

# Local Industrial Strategy

## Emerging policy themes and propositions

September 2018

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# What are local industrial strategies?

- ▶ **long-term**, based on **clear evidence**, aligned to the national Industrial Strategy
- ▶ identify local strengths and challenges, future opportunities and the action needed to boost **productivity, earning power and competitiveness**
- ▶ guide local funding streams and spending from national schemes
- ▶ consider place and have an element of distinctiveness



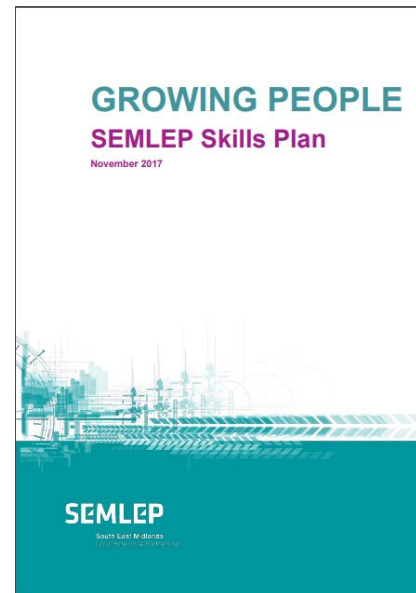
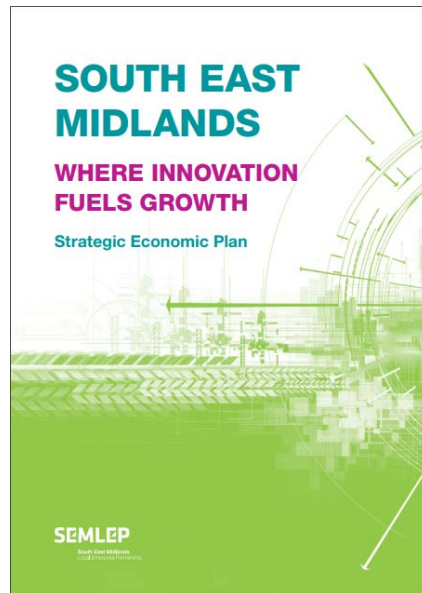
# Linked to Industrial Strategy 'Grand Challenges' to be addressed



- ▶ Artificial intelligence and data
- ▶ Ageing Society
- ▶ Clean growth
- ▶ Future of mobility



# Strategic leadership for increasing productivity in the area



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# Mission

To build on our reputation as a premier location for growth, innovation, creativity and world-leading technologies, resulting in the doubling of GVA by 2050.



## GROWING BUSINESS

1. To use our strengths in high-performance technology, including Next Generation Transport, to deliver commercialisation of innovation, driving growth within the Cambridge-Milton Keynes-Oxford Growth Corridor.
2. To deliver increased levels of private sector investment, including Foreign Direct Investment into the area, and grow jobs by 10% by 2025.
3. To deliver greater trading activity between companies in our area and elsewhere, with a special emphasis on emerging global markets, but also working to retain good European links.



## GROWING PEOPLE

4. To deliver an integrated and employer-led approach to skills attainment to ensure that our population is aware of, and has the attributes and competencies required for, a modern, competitive economy.

This will comprise all pathways including delivery of 170,000 apprenticeships in the decade to 2025/26 and opportunities for up-skilling, re-skilling and re-engagement.



## GROWING PLACES

5. To deliver sufficient new homes – with 130,000 planned in the decade to 2025/26 – to meet the needs of our growing population, with an emphasis on accelerating the completion of units with planning consent.
6. To deliver the infrastructure needed to achieve our full growth potential, including East-West Rail and the Expressway, and much-improved Broadband and wireless connections.



## CROSS-CUTTING

7. To ensure that this growth is undertaken in a manner that promotes social inclusion and environmental sustainability.

# Local Industrial Strategy: delve deeper into specific issues important to future productivity

- ▶ Industrial sub-sector strengths and weaknesses
- ▶ Recently-identified constraints to business growth
- ▶ Local energy constraints and opportunities
- ▶ Future technological trends
- ▶ SEMLEP area position within the Oxford-MK-Cambridge Growth Corridor



# Nine emerging themes/propositions

- ▶ Commercialisation core of the Growth Corridor
- ▶ Advanced logistics centre of excellence
- ▶ Hub of ICT and digital training
- ▶ Employer-led skills development
- ▶ Providing businesses with the premises they need to grow
- ▶ Supporting business scale-up
- ▶ Energy: overcoming capacity constraints and capitalising on productivity opportunities arising
- ▶ Piloting a settlement of the future
- ▶ Greater connectivity





# SEMLEP area as the Commercialisation Core of the Growth Corridor

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**The SEMLEP  
area contains  
a large  
number of  
cutting edge,  
high-tech  
assets...**



Mahle Powertrain, UK's first RDE  
vehicle test chamber, Northampton



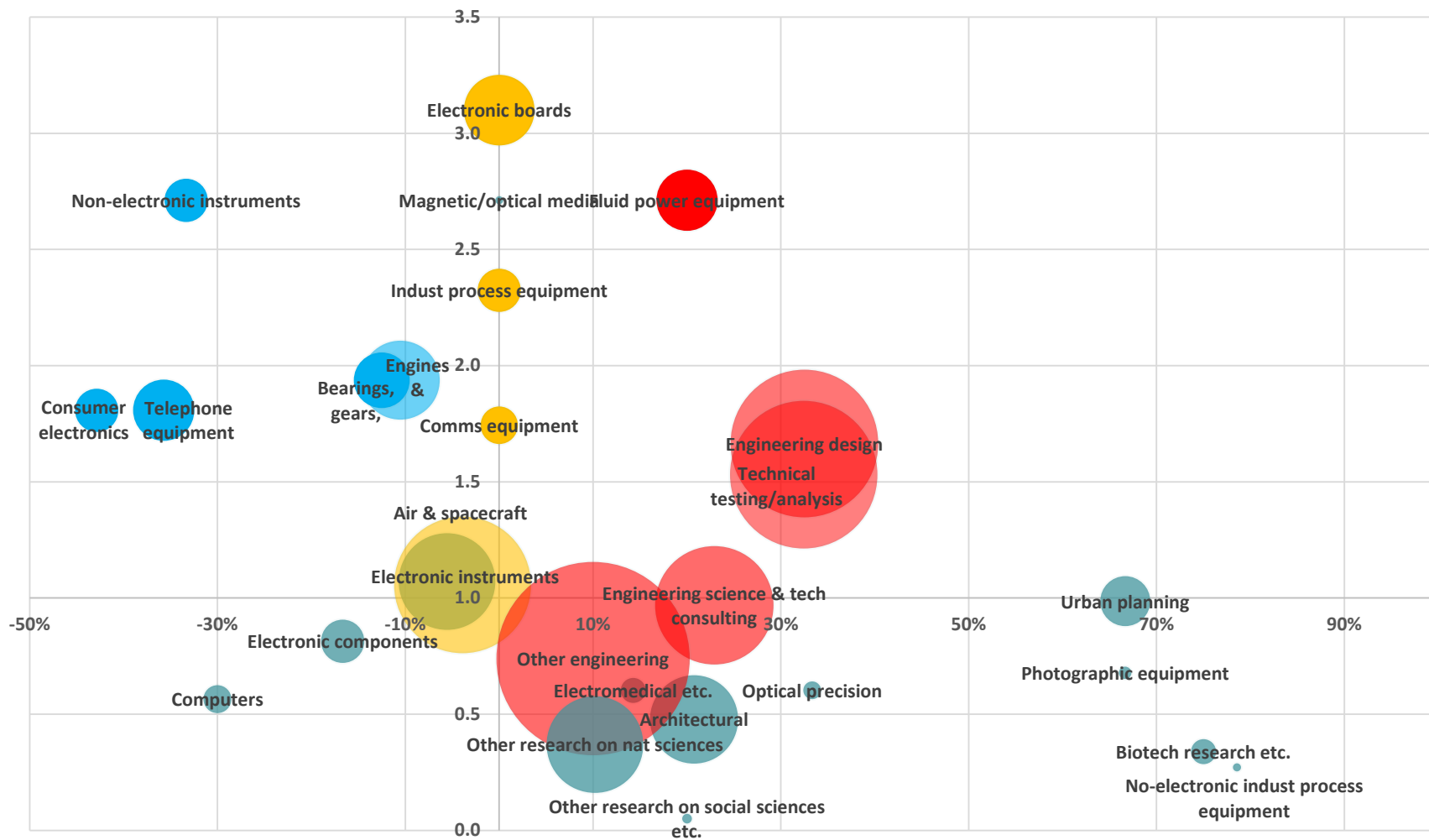
Millbrook Proving Ground,  
Central Bedfordshire



