

Report Title:	Berkshire Local Industrial Strategy Consultation – RBWM response
Contains Confidential or Exempt Information?	No.
Member reporting:	Councillor Clark, Lead Member for Sustainability, Waste Services & Economic Development
Meeting and Date:	Cabinet - 27 June 2019
Responsible Officer(s):	Russell O’Keefe, Executive Director - Place & Jenifer Jackson, Head of Planning
Wards affected:	All

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REPORT SUMMARY

1. The UK government set out a requirement for Local Enterprise Partnerships (LEP’s) to create Local Industrial Strategies (LIS) in the Industrial Strategy White Paper which was published in November 2017.
2. The Thames Valley Berkshire LEP has a responsibility to shape a Local Industrial Strategy for Berkshire, the BLIS. The LEP has worked with numerous partners on this since early 2018 and has now published a BLIS Framework Document. The Council is a key stakeholder for the LEP and has helped shape the Framework document. As a key stakeholder the Council will now be responding to the consultation, collecting the views of key stakeholders within the organisation.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet notes the report and:

- i) **Agrees the consultation response to the BLIS Framework Document and authorises the Executive Director for Place to submit it formally to the Thames Valley Berkshire LEP.**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Background

- 2.1 The requirement for Local Industrial Strategy was set out in the Industrial Strategy White Paper published in November 2017. The overarching aims of that White Paper were essentially to improve the UK’s overall productivity performance and ensure that future economic growth is more inclusive.
- 2.2 The Industrial Strategy is based on an ambition to boost productivity and earning power across the country by focusing on the 5 foundations of productivity. Government sets out that the 5 foundations support its vision for a transformed economy:

- Ideas: the world's most innovative economy
- People: good jobs and greater earning power for all
- Infrastructure: a major upgrade to the UK's infrastructure
- Business Environment: the best place to start and grow a business
- Places: prosperous communities across the UK.

2.3 The Industrial Strategy also sets out Grand Challenges to put the UK at the forefront of the industries of the future, ensuring that the UK takes advantage of major global changes, improving people's lives and the country's productivity. The first 4 Grand Challenges are focused on the global trends which will transform our future:

- Artificial Intelligence and data
- Ageing society
- Clean growth
- Future of mobility

In May 2019 a Policy Paper was produced which sets out that Government is developing ambitious missions to tackle the Grand Challenges. Each of these will focus on a specific problem, bringing government, businesses and organisations across the country together with the intention being to make a real difference to people's lives

2.4 Against the context of the UK Industrial Strategy, one of the actions was to develop Local Industrial Strategy's which build on local strengths and deliver on economic opportunities. Work has been underway to develop the Berkshire Local Industrial Strategy (BLIS) for well over a year, the process has been iterative and has involved consultation with key stakeholders and stakeholder groups together with a Task and Finish Group which includes two officers from each of the six unitary authorities within Berkshire and also a specially convened Productivity Commission. This is all overseen by the Thames Valley Berkshire LEP Forum and Board.

2.5 The timetable for the development of LIS has been set by government with an expectation that the BLIS will be finished by early 2020. The early stages of the BLIS development have been strongly evidence based drawing on a substantial body of existing literature and data, including that generated by the six unitary authorities and by the LEP. The next stages include an element of co-design with government; the Framework Document has therefore been produced for discussion and input by stakeholders.

2.6 The Document sets out five priorities and poses a number of questions to ensure that it meets the needs of local stakeholders. Its publication is ahead of 'co-design' with government, all Local Industrial Strategies must eventually be co-owned to ensure they contribute to the national Industrial Strategy.

Options

Table 1: Options arising from this report

Option	Comments
<p>Review the BLIS Framework Document and provide a formal response to the consultation.</p> <p>This is the recommended option</p>	<p>The BLIS will seek to set strategic priorities for the TVB LEP including a spatial economic narrative and implementation plans. These should align with the Council's spatial planning framework and failure to input at this stage could lead to lack of alignment spatially and in terms of priorities.</p>
<p>Make no response to the consultation: continue to engage in the process through the Task and Finish Group and the LEP Forum and Board.</p> <p>This is not the recommended option.</p>	<p>The Council is a key stakeholder in the process and active engagement is necessary to ensure that evidence base and other information is captured and understood as part of the BLIS process.</p>

3. KEY IMPLICATIONS

- 3.1 For the strategic priorities which will be contained within the BLIS the LEP is looking for further inputs from stakeholders across Berkshire. The Framework Document (see Appendix 1) contains a series of questions but starts by setting the context which is as important to understand as the next stages.
- 3.2 Based on the work with stakeholders to date the framework document recognises that Berkshire's economy performs strongly and that, in large part, this advantage is linked to our location and also, in part, "*reflects the intrinsic nature of Berkshire as a place, or more precisely places.*" The document goes on to summarise that the assets and advantages Berkshire enjoys also bring defining imperatives and responsibilities which appear to have defined the terms of reference for the Productivity Commission (see Box 1, page 5 of Appendix 1). These locally defined imperatives, which are in addition to the objectives set by government can be summarised as:
- i) advancing a growth process that is both net additional in relation to the UK and is "smart" focusing on the quality of jobs and the output linked to them;
 - ii) inclusive growth is a challenge, there ought to be an opportunity to develop a more efficient and inclusive labour market; and
 - iii) there is a need for strengthened place making to develop towns that attract and retain talent and engender a sense of commitment, attachment and reinvestment.
- 3.3 Overall the Framework Document does identify local strengths, as the Industrial Strategy requires, and seeks to explore the economic opportunities that can then be delivered in partnership with stakeholders. The Consultation seeks for input from stakeholders on those deliverables. The Five Foundations and the Grand Challenges are not featured but are as relevant to the BLIS as

they are to the UK as a whole. Reference back to those key elements of the Industrial Strategy would provide a broader lens through which to view the likely benefits of the BLIS across local authority functions including elderly people, children, young people and adults, sustainable transport, place making and infrastructure.

- 3.4 Chapter 4 includes sections on infrastructure, this reflects the views of the LEP with regards infrastructure in Berkshire. The Council recognises that the timely and effective delivery of infrastructure is a significant priority in the Borough. The Council is keen to ensure that spending on infrastructure is spent on the correct projects which meet its' priorities and needs of its residents.
- 3.5 Chapter 5 is succinct in its summary assessment of the assets, challenges, constraints and opportunities. One constraint which is omitted relates to national designations in respect of nature conservation. In terms of challenges there are other infrastructure requirements which relate to the attractiveness of Berkshire as a place to live, including access to school places in good and outstanding schools, and play in to the asset of well qualified individuals. Berkshire's towns are recognised as a challenge, they are also an opportunity as are its villages. In terms of the asset noted for Berkshire's "brands" there should be a recognition of the visitor economy and the role that it plays in Berkshire's success.
- 3.6 The Vision for the BLIS is set out in chapter 6: "the best of both global and local". The framework introduces the importance of place to economic strategy, how the proximity to London and Heathrow mix with the places that can be 'cherished' (green spaces/countryside). It refers to growth, in the context of economic growth rather than sustainable growth that balances social, environmental and economic demands: the framework does also make reference to "good growth" which is defined as smart, knowledge intensive, inclusive and resilient. These terms are not defined at this point, good growth is used in the environment sector to infer new development which is supported by appropriate infrastructure at the right time. On this basis it is considered that the Vision needs to be further explained and explored.
- 3.7 Chapter 6 identifies five priorities on which the LEP asks for feedback and seeks to understand how stakeholders contribute to the development of these priorities and their delivery thereafter.

