2024-25.
- £1.4 million this year and £1.4 million next year for Scotland's Migration Service.

Our NSET Annual Report was published on the Scottish Government website today (Wednesday 19 June 2024) – [National Strategy for Economic Transformation - Second Annual Progress Report - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/publications/2024/06/nset-annual-report-2024-25/).

As well as updating on progress in delivery, the Annual Report now includes a new section on evaluation consistent with helpful feedback from the Committee. The forthcoming Programme for Government will align with updated NSET delivery plans. These will prioritise those actions within NSET that will be taken forward over the next year to achieve NSET outcomes and subsequently drive budget decisions too. We will also work with Ministers to ensure that Audit Scotland recommendations are fully considered as part of our ongoing work to improve governance, reporting and delivery.

Regards

Gregor Irwin
Director-General Economy