Transport Systems Catapult,  
Milton Keynes



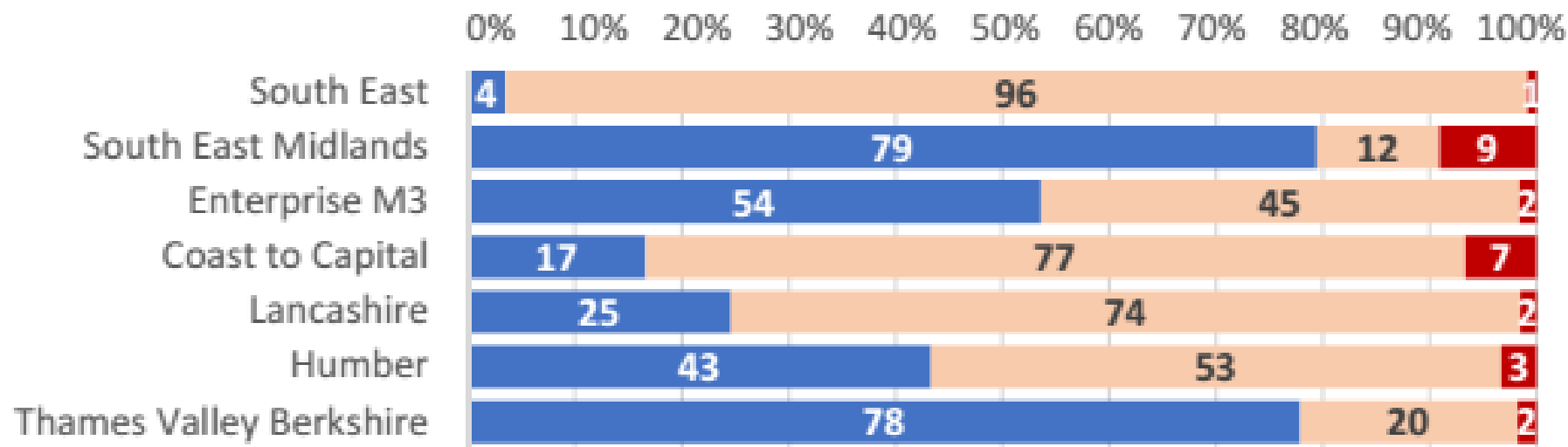
# ...and acts as a test bed for new and emerging technologies



[Source: SEMLEP analysis, using ONS Business Register and Employment Survey: x-axis = national employment growth, 2009-15; y-axis = SEMLEP Location Quotient; size of bubble = quantity of employment in SEMLEP]







# Impressive record on commercialisation

Contract Research – annual average 2010/11-2012/13 – % split in income: ‘large businesses’, ‘public & third sector’ and SMEs

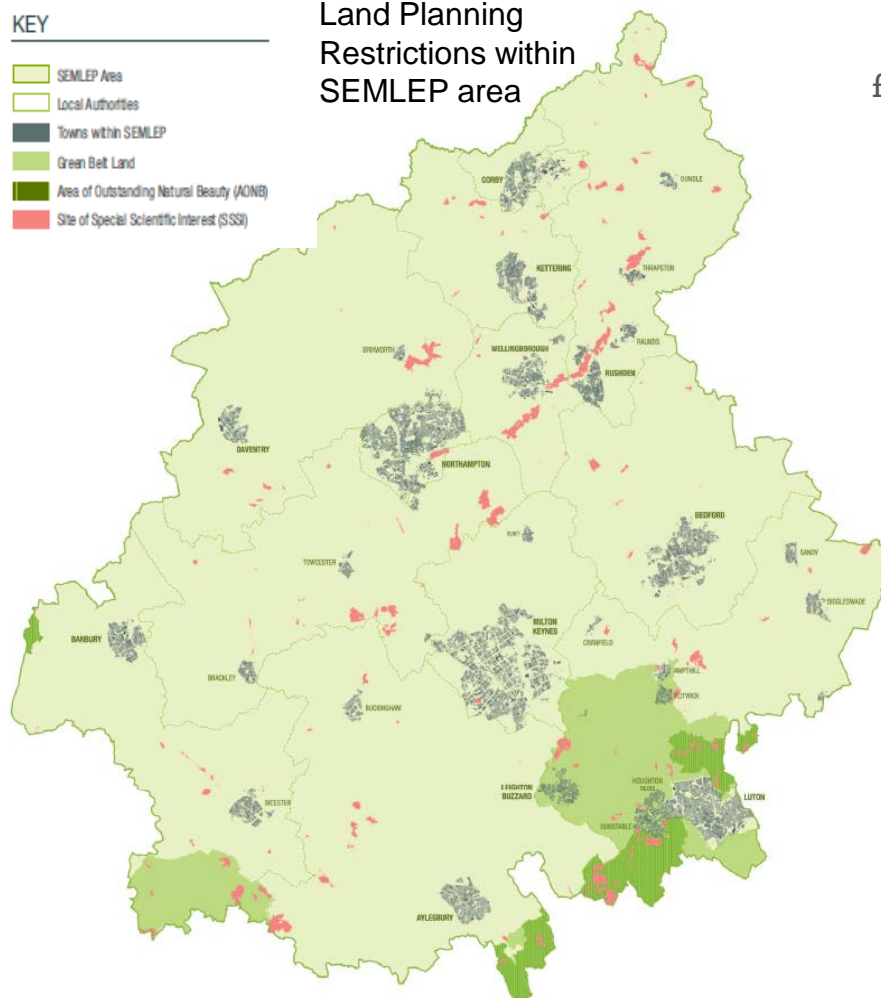


# Assets, current record and land: 'commercialisation core' of the Growth Corridor

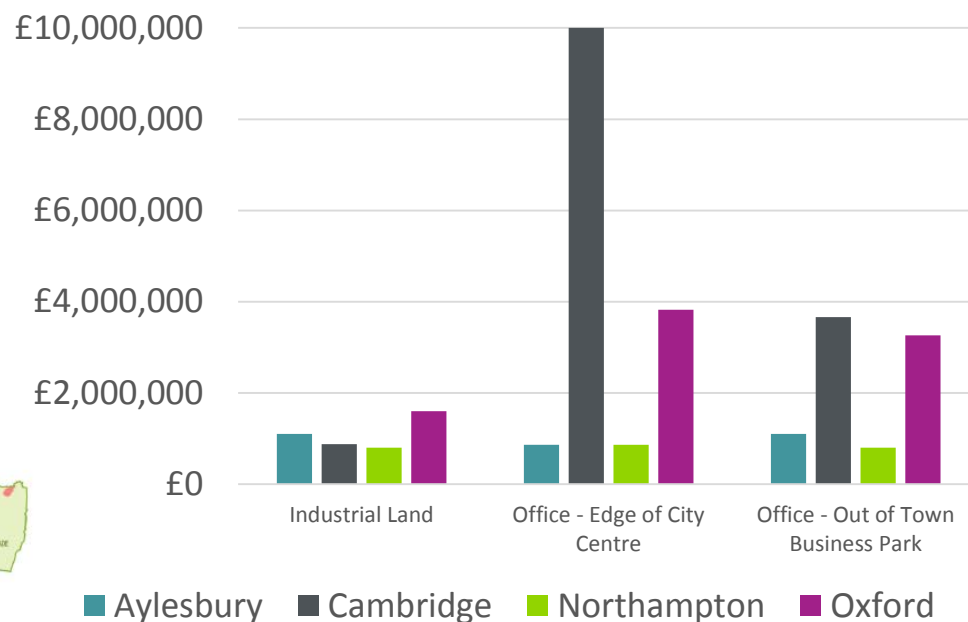
## KEY

-  SEMLEP Area
-  Local Authorities
-  Towns within SEMLEP
-  Green Belt Land
-  Area of Outstanding Natural Beauty (AONB)
-  Site of Special Scientific Interest (SSSI)

## Land Planning Restrictions within SEMLEP area



## Land Value Estimates across the Growth Corridor, £ per hectare



NB: Cambridge City Centre Office figure actually £20.9m – not shown in full here for issues of scale.