Priority 1 – Enhancing Productivity within Berkshire's Enterprises

- 3.8 The Council has reviewed the proposals in response to this priority and supports them.

Priority 2 – Ecosystems which are maturing and evolving and extend beyond Berkshire

- 3.9 Generally, the report makes little or no reference to the environment. Whilst Government anticipates what each LIS will cover it fails to make the clear link between this strategy and the spatial plans that make up the Local Development Framework for this borough. Ecosystems are seen only in the context of economic relationships; there are important environmental ecosystems for businesses to survive in.

- 3.10 The report uses the expression “Places matter” which is supported. The report could take this further in the context of growing places or how development of places matters to business and economic growth mindful of the link to spatial planning. Further the proposal to develop a network of institutional anchors, whilst understood, equally has a link to whether spatially and in planning policy terms such an approach represents sustainable development given the constraints of Green Belt policy to authorities sat within the Metropolitan Green Belt.
- 3.11 The document supports the work the Council is doing, as landowner and as local planning authority, in relation to sites close to railway stations. The Council has further work to do in relation to feasibility of infrastructure improvements across the borough in order to understand the future ‘ask’ of the LEP in this regard and in relation to funding.

Priority 3 – International trade, connections, collaborations and investments

- 3.12 The Council understands why this is a priority: the Council asks the LEP to note the publicly stated position of the borough to oppose the proposals for the third runway at Heathrow airport. The LEP should be continuing to work with Government and Heathrow to ensure this is delivered given its importance in delivering the outcomes of the BLIS. As a member of the Heathrow Strategic Planning Group alongside the LEP the Council understands the importance of ensuring that the benefits of the airport which are local are captured locally and that the negative impacts are understood and appropriately mitigated locally. There is a link to the ambition to highlight the quality of the area’s countryside to recognising the wider benefits of open space and green and blue infrastructure in terms of health and wellbeing.

Priority 4 – Vibrant places and a supportive infrastructure

- 3.13 The Framework Document emphasises on several occasions the importance of town centres and their need to flourish, develop their cultural offer and act as places of enterprise. This is important in helping guide the development of a vision for Maidenhead Town Centre, for Windsor and for the rejuvenation of Ascot and fits with the work that the Local Planning Authority is carrying out to support the BLP SV. The report also recognises the need to make better use of employment sites and the pressure that exists to divert employment land to housing uses, this could be better informed by an understanding of the evidence base work for the BLP SV contained in the EDNA which is referenced earlier in the document. The Council is also pleased to see the reference to the complex nature of eastern Berkshire and reference to the Wider Area Growth Study which the Council is leading and is funded through MHCLG Planning Delivery Fund for joint working.
- 3.14 The Council endorses the clear support for modal shift and the need for the development of sustainable transport solutions alongside building network resilience. The Council is supportive of the need for homes in Berkshire and more widely the housing shortage nationally, where housing is brought forward it is imperative that it is supported by appropriate infrastructure at the right time and that affordable homes are provided.

Priority 5 – Making Berkshire an inclusive area where aspirations can be realised

- 3.15 This authority supports inclusion and has adopted an Inclusion Charter (Sept 2018) across all policy areas; this includes inclusion in relation to additional needs, financial, cultural and nationality. In schools the Council wants to see an increasing focus on inclusion so families have confidence to go to good, inclusive local schools – attending local schools would contribute to the modal shift mentioned elsewhere in the Framework Document. In addition the Council wants to enable families to help themselves. (Adults)
- 3.16 Chapter 7 relates to delivery commitments and alliances. The Council Plan has already identified priorities around well connected places and the need for infrastructure capacity improvements as well as new infrastructure requirements to support growth. The Council will play a key role in relation to infrastructure and intends to develop short and long term priorities to the point that, for the former, business cases are developed for schemes that are shovel ready should a relevant bidding opportunity emerge.

Table 2: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Response to the BLIS Framework Consultation Document	After 30 June 2019	By 30 June 2019	Before 30 June 2019	n/a	30 June 2019
Continued engagement through the task and finish group		Ongoing			Ongoing

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 No financial implications of making a response to the consultation.

5. LEGAL IMPLICATIONS

- 5.1 The Council has the authority to respond to the consultation on the Framework Document.

6. RISK MANAGEMENT

Table 3: Impact of risk and mitigation

Risks	Uncontrolled risk	Controls	Controlled risk
Wide ranging economic consequences of lack of engagement in the BLIS	HIGH	Respond to the Consultation on the Framework Document and continue to actively engage through the Task &	LOW

Risks	Uncontrolled risk	Controls	Controlled risk
		Finish Group and the LEP board.	

7. POTENTIAL IMPACTS

- 7.1 An Equality Impact Assessment (EQIA) has not been completed.
- 7.2 A Privacy Impact Assessment has not been completed, there is no use of personal data.

8. CONSULTATION

- 8.1 Internal consultation has been undertaken to inform this report.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 Implementation date if not called in: Immediately. The full implementation stages are set out in table 4.

Table 4: Implementation timetable

Date	Details
28 June 2019	<i>Agreed response submitted to the TVB LEP.</i>

10. APPENDICES

- 10.1 This report is supported by 1 appendix:
- Appendix 1: Berkshire Local Industrial Strategy Framework Document for consultation

11. BACKGROUND DOCUMENTS

- 11.1 This report is supported by 4 background documents:
- Industrial Strategy White Paper, November 2017
<https://www.gov.uk/government/consultations/building-our-industrial-strategy>
 - Grand Challenges Policy Paper 2019
<https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges>
 - RBWM Council Plan 2017-2021
https://www3.rbwm.gov.uk/downloads/file/3320/2017-2021_-_council_plan

- Inclusion Charter 2018 https://5f2fe3253cd1dfa0d089-bf8b2cdb6a1dc2999fecbc372702016c.ssl.cf3.rackcdn.com/uploads/ckeditor/attachments/4458/w_m_inclusion_charter_2018.pdf

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Clark	Lead Member for Sustainability, Waste Services & Economic Development	5.06.19	6.06.19
Duncan Sharkey	Managing Director	5.06.19	6.06.19
Russell O'Keefe	Executive Director	5.06.19	6.06.19
Andy Jeffs	Executive Director	5.06.19	6.06.19
Rob Stubbs	Section 151 Officer		
Elaine Browne	Interim Head of Law and Governance		
Nikki Craig	Head of HR and Corporate Projects		
Louisa Dean	Communications		
Kevin McDaniel	Director of Children's Services	5.06.19	6.06.19
Hilary Hall	Deputy Director of Commissioning and Strategy	5.06.19	6.06.19
Chris Joyce	Infrastructure and CIL Manager	5.06.19	6.06.19

REPORT HISTORY

Decision type:	Urgency item?	To Follow item?
Key decision 28 May 2019	No	
Report Author: Jenifer Jackson, Head of Planning, 01628 796042		

Berkshire Local Industrial Strategy

Framework Document for consultation

March 2019



**Thames Valley
Berkshire**

LOCAL ENTERPRISE PARTNERSHIP



HM Government



**INDUSTRIAL
STRATEGY**

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1: Introduction

About Local Industrial Strategies

Thames Valley Berkshire Local Enterprise Partnership (LEP) – like all other LEPs and Combined Authorities in England – has been tasked by government with developing a **Local Industrial Strategy (LIS)**.

