



GFirst LEP: Response to Building our Industrial Strategy Green Paper

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Background

GFirst LEP welcomes the publication of the Industrial Strategy Green Paper and the renewed emphasis on improving productivity and the UK's global position in key competitive sectors. GFirst LEP also welcomes the recognition of the importance of place in the Green Paper and the desire to ensure growth happens across the UK.

Gloucestershire has a prosperous and resilient economy set within a highly attractive natural environment, which offers a high standard of living for local residents. The County is predominantly rural with two urban centres, Gloucester and Cheltenham, which serve as the main business and commercial heartland. These urban centres are complemented by vibrant market towns that act as valuable employment hubs and key providers of services. The development of the County has been strongly influenced by connectivity to the Midlands and South West via the M5 corridor and to London and the South East via the M4 corridor

The county has circa 27,500 businesses supporting a workforce of approximately 294,000 employees. We are in the top three LEPs for employment within knowledge intensive manufacturing and services. We have the highest percentage in all LEP regions of employees in high and medium technology manufacturing and an abundance of SME's in cyber security and creative industries, including digital, all of which have high growth potential. We have been acknowledged by Government as 'punching well above its weight' and being one of the best performing LEPs nationally for Growth Deal delivery.

Industrial Strategy

We welcome and support the need for an Industrial Strategy, and we agree that such a strategy should recognise the different strengths and opportunities of different places. To be successful it needs to be ambitious, clear and urgent, elements that are not readily apparent in the proposed structure. We believe that one strategy reflecting one approach will not work for all areas. There must be flexibility for local needs and opportunities to be maximised. **The focus of this response is therefore on its impact locally. It is important that the local strategy should have private sector leadership supported by national and local government and not the other way round.**

We feel that a "strategy" is as much about defining what the Government will not support as well as the areas that it will support. It should clearly state those industries that they think should be supported financially and those that will be supported non-financially. For example the former should include artificial intelligence, nanotechnology, robotics, advanced materials, genetics, aeronautics etc. The latter might include steel, shipbuilding, mining etc. which, broadly, fortunately, do not impact on the economy of Gloucestershire. Non-financial support can be extremely influential through the use of laws, licenses, regulations etc.

We welcome an approach that focuses on niche high growth sectors and opportunities in addition to looking to develop areas where existing sectors are embedded. Place will be a key success factor for an Industrial Strategy. Previous sector-focused strategies have failed on this point. A strategy must recognise the value of connections between government, local government and LEPs, and the critical role of place in driving growth through transport, planning, housing, skills, business support and public service reform.

Investing in science, research and innovation

As referenced below, GD3 funding will accelerate the cyber security industry to the west of Cheltenham and in association with GCHQ and private sector businesses. The industrial strategy should reflect this important growth sector and enable the LEP to attract World-class businesses as well as research institutions to the county to work in partnership to grow businesses and the talent required to support the sector.

Agricultural science and technology is rapidly becoming one of the world's fastest growing markets, driven by a rising population and shortages of land, water and energy. The Royal Agricultural University in the county is well positioned to play a leading role in this global challenge of the "sustainable intensification" of agriculture via its Rural Innovation Centre and its LGF funded Centre for Research Translation (CRT). The CRT will support the growing demand for agri-technology solutions with a particular focus on innovation and effective application. Innovation and research are also key themes of our LGF funded Gloucestershire Renewable Energy Engineering Nuclear [GREEN] initiative at Berkeley. This will provide a home for University research into a test bed for solar, wind and tidal energy complementing the engineering offer which will include scientific research into battery technology, energy storage, grid technology etc etc. **We need funding to support the commercialisation of new ideas by strengthening links between HE, FE to support science, research and innovation leading to growth in productivity.**

Upgrading infrastructure

Our SEP provides for ambitious plans for growth. To achieve this, **we need to have a collaborative approach on planning with local authorities to ensure that the planning system supports and promotes sustainable economic growth.** Housing is also critically important in securing this economic growth. However National and local politics, as well as the speed at which local developments come forward, has proven to be the main barrier to new development and have constantly caused delay and inconsistency within the planning system.