[Source: MHLCLG Land Value Estimates for Policy Appraisal. Estimates for values as of 1 April 2017]

## *Already underway*

- ▶ Development of East-West transport links
- ▶ Facilitation/brokerage between business and government, and working to support the relevant sector grouping and business clusters

## *Further potential actions*

- ▶ Marketing of, and wider support for a 'Cluster of Clusters'
- ▶ Specific promotional activity (e.g. around aerospace and defence)
- ▶ Further activity to strengthen high-tech skills and digital/ energy/ transport infrastructure





# SEMLEP area as an Advanced Logistics Centre of Excellence

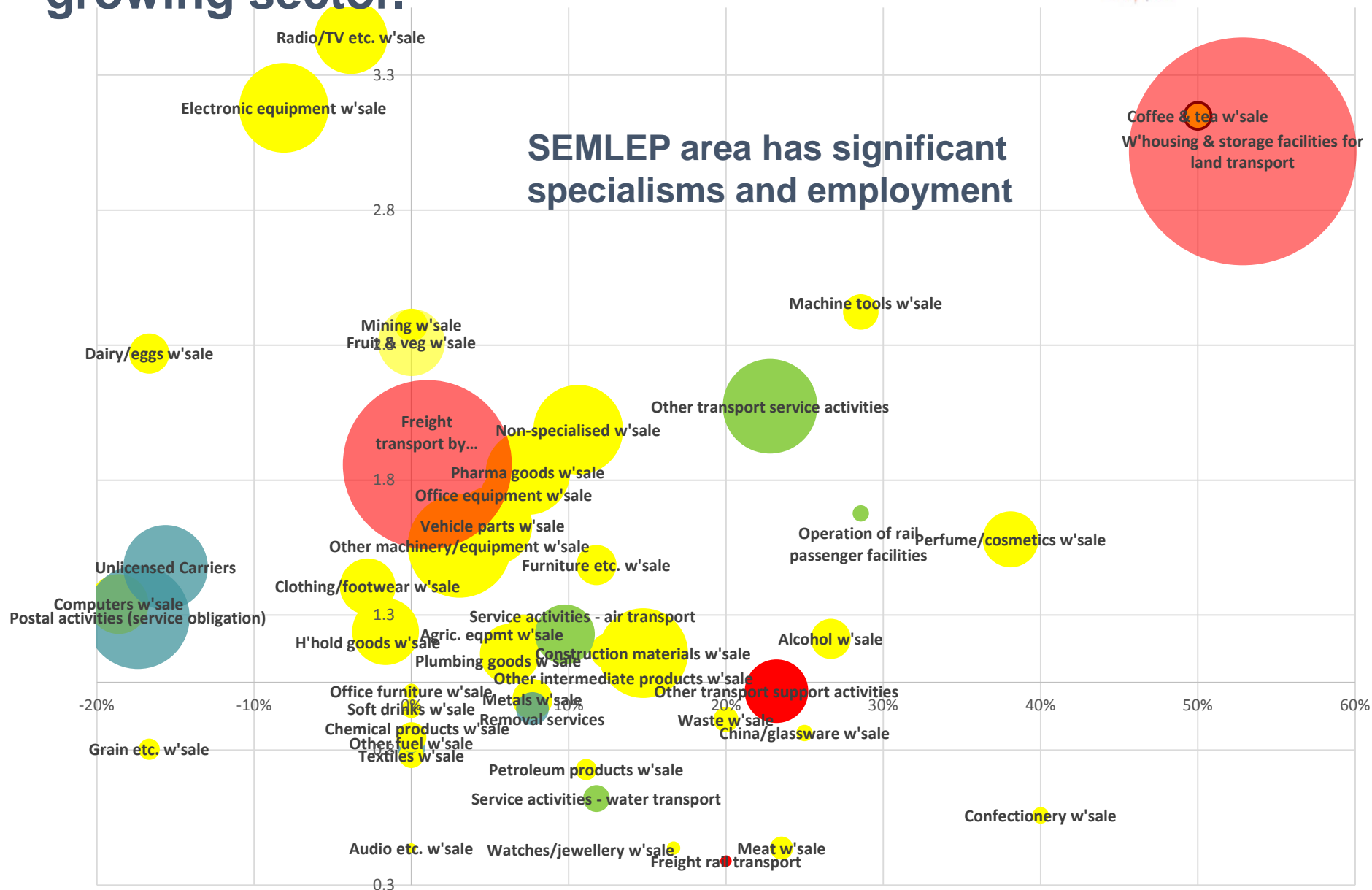
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# Logistics is a nationally- and locally-growing sector.



**SEMLEP area has significant specialisms and employment**



# Logistics: relatively low productivity and not as innovative



	Total	Creative and Cultural Sector	High Performance Technology Sector	Logistics	Manufacturing and Advanced Technology
Number of interviews (unweighted)	2,359	358	125	217	73
	%	%	%	%	%
Introduced new products, services, patents or processes in the last 12 months	25	28	17	13	13
Expect to introduce new products, services, patents or processes in the next 12 months	31	36	17	15	20
Links with universities or colleges for research and development purposes	8	9	6	3	7

[Source: SEMLEP 2017 Business Survey]



## Major potential to boost productivity



- ▶ Automation in logistics and supply chain activities
- ▶ Predictive analytics to better match supply with demand
- ▶ Aligning operations for greater customisation
- ▶ Latest technologies for last mile delivery
- ▶ Machine learning algorithms and AI
- ▶ ‘Game-changers’

# Actions

## *Already underway*

- ▶ ‘Growing People’ skills plan: working with logistics businesses to secure a supply of higher skills for the sector
- ▶ LGF infrastructure projects to support the sector and reduce congestion

## *Further potential actions*

- ▶ Supply Chain 4.0 South East Midlands Hub of Excellence proposal
- ▶ Use SEMLEP area as a test-bed for innovative freight technologies





# Employer-led skills development

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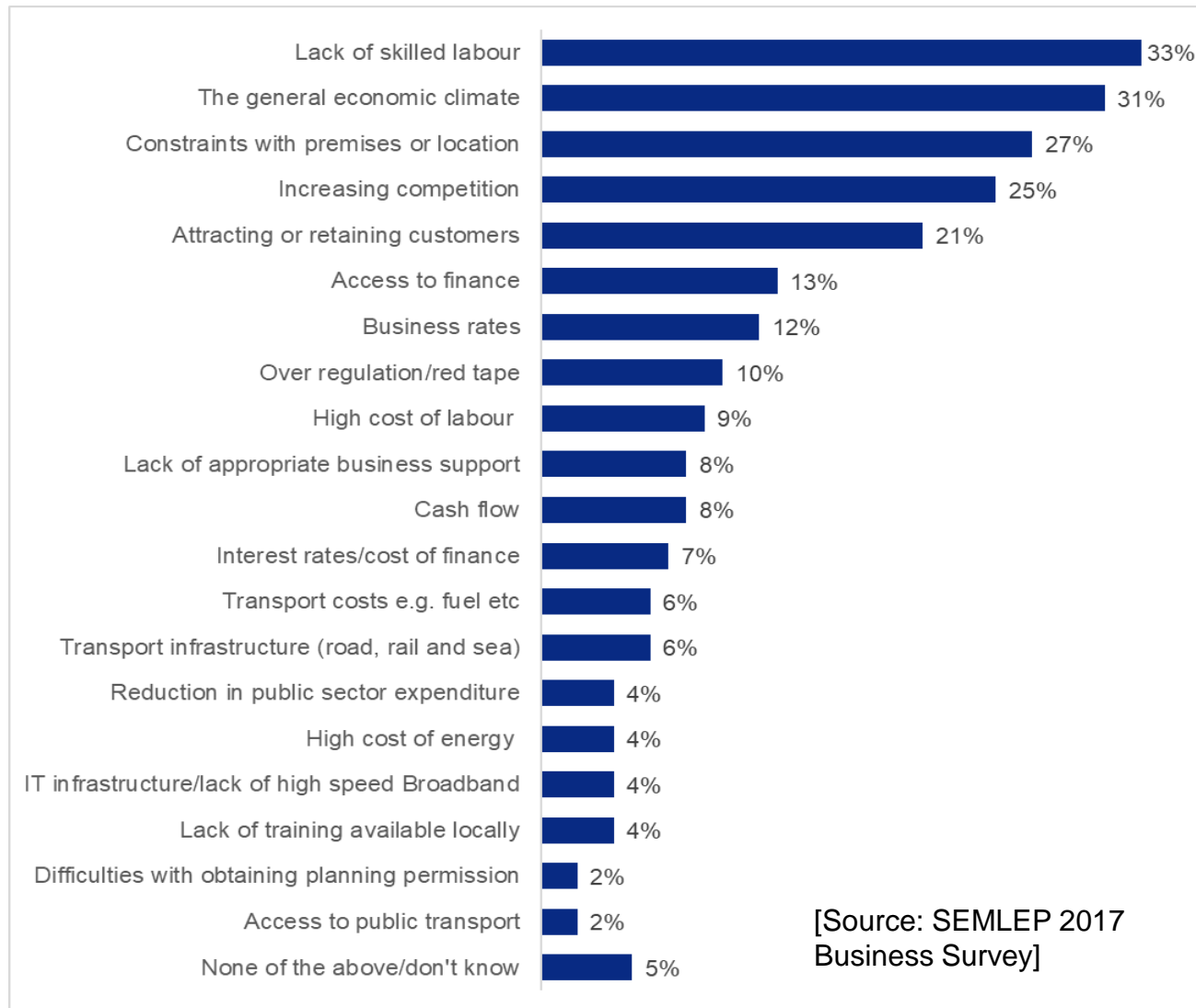
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# Top constraint upon business growth: lack of skilled labour



Number of  
respondents:  
2,353.