The requirement for LISs was set out in the Industrial Strategy White Paper which was published in November 2017. Structured around five **Foundations of Productivity** and four **Grand Challenges**, the overarching aims of the White Paper are essentially to:

- improve the UK's overall **productivity performance**; and
- ensure that future economic growth is **more inclusive**.

Our approach to the Berkshire Local Industrial Strategy (BLIS)

Work has been underway to develop the **Berkshire Local Industrial Strategy (BLIS)** for well over a year. The process has been highly iterative and consultative. Overseen by the Thames Valley Berkshire LEP Forum and Board, it has involved:

- discussions with key **stakeholders and stakeholder groups**, including the voluntary and community sector, further education colleges, transport stakeholders, business representative organisations, rural stakeholders, and organisations with an interest in Heathrow Airport
- regular meetings of a **Task and Finish Group** which includes two officers from each of the six unitary authorities within Berkshire, and is genuinely multi-disciplinary

- the work of a specially-convened **Productivity Commission** – drawn from the private sector and including academic inputs from the University of Reading (see Box 1).

The early stages of BLIS development have been strongly **evidence-based**. As well as the work of the Productivity Commission (which we explain in more detail later), it has drawn on a substantial body of existing literature and data, including that generated by the six unitary authorities and by Thames Valley Berkshire LEP.

Where we are up to...

The timetable for the development of LISs has been set by government, but it has also been subject to change: plans are now quite different from a year ago. As it stands, government's expectation is that Thames Valley Berkshire LEP will have a finished LIS by early 2020, close to a year from now.

We are therefore approximately mid-way through the process. Substantive work has been done, but there is more to do. Over the months ahead, this needs to include an element of co-design with government.

At this stage, we are presenting a **Framework Document** for discussion and input. This is a key milestone in our process.

Our Framework Document...

Our **Framework Document** is a "working version" of the **Strategy** element of the BLIS. As illustrated in the graphic below, it will be supported by other documents – notably a full **evidence base**; a **spatial economic narrative**; and a set of **implementation plans**. We will also produce a short – and visually compelling – **summary statement**.

Figure 1: Proposed structure of the Berkshire Local Industrial Strategy



In relation to the **strategy**, the Framework Document reflects the decisions we have made. In the light of these decisions, it describes our broad strategic priorities.

Within the Framework Document:

- the first four main chapters are drafted in full, based on the evidence we have reviewed and inputs from partners and stakeholders

- Chapters 6, 7 and 8 are presented in skeletal form only: they will need to be fleshed out and developed over the months ahead, informed by the feedback/comments that we receive.

...And your feedback

Over the next few months, these strategic priorities will be developed in detail and it is here particularly that we are looking for further inputs – from businesses, from the unitary authorities, from partners and stakeholders, and from individuals of all ages across Berkshire.

We welcome – and encourage – responses to this document before midday **Friday 21 June 2019**, by email to BLIS@thamesvalleyberkshire.co.uk

These responses should be structured around the main questions which are set out at the end of individual Chapters. We will use these inputs to develop the full BLIS (including the documents which support the strategy) in discussion with central government over the summer and autumn.



Photo credit: Bracknell & Wokingham College

2: Purpose of the BLIS

Location, place and economic performance

Berkshire's economy performs very strongly. On most metrics – including key ones relating to productivity – it is at, or close to, the top of UK league tables: GVA per job or per hour worked (i.e. productivity); GVA per capita (wealth); incidence of knowledge-based employment; employment rates; qualifications within the working age population, and so on.

Figure 2: Situating Berkshire



Source: Produced by SQW 2018. Licence 100030994

In large part, this reflects the advantages linked to our location:

- Berkshire has all the economic benefits (and some of the costs) linked to **Heathrow Airport** – the second busiest airport in the world by international passenger traffic and a major national focus for recent, ongoing and planned investment.

- It is shaped by adjacency to the world city economy that is **London** – with its unique financial services sector, its role at the heart of government, its outstanding science base (through its universities), and its apparently magnetic appeal – to corporate HQs and millennial entrepreneurs alike.
- Berkshire is very well located in relation to the **national transport infrastructure**. Particularly through the M4 motorway and Great Western Railway, it has good connections, not only to London but also to other major growth engines: Bristol to the west; Oxfordshire and the wider Cambridge-Milton Keynes-Oxford growth corridor to the north; and Surrey/North Hampshire through to Southampton to the south. Moreover, through Crossrail and Western Rail Link to Heathrow (WRLtH), much of Berkshire is due to see further enhancements in connectivity.

But in part, its strong performance also reflects **the intrinsic nature of Berkshire as a place – or, more precisely, places**. This is a theme to which we return, but within Berkshire are some of the nation's major historic and cultural assets which are known around the world – from Windsor Castle to Ascot to Eton College. In addition, there is beautiful and accessible countryside, some of which falls within the North Wessex Downs Area of Outstanding Natural Beauty.

This combination of factors – some related to location, others related to place – helps to explain Berkshire's economic vibrancy. It explains why it has proved so attractive to inward investors; why its economic growth narrative over the last 50 years has really centred on the evolution of the information technology (IT) sector; and why Berkshire's export performance has been so consistently strong.

In short, Berkshire has a lot going for it.

Three locally-defined imperatives for the BLIS

But these assets and advantages also define imperatives and responsibilities.

In framing the BLIS and defining its overall purpose, three have been formatively important. All three are discussed in more detail later – and all three have been considered by our Productivity Commission (see Box 1 below) – but the main arguments are outlined briefly here.

First, Berkshire must advance a growth process that is both net additional in relation to the UK and is “smart”; and in co-designing the BLIS with government, this should be a shared mission.

In other words, Berkshire should not seek to grow by attracting businesses or jobs from elsewhere in the UK; instead, growth should be of a form that simply would not happen anywhere else.

Moreover – given the tightness of the labour market, the recruitment challenges that already exist and some of the problems surrounding congestion – growth really needs to be “smart”. It needs to focus on the quality of jobs and the output linked to them, not simply the quantity. More generally, it needs to have regard to the efficiency of resource use in the round.