Consistency in decision-making is important both to developers and local planning authorities (LPAs), because it serves to maintain public confidence in the operation of the development control system. We are working closely with local business in Construction and Infrastructure sector and some LPAs to see if we can devise a model that will overcome these barriers to development. We have been encouraged by the cooperation and positive approach of the LPA's involved in creating this pioneering programme which, if successful, can be rolled out to all Districts in the county and shared with other LEPs.

To enable investment in the county's businesses and enable new economic activity on what is currently for sterilised land we need the Environment agency and partners to jointly develop and agree a 5 year investment programme for flood alleviation work on the River Severn. The shortcomings in the existing **Broadband provision has been highlighted by developers as another barrier to economic growth that needs addressing by a more flexible and localised approach to the deployment of funding in deploying the Next Generation Access.**

Growth Deal funding, through strong partnership working and the leadership of the LEP, has enabled Gloucestershire to focus on projects of strategic importance locally, nationally and internationally. The LEP has clearly demonstrated an ability to identify good projects; evaluate them; with the assistance of

our accountable body, robustly scrutinise them; and, most importantly, deliver the projects on time, to budget and in short order. As a result, GFirst LEP has welcomed the process and allocation of Growth Deal funding and would fully support a further allocation of funding for the period beyond 2020-21.

Improving procurement

We agree the importance of creating the right conditions to put UK supply chains in the strongest possible position to compete for contracts on the basis of best value. The commitment to raise SMEs' share of central procurement to one-third and to ensure all major government suppliers sign up to the Prompt Payment Code, promising to pay suppliers, including small businesses, promptly and fairly is welcomed. **We support the procurement approach outlined to the to the Brexit/OJEU challenge via the 4 broad areas outlined: stimulating innovation, use of "balanced scorecard", key industries and transforming digital procurement.**

Delivering affordable energy and clean growth

This area has the potential for huge growth within the county. We have some major providers based in Gloucestershire. These include EDF Energy, Horizon Nuclear Power, Magnox, Ecotricity and Tidal Lagoon Power to name but a few. Our current Growth Deal also contains £5m for Gloucestershire Renewable Energy Engineering Nuclear [GREEN] for STEM skills training. This will be the UK's first zero carbon skills centre. **We welcome that the transition to a low carbon economy will be done in a way that minimises costs and that this will be done in conjunction with the energy providers and capitalize on our strengths in these industries.** We believe that the industrial strategy provides the opportunity to ensure adequate measures are in place to incentives further the move to a low carbon economy.

Driving growth across the whole country

As mentioned earlier we firmly believe that one size does not fit all and that any Industrial Strategy should provide flexibility for local needs and opportunities to be maximised. Our aim is to accelerate economic growth in Gloucestershire by focusing on key drivers of productivity and supporting growth in high value sectors. Our SEP is ambitious in this respect. With leadership from the private sector through the LEP, it seeks to grow the economy by creating 34,000 jobs, more than 5000 new apprenticeships and create a GV A uplift of 4.7% - almost £500m. The 7 councils and LEP are working collaboratively to provide 47,000 new, homes, 180 hectares of employment land and circa £800m of critical infrastructure to support

This will be achieved by retaining and expanding our productive high value manufacturing sector, supporting accelerated growth in knowledge-intensive services which are growing but still under-represented relative to the rest of the UK. To enable this we need simplified planning and licensing processes to help businesses and growth and speed delivery by avoiding unnecessary blocks to development and employment decisions. We also need the funding and the Governments will, to unlock longstanding connectivity problems, particular along the M5 corridor – the economic "Growth Zone" in our SEP.

Growing Places funding has made a significant contribution to growing our economy. We have used the funding on a sustainable loans basis. **We believe that a further allocation of local growth loan funding for Gloucestershire that enabled the provision of direct and low cost capital loans to businesses in the county would further drive local growth.**

Developing skills

The identification of skills as one of the pillars of the strategy and the increased focus on skills as part of a successful industrial strategy is very welcome. In Gloucestershire, we support the proposals in the Green paper. However we would also like the Government to acknowledge the scale of the impending replacement demand situation brought about by a low birth rate and an aging population. Reskilling is going to become a priority and will be exacerbated if skills cannot be imported from abroad. This forecast is reflected in many parts of the Country. In addition students should be prepared to have a number of different careers during their working life. For this very reason we welcome the Green papers appreciation of the importance of Life Long Learning.