Question asked:  
What do you  
consider to be  
constraints on  
your business  
growth?  
(Prompted list).

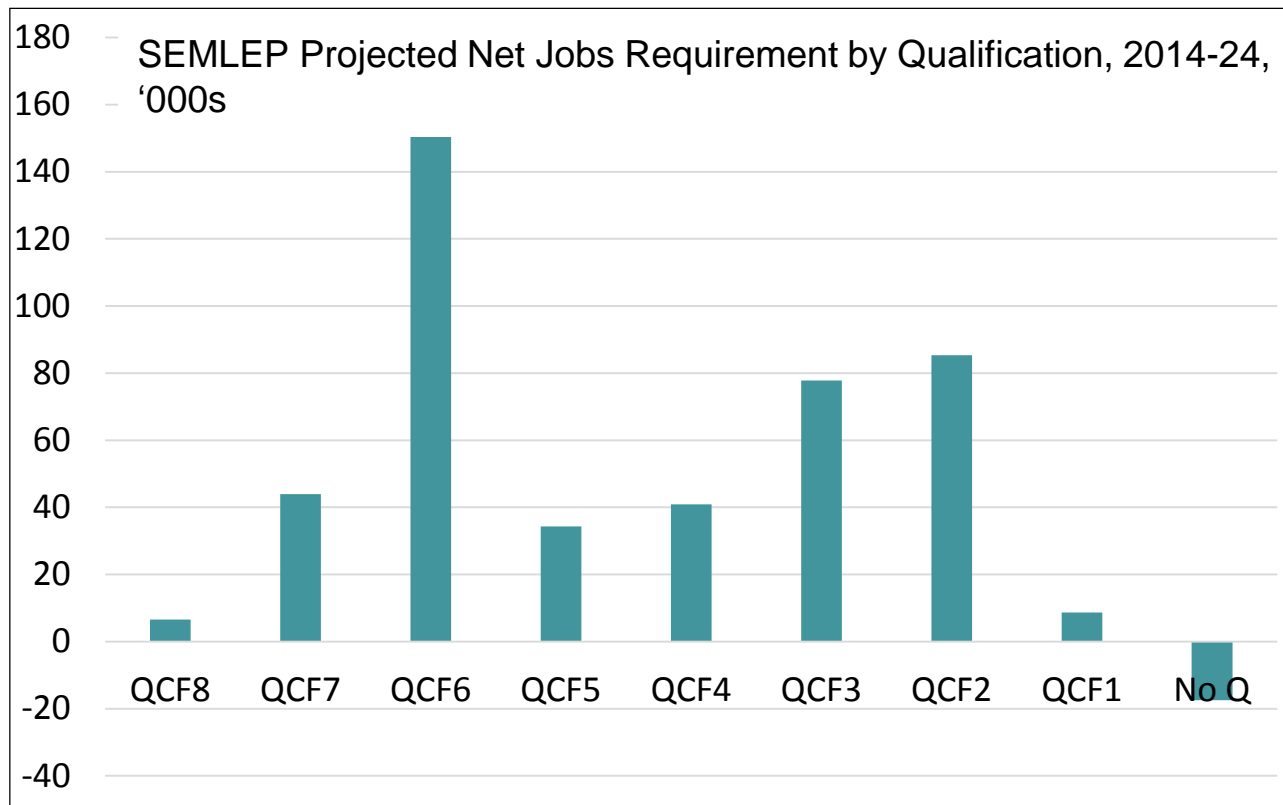


[Source: SEMLEP 2017  
Business Survey]

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# Set to become increasingly acute over time



Over 65% projected jobs required by 2024 will require Level 4 qualification or above



# Actions

## *Already underway*

- ▶ ‘Growing People’ skills plan: improving Labour Market Information, increasing employer engagement with educators, supporting people into and within employment and, investing in skills infrastructure (through Local Growth Fund)
- ▶ Employer engagement

## *Further potential actions*

- ▶ Increased funding for more of the above
- ▶ Greater influence on local adult skills funding allocation
- ▶ Greater sharing of skills datasets
- ▶ MK:U and Bletchley Institute of Technology