Second, it must be recognised that Berkshire is the kind of place in which inclusive growth is a real challenge. The BLIS must address this head-on.

Proximity to London and a prominent international gateway function together mean that Berkshire is a very expensive place to live and work. The costs of both housing and commercial property are well above the national average and the evidence suggests that “middle level” functions and “middle level” occupations are, literally, being priced out.

In socio-economic terms, the consequence is that Berkshire is polarised: it does well in relation to top end jobs and occupations

and these in turn generate demand for an array of local services, but they tend to be associated with poorly paid and increasingly insecure employment which is incongruous with the character of (in particular) local housing markets.

One consequence is high levels of in-work poverty. Looking ahead, this combination of circumstances is as undesirable as it is unsustainable – but in Berkshire, there ought to be an opportunity to develop a more efficient and inclusive labour market. What is missing are routes to progression.

Third, the strength of national and international flows of people, ideas and investment into (and out of) Berkshire is perhaps masking places that are, in themselves, rather “underpowered”. There is a need for strengthened place-making in response.

This third imperative may be controversial, but it is important. In the language of economics, the issue is whether spill-over effects are being captured fully or whether there is so much transience that they are effectively dissipated and lost. This in turn poses major questions for Berkshire’s towns: are they places that attract and retain talent and engender a sense of commitment, attachment and reinvestment, or are they simply places in which to reside for a short while?

Box 1: Berkshire Productivity Commission

The Commission was drawn from Berkshire’s business community and it included: individuals from both corporates and smaller companies; individuals who work with businesses in Berkshire (in an advisory/deliver capacity); and academics from the University of Reading.

Its main Terms of Reference were to:

- review the initial evidence in relation to the performance of Berkshire’s economy, particularly on indicators linked to productivity
- consider – in a technical sense – where the greatest opportunities might be to effect an improvement in productivity, consistent with the overarching priority set out in the Strategic Economic Plan (“to secure better access to talented people and bright ideas, and to use both more effectively”)

- take a forward view in terms of how productivity imperatives might be changing – informed in part by the contents of the national Industrial Strategy – and identify areas requiring further evidence gathering and investigation.

And then to:

- review the outputs from the second stage of evidence gathering
- agree (in a technical sense) what the priorities should be in seeking to effect productivity improvements across Berkshire.

The Productivity Commission met three times and its deliberations focused on five main issues:

- the changing role of the IT sector within Berkshire’s economy
- the significance of internationalisation in relation to the area’s productivity performance
- the changing scale and nature of “the middle” of Berkshire’s economy, and the implications for inclusion and progression
- the scale, character and role of the public sector in economic terms
- spatial considerations relating to all four of the points above.

The evidence gathered by the Productivity Commission is considered throughout this document.

The requirements of central government

These three, locally-defined, imperatives are demanding ones. They have been defined within Berkshire and are *in addition to* the basic requirements of LISs set out by government in its *Prospectus* of October 2018.

The BEIS Prospectus states that LISs should be:

- based on **evidence**, with a rigorous understanding of the local economy
- informed by a good understanding of the area’s **strengths and weaknesses**, including in relation to the five **Foundations of productivity**
- developed **collaboratively**, both with local stakeholders and partners, and with neighbouring areas
- focused on clear **priorities**
- informed by the disciplines of **evaluation**.

Our emerging response is set out in the chapters that follow.

Consultation Questions in relation to Chapter 2

Local industrial strategies have a very broad potential remit and in principle, they could be positioned in any number of ways. We have sought to chart a middle ground by retaining a strong focus on the economy, and thinking hard about the nature of growth processes within Berkshire, whilst also recognising the requirements of central government.

In this context:

2-1: Is the overarching purpose of the BLIS clear?

2-2: Is this purpose addressed through the chapters that follow?



3: Berkshire's economic geographies

Berkshire has a population of just over 900,000 people. It is also home to 44,600 enterprises and 580,000 jobs.

Underpinning these metrics is a distinctive spatial form which helps to explain how the economy of Berkshire “works” – and how its performance might be enhanced.

Berkshire's largest towns are (in descending order of population size, and based on data from Census 2011): Reading (over 220,000 people in terms of urban footprint) and Slough (over 150,000 people), then Bracknell and Maidenhead (both well over 60,000), and then Wokingham and Newbury (over 35,000).

London

However, the urban area that has the greatest influence on Berkshire's economy is London. At the time of the last Census, some 43,000 Berkshire residents commuted to London while over 24,000 London residents commuted in the opposite direction. In fact, even in terms of travel patterns, the links are stronger than these numbers would on their own imply: many residents travel to and from London, either whilst “doing business” or because they work in London for part of the week. But there are also many other, wider, flows relating for example to goods, services, finance, ideas/know-how and international tourism.

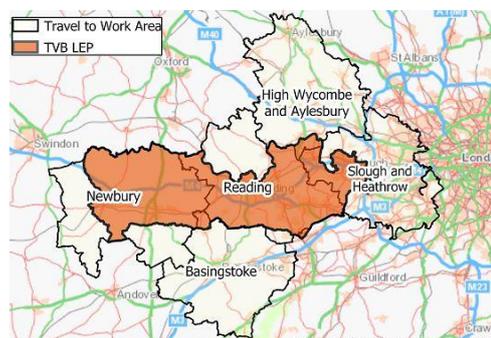
There is another facet of London which is important. From the draft London Plan, planned housing growth within the capital is insufficient to meet some scenarios

relating to projected demand. The inference is that surrounding areas will absorb London's unmet housing need. This has consequences for all of London's neighbours, Berkshire included.

Functional economic areas within Berkshire

Much of Berkshire – but particularly the area in the east – needs to be understood as part of agglomerative processes and pressures which are defined around London¹. Slough alone accounts for 13,000 of Berkshire's London-bound out-commuters and 11,000 of its in-commuters. It is because of these flows that Slough and parts of Windsor and Maidenhead are included within the west London Slough and Heathrow Travel to Work Area² (TTWA).

Figure 3: Map showing Travel to Work Areas across (and beyond) Berkshire



Source: Produced by SQW 2018. Licence 100030994

Across Berkshire, two further TTWAs are identified through commuting data, signalling distinctive labour markets:

- Reading TTWA (which includes all or part of the unitary authority areas of Reading, Wokingham and Bracknell Forest, but also South Oxfordshire and part of Hart (north Hampshire), and small areas in both West

¹ Data throughout this document are sourced from ONS datasets – principally BRES, ASHE, APS, Jobs Density dataset, and IDBR

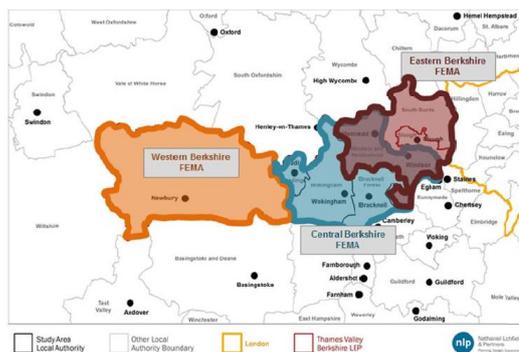
² TTWAs are data driven and defined principally in relation to levels of self containment

Berkshire and Windsor and Maidenhead); and

- Newbury TTWA (which covers most of West Berkshire but also extends into North Hampshire and Wiltshire).