In particular we must ensure we continue to align Science Technology Engineering and Maths (STEM) education capability with STEM sector industrial growth and demand. Through the LGF we have already invested £7m in STEM skills provision as part of the county's 6 year STEM strategy including the innovative Berkeley GREEN project. It is essential to create clear progression routes into industry by enabling employers to forge partnerships with schools, colleges and universities and in doing so making STEM learning relevant to their workplaces. **We have carried out an innovative, extremely successful, programme introducing Engineering to the majority of Primary Schools in the county, using local businesses. This clearly indicates that Primary Schools are the place to start and funding needs to be made available to both support and drive this forward.**

Supporting businesses to start and grow

We are proud to have the 2nd highest 3 year business survival rate among LEPs. Following LGF funding, our focus is currently primarily through a Growth Hub providing a physical hub of resources, connections and support to drive business and economic growth in the county. With close links to Higher and Further Education, it provides focused business support for businesses to both start and grow. Further resource centres are being networked across the county in both a physical and virtual form. This includes a major presence in each of the 31 libraries across the county fully supported by a bespoke CRM system. All of this is funded by £12m in our current Growth Deal.

The Growth Hub have also developed a SME and Early-stage Enterprise Development [SEED] fund with the RGF to provide public grants to SMEs towards the cost of business development projects that will create new, sustainable jobs in Gloucestershire. The programme also provides business support and incubation services. The major funding opportunities are addressed by the creation of an LEP banking and finance panel that provide a monthly drop in clinic. The panel comprises a range of financial providers including, high street banks, crowdfunders, business angels, venture capitalists and grant specialists. They provide free, impartial advice that often involves a bespoke solution of 2 or more components. This is a highly effective model that will be shared with other LEPs.

The Industrial Strategy should commit to long-term and adequate resource funding for successful Growth Hubs to replace European funding when that ends.

Encouraging trade and inward investment

Gloucestershire is ranked 1st among the LEPs for the proportion of employment within 'export intensive' sectors. Despite poor data there is clear evidence that we are under-performing relative to the UK. Our SEP and ESIF make specific reference to these challenges and issues, and the need to tap into this latent

potential. We need Government funding and support to provide resources that provide an SME focus on how to realise their export potential and opportunities by raise awareness, developing peer to peer networks, and signpost to existing provision, or develop provision where it doesn't exist etc.

We agree with the need for a strategic approach towards inward investment including initiatives to encourage our companies to exploit their growth plans. **In such a competitive and global environment, we are aware that other countries have attractive incentives in place to specifically attract inward investment. We need to be able to compete.**

Cultivating world leading sectors

We already have institutions and businesses in world leading sectors in cyber security, agri science, aerospace, advanced engineering including spectroscopy and advanced materials. All of these have potential global strength and huge potential for supply chains. Arguably the most important of these currently is GCHQ located in Cheltenham. In 2015 the Government announced the creation of a Cyber Centre based in Cheltenham. The GCHQ Director of Cyber Security has stated that their vision for the centre is that it could act as a catalyst for commercial cyber development activities for business start-ups, technology incubators and more mature businesses.

We thus have the opportunity to become a world leader in cyber security and provide an extensive high tech supply chain. GD3 funding will start making this a reality and mirror the successes we have achieved in accelerating growth through the current LGF. The provision of a Cheltenham Cyber Park on 45ha of land adjacent to CGHQ will be a game changer for the economy of the county. It will create 7500 jobs and 500 houses whilst providing substantial private leverage. **The speed of the transport infrastructure required to enable a major development such as this will require simplified processes, effective leadership and engagement of government agencies arguably on a timescale not encountered before by the county.**

Creating the right local institutions to bring together sectors and places

It is essential that we work together with businesses at a local level along with Local Authorities and MP's to create a civic enterprise leadership model with the LEP acting as the honest broker. We have created a network of LEP Business Groups made up of industry experts, covering Gloucestershire's leading business sectors and ensure that what we do is firmly rooted in the real world. They provide business leadership influencing local strategy such as our highly successful Growing Places Fund. This removes barriers to economic growth and supports the delivery of our SEP and Growth Deal via a financing rather than a grant model. **Whilst an increase in our RGF funding is desirable, most importantly for LEPs it is essential that they are guaranteed multiyear funding until the end of their Growth Deal.**



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