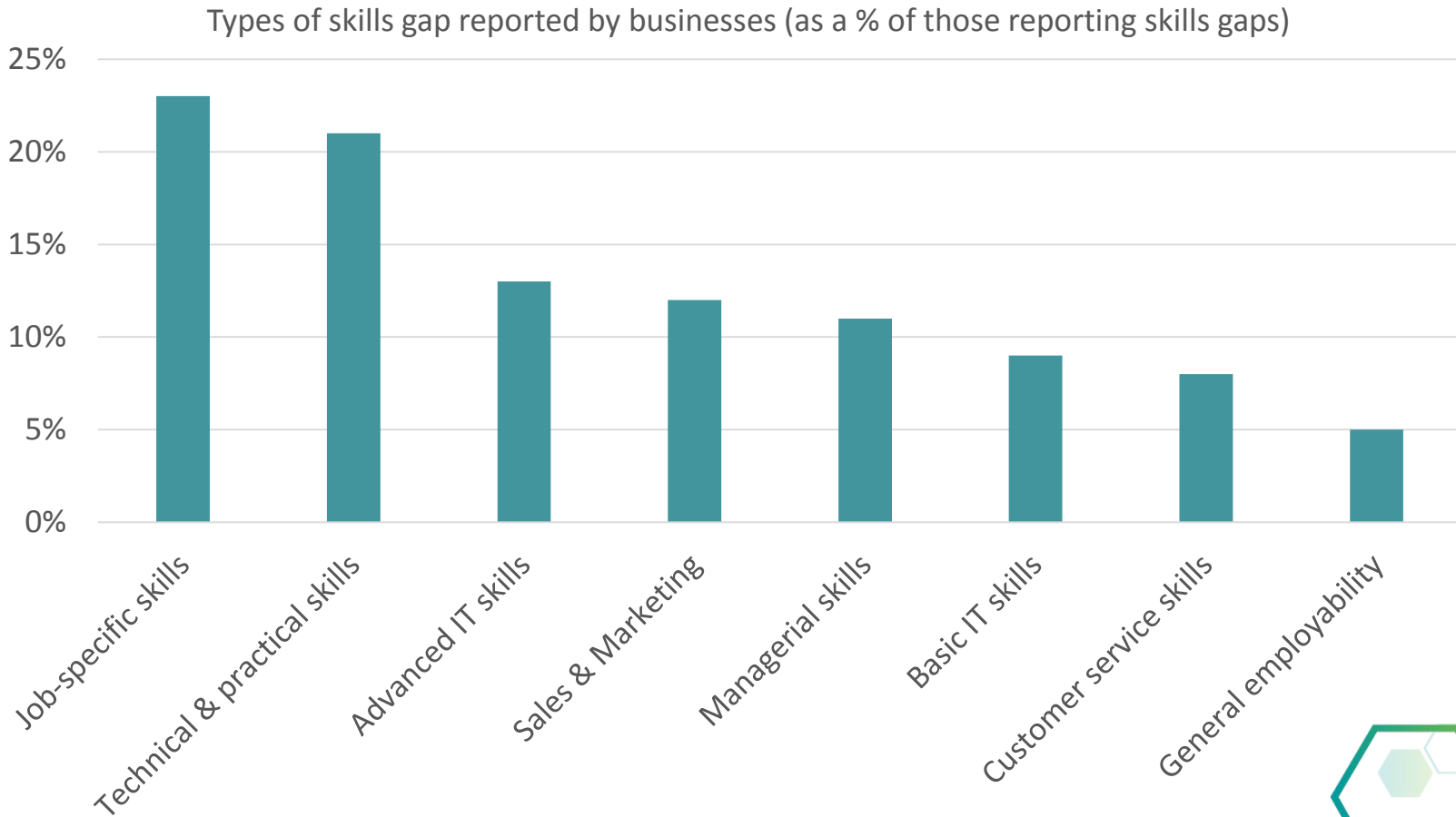


# SEMLEP area as a hub of ICT & digital training

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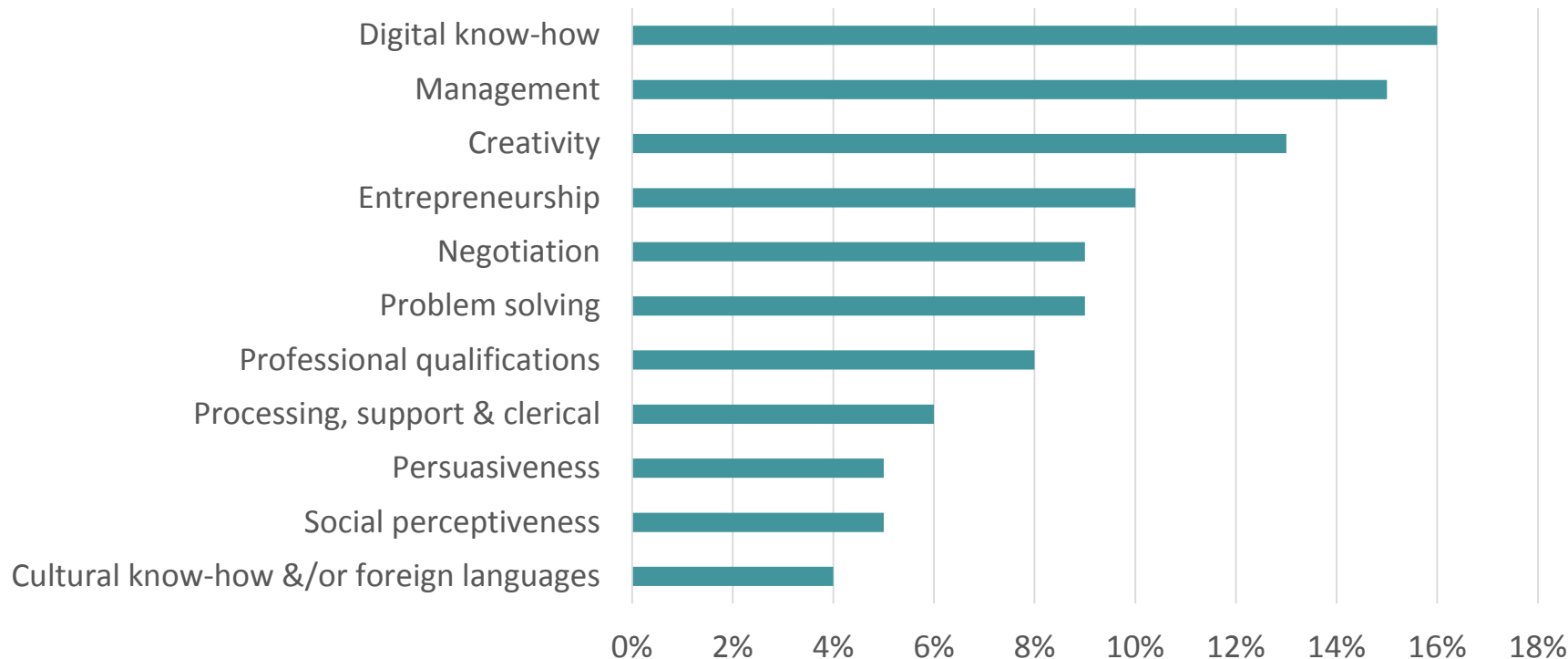
# Some significant ICT and digital strengths but, shortage of ICT and digital skills





# Skills needs: increasing importance

## Future skills required by businesses & public sector organisations



# Actions

## *Already underway*

- ▶ 'Growing People' skills plan

## *Further potential actions*

- ▶ Development of MK:U: the country's first STEM-skills focused University, at the heart of the Growth Corridor
- ▶ Development of Bletchley Park Institute of Digital Technology





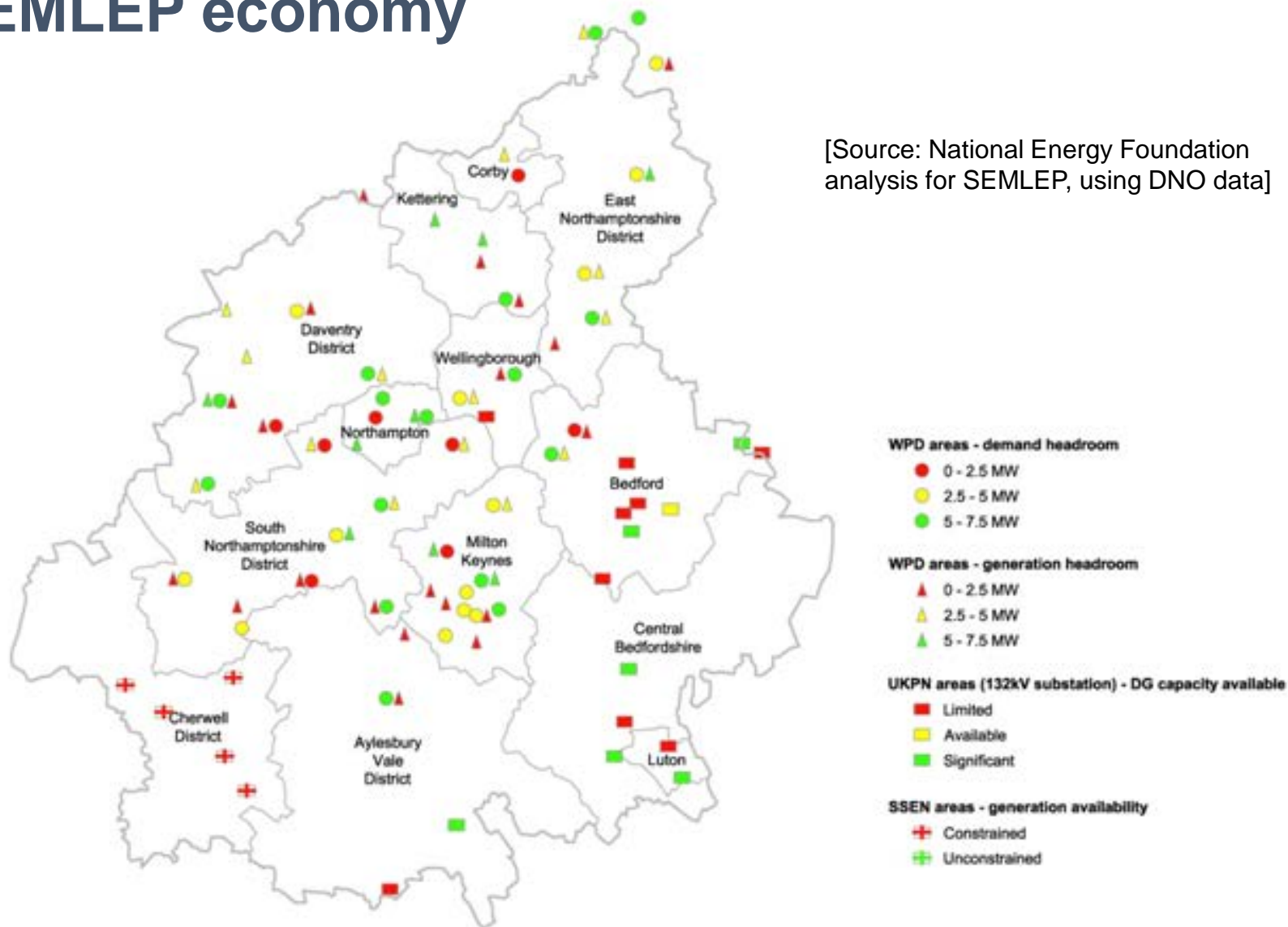
**Energy: overcoming  
capacity constraints and  
capitalising on  
productivity opportunities  
arising from the transition  
to clean growth**

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# Lack of electricity capacity: constraining growth in parts of SEMLEP economy

[Source: National Energy Foundation  
analysis for SEMLEP, using DNO data]



# Major change afoot in the national economy to move towards cleaner energy

- ▶ Increasing decarbonisation of the energy supply.
- ▶ A growth in renewable energy and other forms of distributed non-fossil powered generation.
- ▶ A growth in the adoption of electric vehicles and hybrids and new integrated public transport systems.
- ▶ A widespread adoption of energy efficiency and the management of energy supply and demand.
- ▶ The introduction of new energy infrastructure, linked to smart technologies and new commercial frameworks for energy services and products.