Informed by these data and evidence relating to housing markets, commercial property markets, key sectors and key infrastructures, three **Functional Economic Market Areas (FEMAs)** have been identified across Berkshire³. These are important because they signal potentially different economic pressures and opportunities, and these differences are important in effecting economic growth that is sustainable and appropriate.

Figure 4: Functional Economic Market Areas across Berkshire



(Source: NLP)

The FEMAs are:

- **Western Berkshire FEMA** which maps onto West Berkshire and is predominantly rural in character; Newbury is the largest settlement and much of the area is within the North Wessex Downs Area of Outstanding Natural Beauty
- **Central Berkshire FEMA** which includes four of the six unitary authority areas in Berkshire and is defined functionally around Reading/Wokingham in the west and Bracknell in the east

- **Eastern Berkshire FEMA** which overlaps with Central Berkshire, and includes Slough, Windsor and Maidenhead, and (neighbouring) South Buckinghamshire and is strongly “edge-of-London” in character.

These broad demarcations are functional and indicative rather than political or administrative, but they are important. They provide some insight into the spatial underpinnings of the growth opportunities and constraints that the BLIS must both shape and respond to. They are therefore material in relation to both the BLIS and the six unitary authorities’ emerging Local Plans.

The three Functional Economic Market Areas

Western Berkshire FEMA

Overall, the **Western Berkshire FEMA** is very constrained in terms of future growth. Some 74% of the land area is within the North Wessex Downs AONB and 12% is functional floodplain. West Berkshire’s Local Plan (to 2036) is currently being prepared.

A major site at Grazeley is being investigated (jointly by West Berkshire District Council, Wokingham Borough Council, Reading Borough Council and Bracknell Forest Borough Council) and it is possible (although not certain) that this will be the focus for a sizeable new settlement. Beyond that, future growth will depend on the vibrancy of Newbury and Thatcham, and – longer term – on possibilities linked to AWE at Aldermaston. The strength of the rural economy – ranging from the equine cluster at Lambourn to the performance of market towns – will also be important.

³ *Berkshire Functional Economic Market Area Study*. Report by Nathaniel Lichfield and Partners for Thames

Valley Berkshire Local Enterprise Partnership, February 2016

Central Berkshire FEMA

Central Berkshire FEMA is similarly constrained through a combination of Green Belt and environmental constraints (including flood risk). In growth terms, its narrative is more complicated for it impinges on four different unitary authorities, each of which has its own Local Plan preparation process (which in most cases is currently at an advanced stage although still on-going). General themes, however, surround the shortage of employment land; the need for urban densification linked to the better use of town centre sites (particularly in Reading and Bracknell); and the imperative for better connectivity both within and between the major urban areas.

Bracknell has made substantial headway over recent years and progress with the Lexicon (itself the product of a town centre masterplan from 2002), is widely applauded. Reading too has seen major investment in the town centre, linked in part to the improved railway station. The imminent prospect of Crossrail (for Reading, Twyford and Maidenhead) ought to create growth opportunities – if these can be accommodated. Separately, if it is advanced, Grazeley will also have a major bearing on Central Berkshire FEMA and it will need to be part of the future growth narrative.

Eastern Berkshire FEMA

The **Eastern Berkshire FEMA** is also under some pressure.

Its future is linked intrinsically to plans for Heathrow Airport. Construction of a third runway at Heathrow should start within 2-3 years. This will be a major project in its own right but once completed, it ought to reinforce further the economic significance of international connectivity

through Heathrow Airport. A Heathrow Strategic Planning Group is exploring the surrounding issues within (and beyond) Berkshire.

A second key (on-going) piece of work is the Wider Area Growth Study⁴. This reflects the complexity of the area in growth terms – including in respect of Slough, the largest town within the Eastern Berkshire FEMA.

Significant headway has been made in respect of Slough Trading Estate, which has strengthened its position as a nationally-significant business hub (including, increasingly in relation to data centres). Slough town centre is the next priority. The £400m Heart of Slough project to redevelop the town centre is underway. 2017 saw the opening of The Curve, Slough's new cultural hub and the Porter Building, which offers a fresh and dynamic environment next to Slough Station. Future development may well see residential development featuring strongly – partly because there is a pressing need to deliver more housing and partly because Slough town centre (like many others) needs to redefine its own economic purpose given profound changes within the retail sector.

Geographies linked to key sectors

Places matter – but for businesses and investors (who must be the central focus of the BLIS), administrative boundaries are irrelevant. We have already made reference to the huge importance of London, but Berkshire needs to be understood on a wider spatial canvas still.

This is illustrated amply by the **IT sector**. Its scale and concentration is a defining characteristic of Berkshire's economy; within Berkshire, it accounts for almost

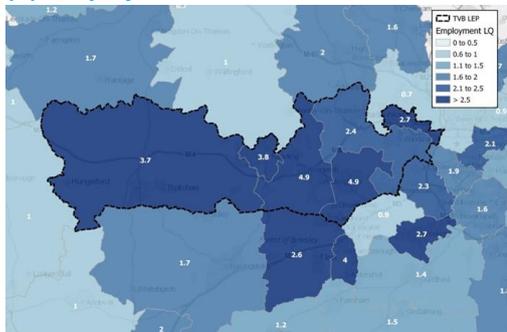
⁴ This has been commissioned by Royal Borough of Windsor & Maidenhead (RBWM), in conjunction with Slough Borough Council (SBC), South Bucks District Council (SBDC) and Chiltern District Council (CDC). It is

intended to jointly address issues arising from growth that is anticipated across the area, and potentially, more widely.

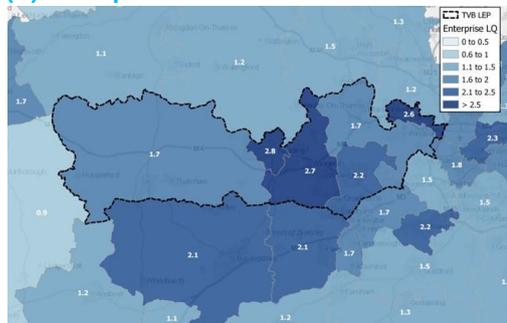
70,000 jobs and over 7,500 enterprises. It is also a major driver of productivity (see Box 2). In terms of numbers alone, the spatial pattern is very distinctive. As the maps above illustrate, in parts of Berkshire, the sector is nearly five times more significant locally than is typically the case across the UK: Reading and Wokingham (and, to a lesser extent, Slough) stand out on measures of both enterprise and employment numbers, but the sector is strongly concentrated across the piece.