# Actions

## *Already underway*

- ▶ Local support for renewable energies: e.g. North Northamptonshire focus upon renewable energy and green technologies; Central Bedfordshire solar farms
- ▶ Development of a Natural Capital Investment Plan for the Growth Corridor

## *Further potential actions*

- ▶ Support the development of new Distributed Energy Packages and Active Network Management, to mitigate supply constraints
- ▶ Build on local specialisms to capitalise on productivity opportunities: e.g. links between Next Generation Transport assets and low carbon technologies



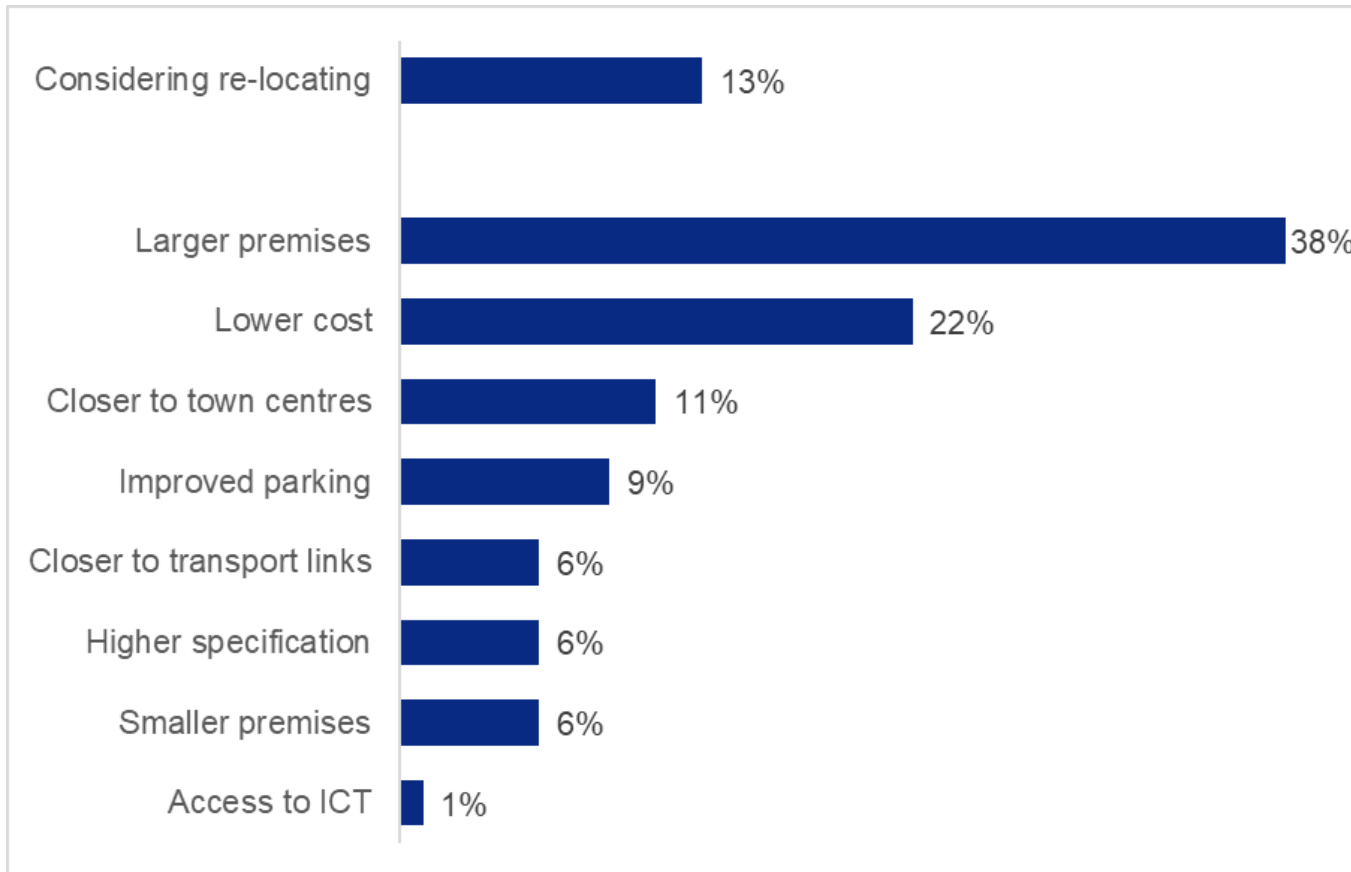


**Providing businesses  
with the premises they  
need to grow**

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# Lack of employment premises in which businesses can expand



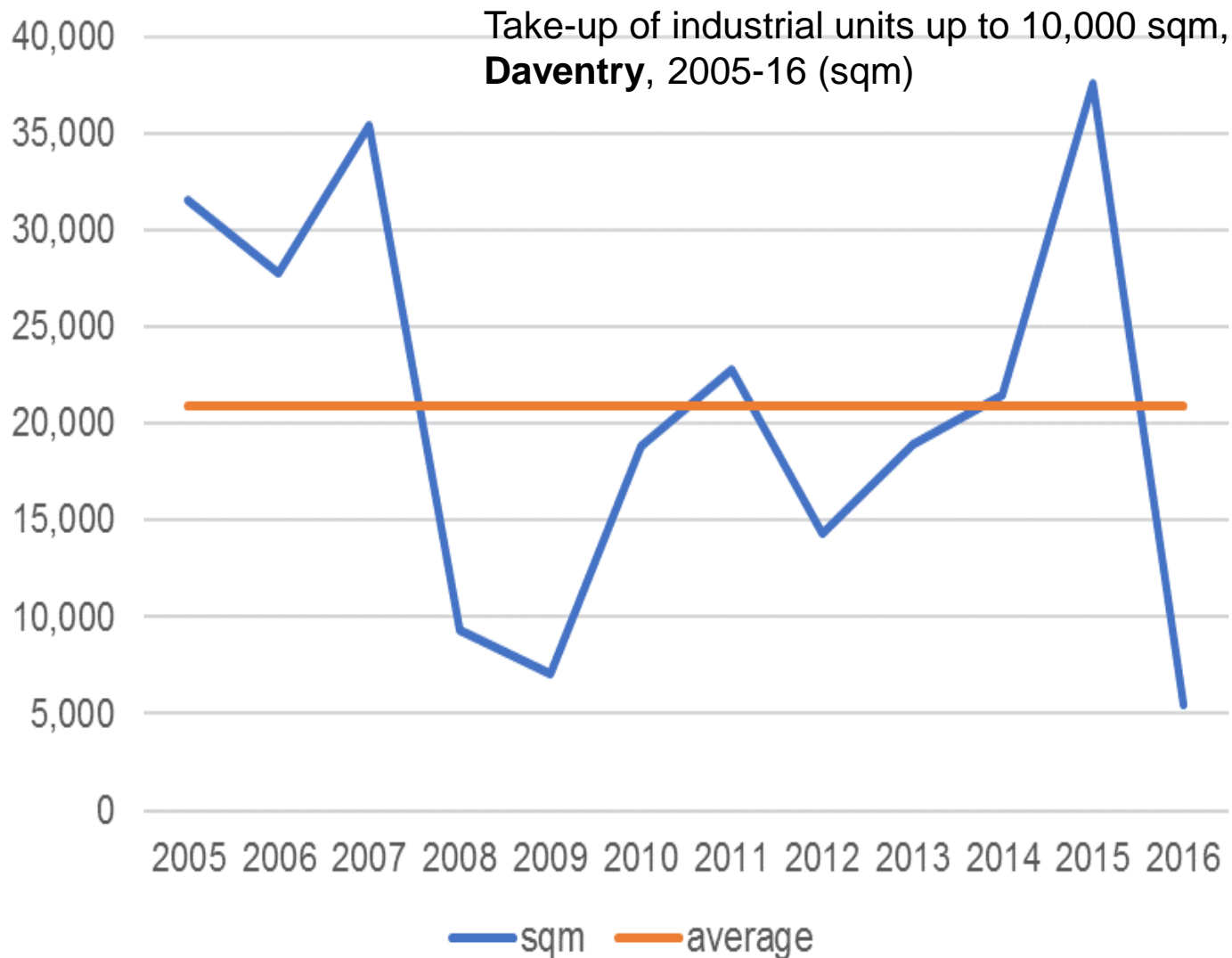
[Number of respondents: 2364 / 305.

Questions asked: Are you thinking of relocating your business? / Why are you thinking of relocating?]





# In some parts of area, undersupply of small to medium industrial units



[Source: Peter Brett Associates/Aspinall Verdi, (2017), *Employment Land in Daventry District: The Demand for Small and Medium Units*]

# Actions

## *Already underway*

- ▶ Local Growth Fund projects:  
e.g. I-WORX; Leyland  
Trading Estate

## *Further potential actions*

- ▶ Further funding for  
employment premises and/or  
de-risking of new  
employment premises



I-WORX, Bedford



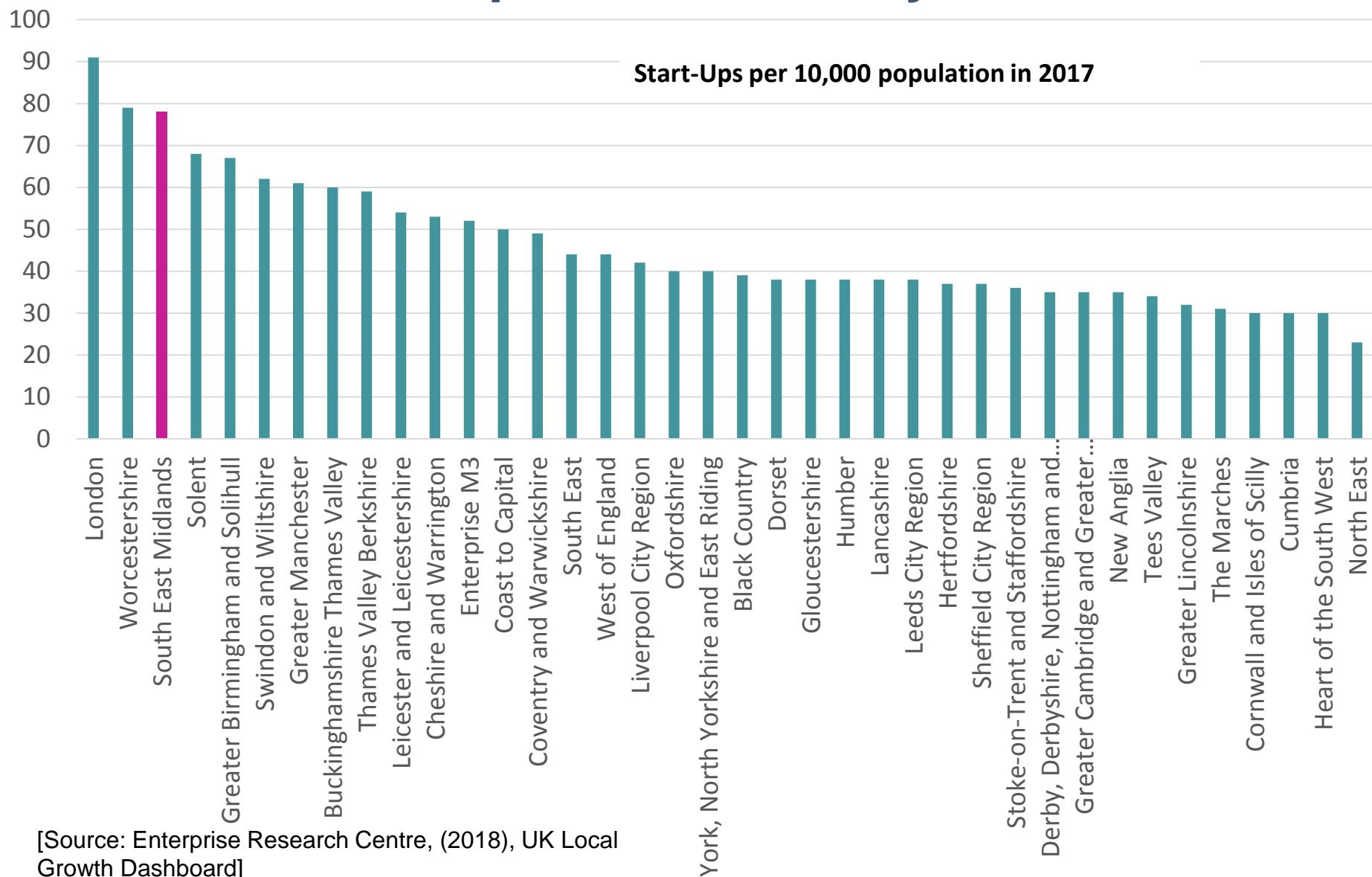


# Supporting business scale-up

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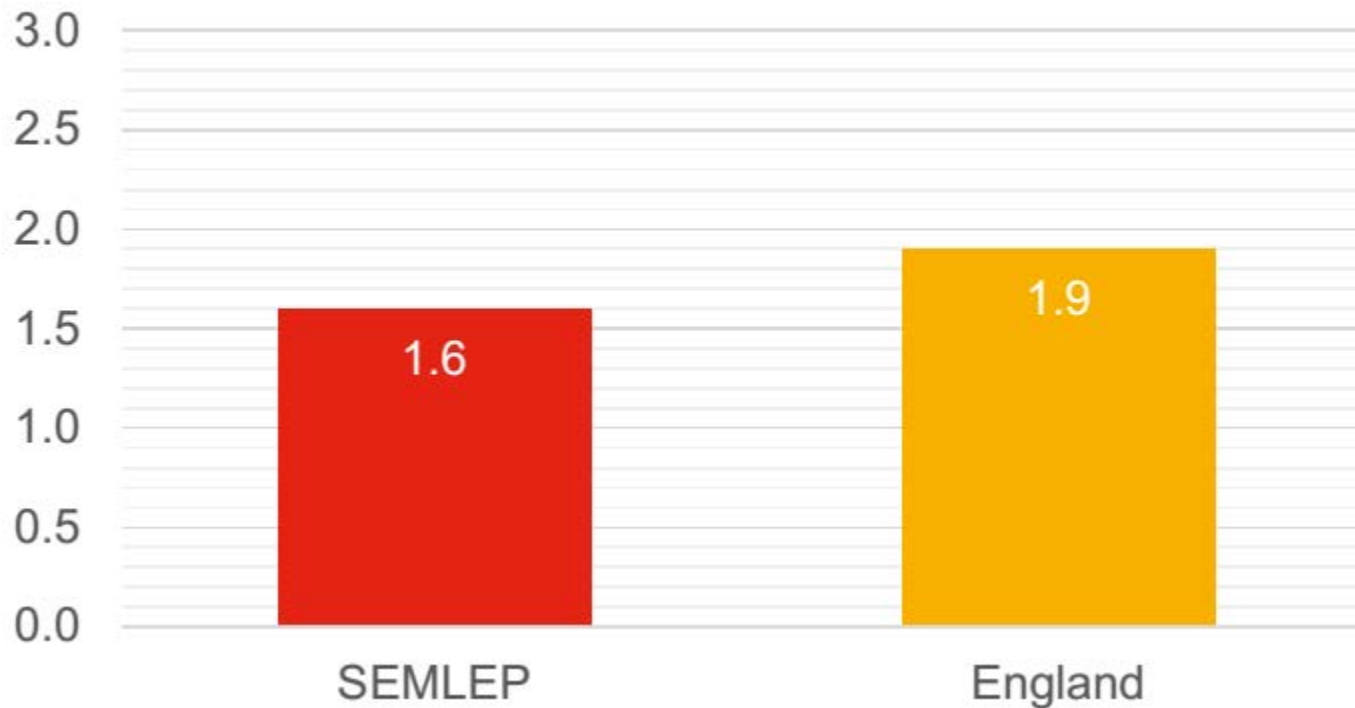
# One of the highest rates of business start-ups in the country



[Source: Enterprise Research Centre, (2018), UK Local Growth Dashboard]

# But, impressive start-up rate, not translating into scale-up

Start-ups Scaling <£500k to £1m + in 3 years 2014-17 (%)



In its 2017 Scale-Up Review, the Scale-Up Institute identified SEMLEP as one of nine scale-up 'cold spots' requiring particular attention.