Figure 5: Understanding the significance of the IT sector across Berkshire, in terms of:

(A) employment



(B) enterprises



Source: Produced by SQW 2018. Licence 100030994
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What the maps also show is that the local authority district/unitary areas with very high levels of IT activity extend beyond Berkshire’s boundaries into – in particular – North Hampshire and Surrey. This wider footprint is very significant. It was explored as part of the Innovation South Science

and Innovation Audit which alighted on the potential of the area’s strengths in relation to digital enabling technologies⁵.

Similar arguments can be made in respect of **life sciences**. Here though, the footprint has a different shape. It extends to the north of Berkshire into Oxfordshire. Various networks – such as the Oxford Academic Health Sciences Network – extend across both areas; and Oxfordshire and Berkshire are together developing a life sciences sector deal. This recognises that the two areas play different roles, but also that the life sciences sector needs to be understood in relation to both.

Conclusions

Across Berkshire, the spatial narrative is complex. It is the result both of policy (particularly land use planning) and the decisions made by individual businesses and investors. It defines the canvass on which economic life is acted and the spatial opportunities and constraints which give it form.

This all matters because:

- it influences the extent to which activities can co-locate (which in turn may be important in sharing knowledge, innovation and learning (virtual solutions notwithstanding))
- it shapes both the geometry and scale of labour markets and therefore the range and depth of skills that are available to employers and the diversity of job opportunities that are open to local people
- it affects the sustainability of economic life in environmental terms – an issue which is increasingly important given concerns about resource use and climate change

⁵ Innovation South – A Powerhouse of world class strengths in digital enabling technologies SIA report, sponsored by BEIS, 2017

- it influences the balance between supply and demand across many different factors of production.

In other words, it has a material bearing on competitiveness and all the underpinnings of productivity. It is therefore a central consideration within the BLIS.



Photo credit: Reading Borough Council

4: Berkshire's economy today

Berkshire's productivity performance

According to data from ONS, Berkshire's economy generated output (GVA) to the value of **£37.8bn** in 2017 (in current prices). It is therefore a sizeable economy.

Within this context, **Berkshire is a top-performing LEP area on the main metrics of productivity:**

- On **GVA per hour worked**, Berkshire is ranked second to London amongst 38 LEP areas in England. In 2017, every hour worked in Berkshire generated GVA with a value of £40.30 compared to a UK average of £33.60.
- In 2017, every filled job in Berkshire generated GVA valued at £68.8k; the UK average was £54.3k. So, on this second measure – **GVA per filled job** – Berkshire is again ranked second to London.

By virtue of being both the capital city, and a world city, London is not directly comparable to Berkshire: it hosts certain functions and plays particular roles that are, within the UK, unique. It is fair to observe therefore that among reasonable UK comparators (i.e. excluding London), **Berkshire is currently the best performing LEP area in terms of headline productivity performance.** Part of the reason for this relates to its sectoral make-up and the high incidence of international investment (see Boxes 2 and 3).

Box 2: Insights from the BLIS Evidence Base – The IT Sector

In 2017, the sector accounted for about 13% of all employment and 16% of the total business stock. Evidence suggests that, over recent years, it has seen substantial growth in employment (+21% between 2010 and 2017) and enterprises (+51%). Nationally, IT is a sector which is linked to strong productivity performance. The inference is that

Berkshire's productivity performance is causally linked to the sector's scale and concentration.

Data suggest that some sub-sectors have seen rapid growth (e.g. computer programming activities and computer consultancy activities), but others have experienced declining employment and/or business stock (e.g. repair of computers and peripheral equipment; other information technology and computer service activities). In general terms, growing sub-sectors have either been those with few barriers to entry (linked to self-employment) or those which are typically regarded as higher value added.

There is some evidence of specialisms within the ICT sector at a local level in Berkshire – e.g. datacentres in Slough; cyber security (which appears to link to University of Reading); and cloud computing.

A review of literature found that Berkshire's international links via Heathrow Airport, regional links with London through the M4 motorway, the Great Western Mainline and the Reading to Waterloo Mainline, and the size of the "tech talent pool" are key reasons for IT businesses locating in Berkshire.

However, alongside this first observation, it is important to make a second: **Berkshire has been dogged by very slow productivity growth over recent years.**

Between 2007 and 2017:

- **GVA per hour worked** in Berkshire grew by 1.2% per annum compared to 1.9% per annum across the UK and 1.6% per annum in London
- **GVA per filled job** grew by 1.3% per annum in Berkshire – placing it 34th amongst 38 LEP areas in England in terms of growth rates and well below the UK average (2% per annum).

This all suggests that Berkshire's strong absolute performance is the result of its economic endowment and accumulated past investment – but also that **its comparative advantage is diminishing.**

For the BLIS, this presents an overarching challenge.

Box 3: Insights from the BLIS Evidence Base – International investment

Berkshire has the highest concentration of foreign-owned companies of all 38 LEP areas. Data from Inter Departmental Business Register (IDBR) (2017) demonstrate that whilst 98% of enterprises in Berkshire are UK owned, foreign-owned businesses

account for 47% of turnover in Berkshire and 30% of employees. Two main conclusions follow:

- foreign-owned businesses account for a substantial share of the Berkshire economy (in terms of employment and turnover)
- foreign-owned businesses are typically relatively large – certainly as compared to the economy as a whole.

Sectorally, Berkshires inward investment profile is dominated by knowledge-economy sectors. ICT-related investments accounted for the lion's share of recent FDI wins in 2017-18, life sciences and biotech/pharma were also apparent.

There is a substantive literature and evidence base describing the attractiveness of Berkshire in relation to inward investment. From this material, five factors appear to be uppermost in explaining what attracts internationally-owned businesses to Berkshire: accessibility – linking to Heathrow and proximity to London; the importance of Reading as a “node” within Berkshire; cost (relative particularly to London); workforce availability; and business confidence.

There is much academic and other literature to suggest that companies with Foreign Direct Investment out-perform their domestically-owned competitors. In July 2018, ONS figures revealed that businesses under foreign-ownership are up to three times as productive as domestic ones. This in turn bites at two levels: the performance of the businesses themselves (i.e. the direct effect) and the performance of local economies which benefit from indirect effects linked to spill-overs. Berkshire has long been a beneficiary of this process and the FDI data appear to suggest that – at least for now – this is continuing.

Key data:

The value of goods and services exported from Berkshire is high. The value of services exported from Berkshire was £7.7bn (in 2016), the highest local (NUTS3) area outside of London

Foundations of Productivity

In order to interrogate the causes of productivity performance, the Industrial Strategy White Paper considers five Foundations of Productivity. The fifth Foundation – place – is cross-cutting and in relation to the specifics of Berkshire, it was introduced in the previous chapter. The other four Foundations provide a lens on

Berkshire's assets – and its principal strengths and weaknesses.

Ideas

Nationally, government has set a target that 2.4% of GDP should be devoted to R&D. R&D expenditure as a proportion of local economic output (GVA) is high in Berkshire at just over 4%; this is the fifth highest figure of all 38 LEP areas. Neighbouring areas also perform strongly.

Within Berkshire, there is one main higher education institution – **University of Reading** – together with small facilities linked to other institutions (e.g. University of West London).