# Actions



## *Already underway*

- ▶ Growth Hub support: one-to-one support for company leaders on business productivity and development, skills workshops, access to business growth funding. Joint work with the Department for International Trade (DIT) and local Chambers of Commerce

## *Further potential actions*

- ▶ More comprehensive support for local scale-up businesses
- ▶ Establish a local Scale-Up Forum





# Piloting a settlement of the future

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# Designing new/expanded settlements

- ▶ Changing demographics, including needs of an ageing population
- ▶ Future growth
- ▶ Impacts of climate change, including flood risk and water availability
- ▶ Decarbonisation, including move to electric vehicles
- ▶ New 'live-work' models
- ▶ New methods of construction
- ▶ Other new technologies



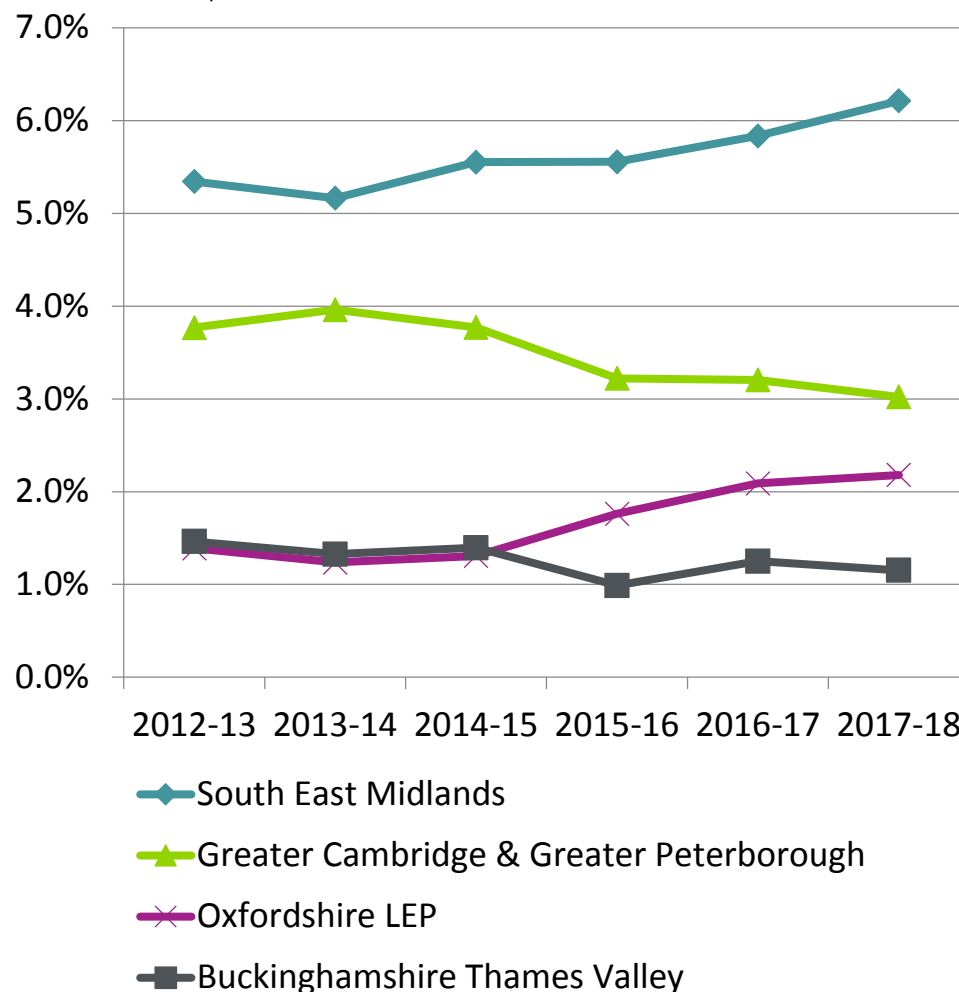


# The SEMLEP area: natural fit for trialling new approaches to placemaking



- ▶ Major contributor to housing growth
- ▶ Relatively few land planning restrictions
- ▶ More affordable land than elsewhere in Growth Corridor
- ▶ Solid track record of engineering and technical testing, and disseminating technologies between sectors

% of England housing completions from Growth Corridor LEPs, 2012/13-2017/18



[Source: MHCLG live tables on house-building]

# Actions

## *Already underway*

- ▶ MK:Smart Initiative
- ▶ Smart Commuting Northampton
- ▶ Bicester EcoTown

## *Further potential actions*

- ▶ Piloting smarter, greener energy systems and infrastructure
- ▶ Piloting innovative freight technologies
- ▶ Piloting flexible live-work units/ settlements
- ▶ Modern methods of construction plant and/or delivery

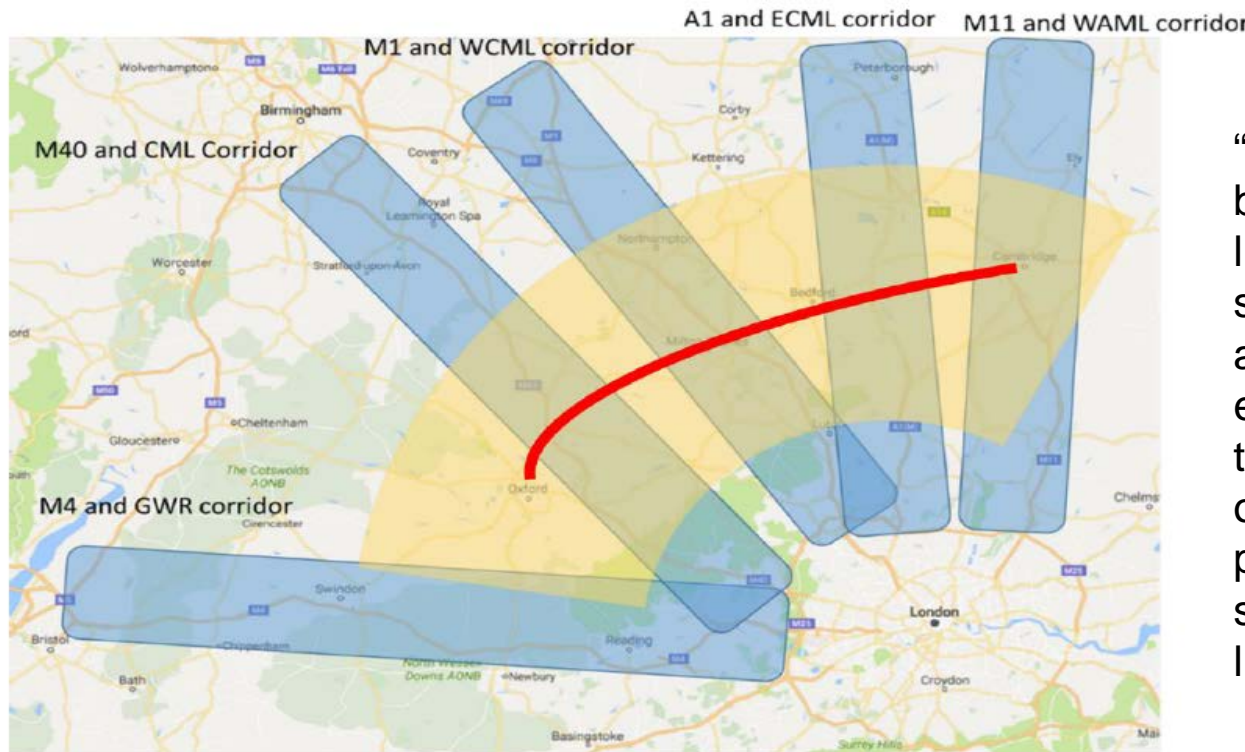




# Greater connectivity

# Improved transport connectivity- critical to realising ‘cluster of clusters’ in Growth Corridor

Transport Corridors Crossing the Cambridge-Oxford Region with proposed new East-West linkage shown in red (approximate route).



“There is the potential to boost productivity by linking centres with separately strong and high value economies to allow them to benefit from the opportunities, particularly for knowledge spill over – that those links might offer.”

[Arup, (2017), Cambridge Milton Keynes-Oxford Corridor Transport workstream]

[Source: SQW and Cambridge Econometrics, (2012), *Cambridge, Milton Keynes, Oxford, Northampton Growth Corridor: Final Report for The National Infrastructure Commission*]

# Improved digital infrastructure is also key

Broadband coverage in SEMLEP area, 2017

	Superfast (> 24 Mbps)	Below 2 Mbps	Ultrafast (>100 Mbps)
Aylesbury Vale	87.8%	1.07%	43.7%
Bedford	91.5%	0.74%	69.9%
Central Bedfordshire	92.2%	0.28%	60.6%
Cherwell	94.0%	0.57%	29.3%
Luton	99.3%	0.01%	92.6%
Milton Keynes	97.1%	0.16%	13.4%
Northamptonshire	94.9%	0.43%	58.7%
England	93.4%	0.57%	54.3%



# Actions

## *Already underway*

- ▶ Support for East-West links
- ▶ First Mile-Last Mile Connectivity

## *Further potential actions*

- ▶ **Further strategic infrastructure developments:** e.g. A1 Corridor
- ▶ **More funding for digital infrastructure**
- ▶ **SEMLEP area as an exemplar:** e.g. of electric vehicle usage and infrastructure; of 'smart corridors'; integrated ticketing and journey planning.



Over the Autumn/ Winter 2018, we will continue to develop the LIS evidence base, themes and propositions.

If you would like further information or would like to provide any comments about our work, please email

[GrowingBusiness@SEMLEP.com](mailto:GrowingBusiness@SEMLEP.com)