2026 will mark University of Reading's centenary as an independent university and its vision is to be a “*vibrant, thriving, sustainable, global and broad-based institution, responsive to, stimulated by and informing changes in the world around us*”. Consistent with this vision, it has five Interdisciplinary Research Institutes (including the Institute of Food, Nutrition and Health and the Institute for Environmental Analytics). These are well-aligned with major themes from the White Paper, particularly the four Grand Challenges (artificial intelligence and data; future of mobility; clean growth; ageing society). They are also well aligned with the wider competencies and possibilities that define Berkshire in socio-economic terms.

University of Reading is, increasingly, recognising the importance of links – in both directions – to the business community, and it has put in place an infrastructure to facilitate these. This includes an Enterprise Centre which is located on its main campus, and Thames Valley Science Park. Having been identified as a project priority at the time the Strategic Economic Plan was drafted in 2014, Thames Valley Science Park is now open and operating; its completion is rightly regarded as one of the major developments of recent years.

Alongside the University of Reading, other major organisations/corporates are functioning as anchor institutions in the “ideas economy” – in the sense both of providing a local driver for research and innovation *and* (in some cases) providing a focus for the possibility of spatial clustering. Examples include:

- **AWE** – with a range of defence-related specialisms, including high performance computing and materials science, at a large site at Aldermaston, some of which could come forward for employment uses
- **Deloitte’s Cyber Intelligence Centre** which has grown quickly within Berkshire
- **Syngenta** – with its global R&D centre for agro-chemical research, and aspirations to develop a science park at its site near Bracknell.

Business environment

Berkshire is a place where enterprise can flourish. There are 44,600 enterprises in total, suggesting roughly 780 for every 10,000 residents of working age. Across the UK, the equivalent figure is about 640. This points to a vibrant and entrepreneurial business environment within Berkshire and a strong small business community.

In parallel, Berkshire also has a strong complement of larger businesses, many of which are internationally owned. It is these for which Berkshire is best known – the likes of Cisco, Microsoft, Telefonica, Oracle and Vodafone in the IT sector; Bayer, Syngenta, GSK, UCB and RB in life sciences; and a raft of household names across professional and financial services (PwC, EY, Deloitte, etc., as well as regional firms like Shoosmiths). It also has a new generation of companies with specialisms in artificial intelligence and cloud

computing; examples include Cloud Factory, Rapid 7, Carbon Black, Tanium, CrowdStrike.

In practice, the business environment within Berkshire has supported the formation and growth of both small, entrepreneurial businesses and larger players. Proximity to Heathrow Airport and London have been helped to shape the business environment, but its character is not reducible to external influences alone: Berkshire *as a place* has been important too.

Major employment sites – most notably Green Park (on the edge of Reading) and Slough Trading Estate – have helped to provide a visible focus. Increasingly, they fulfil many of the functions of anchor institutions in their own right – through, for example, the provision of formal and informal networking and support. They are genuine economic hubs of some scale: a cluster of data centres has, for example, emerged at Slough Trading Estate.

However, elements of the business environment require attention. In general terms – as the previous chapter explained – there is a shortage of employment land, in part because of changes to residential uses, accelerated through permitted development. Moreover, available sites and premises are expensive, pricing out lower value uses and forcing businesses seeking grow-on space to look elsewhere.

In addition, there is concern that provision for very early stage businesses may still be under-developed. Some flexible and managed workspace is available within Berkshire’s town centres, and there is evidence of commercial investment, but the provision of more animated incubator, accelerator and co-location spaces – which are fully part of a wider ecosystem – is limited⁶.

Against this backdrop, Thames Valley Berkshire Growth Hub is supporting the

⁶ Thames Valley Berkshire Supporting Workspace – Report by Renaissi, November 2016

development of small businesses from across a wide range of sectors.

In parallel, building on the ScaleUp Berkshire Programme, the challenge must be to encourage more businesses to scale-up, recognising the importance of the wider business environment in this context. Access to appropriate forms of growth finance is one key element; access to people with the right skills is a second; and the provision of appropriate commercial property is a third. The BLIS must in practice respond to all three.

Key data:

Berkshire has the 6th highest concentration of scale-up firms of all 38 LEP areas – with 580 firms scaling between 2013 and 2016

Supporting scale-up is important in terms of economic performance and productivity. But it also matters in relation to wider aspirations for inclusive growth. Growing firms provide a range of occupations and they play a key role in facilitating progression within the labour market. If these businesses are “squeezed out”, there is a risk that the prospects for progression are similarly curtailed.

People

Berkshire’s labour market: buoyancy, quality and “tightness”...

Within Berkshire, people constitute both a critical economic asset, but also – increasingly – a growth constraint. Two sets of data-driven observations explain why:

- Between 2006 and 2016, the total number of jobs in Berkshire grew by 15%. Over the same period, the resident working age population increased by around 5%. So, the number of jobs has grown much more quickly than the number of working age people.
- Across Berkshire, employment rates are high. Overall, the proportion of 16-64 year olds in employment is

around 80%, some five percentage points higher than the national average.

The inference is a very tight labour market – and all the qualitative evidence from employers points to the challenges of recruitment and retention. The clear implication is that Berkshire’s economy needs to grow principally by increasing the output from jobs, not the overall number; in other words, the overarching imperative must be one linked to productivity.

Within this context, it is also important to recognise the attributes of the labour market on which employers can draw. Within Berkshire, qualification levels are generally high: the proportion of working age adults with degree level (or higher) qualifications is close to ten percentage points above the national average. Locally, it is higher again (in Windsor and Maidenhead, and in Wokingham).

Particularly for major corporates, the effective labour market catchment is larger than Berkshire: people can be attracted from a wide area, including internationally. And as noted already, whilst there are high levels of out-commuting (especially to London), flows in the opposite direction are substantial too.

This overall picture – of buoyancy, quality and “tightness” – undoubtedly brings some challenges, and any dialogue with employers will quickly turn to these. Recruitment is difficult. Retention is also hard, particularly given the attractions that London presents for aspirational and ambitious employees, young ones especially.

Berkshire’s labour market: challenges for those in low pay jobs...

However, there is a second narrative which is equally important in Berkshire, and to which the BLIS must respond.

Research by University of Oxford found that for every ten middle-skilled jobs that disappeared in the UK between 1996 and 2008, about 4.5 of the replacement jobs

were high-skilled and 5.5 were low-skilled.⁷ The consequence is polarisation across the labour market. Nationally, this process is forecast to continue⁸.

Although both the indicator and the data are imperfect, one insight into the consequences for Berkshire relates to earnings. In absolute terms, earnings have become more polarised in every unitary authority across Berkshire since 1997. Relatively – on the basis simply of the ratio between the 10th and 80th percentiles – they have become slightly more polarised in Reading and West Berkshire and slightly less polarised in the other four areas, but the differences are still sizeable.

For those in low pay employment, Berkshire is a very challenging place to be: house prices are well above the UK average and affordability ratios are, for many, prohibitive.

Moreover, there is evidence to suggest that progression within the labour market is difficult. Jobs in “the middle” have been squeezed. Historically, these have played a crucial role in relation to progression for individuals. Finding alternative routes will be essential if more inclusive growth is to be achieved (see Box 4).

Box 4: Insights from the BLIS Evidence base – Unpacking “the middle”

A concern identified by the Productivity Commission during its first meeting was the apparent absence of “the middle” (in terms of jobs, occupations and activities) in Berkshire: both “the top” and the “the bottom” have grown, but “the middle” has all but disappeared. Patterns of this nature are recognised nationally, but because Berkshire is expensive (particularly in relation to housing and employment land/premises), these issues are exaggerated locally.

Using workplace-based data from ASHE, we considered the polarisation of employee earnings within Berkshire and how this has changed over the last two decades. Data suggest that employee earnings have become more polarised in absolute terms in every unitary authority area across

Berkshire since 1997. Relatively, though, the picture is more mixed.

Nationally, the issues around polarisation are significant ones. For those who find themselves in “low pay” employment, progression is crucial, which in turn is key for inclusive growth. A national analysis by the Resolution Foundation found that the likelihood of progression is affected by four main factors:

- propensity to move jobs - generally speaking, moving jobs is a catalyst for pay growth
- type of employer - UK wide, public sector employers are considered a better route to progression than private sector companies (although large private sector employers are better than smaller ones)
- sector of employment - cleaning, hospitality, hairdressing and childcare are identified as having the highest incidence of low pay jobs
- skills: while education “helps”, a degree is less effective than it used to be in securing progression, while the evidence suggests that lower level qualifications help people to enter the workforce but not to progress within it

Across these four dimensions, the overall assessment of Berkshire is mixed. Simply because of the buoyancy of the labour market, the scope for job moves must be higher than elsewhere. However, Berkshire’s public sector is relatively small. We also know that there is high demand for labour in sectors where progression appears to be difficult nationally (such as cleaning, hairdressing and childcare).

A view expressed by the Productivity Commission was that the cost of business space prevents “non high-end” businesses – those which typically seek to hire people “in the middle” - locating (or remaining) in Berkshire. CoStar data found that the cost of business space – both office and industrial – is amongst the highest in the UK outside of London.

Polarisation, progression and commercial property are rarely considered together, but the links are clear and important in shaping Berkshire for the next two decades, particularly in respect of its ability to achieve growth that is both rapid and inclusive.

Skills priorities

Cutting across all of this – and at all points in the labour market – there is a need to ensure that employers can recruit the right people with the right skills. This is both an

⁷ Dr. Craig Holmes of Oxford University: Why is the Decline of Routine Jobs Across Europe so Uneven? (November 2014) from: [Social Mobility Commission: State of the Nation 2016: Social Mobility in Great Britain]

⁸ UK CES: Working Futures 2014 to 2024; Main report (April 2016) from: [Social Mobility Commission: State of the Nation 2016: Social Mobility in Great Britain]

immediate imperative and a future-facing one, recognising profound changes in the nature of work, an evolving sectoral make-up and the overarching consequences of technological change.

In this context, between 2016 and 2018, Thames Valley Berkshire LEP undertook a major piece of work to develop a Skills Priority Statement⁹. This involved extensive business consultation and it resulted in the identification of distinct skills priorities relating to “jobs families”. These were:

- **Tier 1** – focused on high value and fast-growing sectors in which employers are finding it hard to fill vacancies (digital tech, and engineering and science)
- **Tier 2** – covering construction, health and social care, and education; these sectors too have hard-to-fill vacancies although their significance for Berkshire is as much about quality of life and the functioning of the place as it is economic output, and their links to the labour market are different
- **Tier 3** – encompassing a wide group of other sectors/occupations, ranging from transport and distribution to creative.

The key point is that all of these are important for a sustainable and inclusive labour market, and efforts to promote productivity and progression apply across the board.

Box 5: Learning today, leading tomorrow
Berkshire has excellent education providers at every key stage, with first class teaching and facilities to match. It has the University of Reading, five further education colleges and many excellent schools, including Wellington College and St George’s, as well as top-rated state-funded schools

Infrastructure

The fourth of the Industrial Strategy White Paper’s Foundations of Productivity relates to infrastructure – both physical and virtual.

Transport and congestion

Over recent years, Berkshire has benefited from major transport investments and more are planned; these include Crossrail, Western and Southern Rail Access to Heathrow, M4 Smart Motorway, and, longer term, a third runway at Heathrow. For the most part, the rationale for these investments is defined nationally. It reflects, again, the importance of London within the economic life of the UK and/or the significance of international gateways.

In parallel, it is important to recognise a set of infrastructure issues that needs to be defined at a more local scale. This includes long-established priorities (like a third crossing of the River Thames), but also on-going imperatives around both intra- and inter-urban connectivity. Both have seen some investment and improvement in recent years, but there is more to be done.

The context for all of this is high levels of congestion. In some respects, this is the inevitable consequence (and cost) of economic buoyancy. Resources from the Local Growth Fund have been used to invest in local improvements. In addition, transport-related stakeholders have noted that:

- local attitudes to large scale development are becoming more positive, because of the potential for major schemes to unlock infrastructure-related investment
- the appetite for virtual and IT-enabled solutions is growing quickly.

Berkshire is ripe for intelligent mobility – one of the Grand Challenges from the

⁹ Thames Valley Berkshire Skills Priority Statement 2018, published by Thames Valley Berkshire LEP

Industrial Strategy White Paper. There is also widespread recognition that behavioural changes will need to be a central part of the solution. This will require more flexibility from employers over working hours, and a greater commitment to sustainable transport modes. Relatively small changes (such as the provision of bicycle storage facilities at more railway stations) could make a big difference in terms of the efficiency and capacity of the transport network overall.

Energy and water

However, another infrastructure that is under pressure is that relating to key utilities.

Investment cycles/processes linked to energy infrastructure are not well aligned to the needs of buoyant local economies: they struggle to react quickly in the context of fast-changing patterns of demand.

Two processes within Berkshire are especially challenging in this context. One relates to major new developments which bring a step-change in demand at a local level. A second reflects sectoral economic changes which are occurring within existing patterns of land use. The increasing number of data centres which occupy sites with B8 warehouse and distribution Use Classes is one important element; and the provision of EV charging facilities (for electric cars) is another.

It appears therefore that solutions to specific infrastructure constraints (notably transport-related) are creating pressures – but also potentially market opportunities – elsewhere. Indeed, it is increasingly recognised that demands on the energy infrastructure are materially important in relation to the pace of, and constraints to, economic growth.

Housing

As noted already, housing pressures across Berkshire are substantial. All six unitary authority areas have affordability ratios that are both challenging and deteriorating. The ratio of median house prices to median gross annual residence-based earning in Slough was 7.7 in 2007 but 11.0 in 2017, and throughout Berkshire, the pattern is similar. Rental levels are also very high.

The housing stock is increasing: between 2006 and 2016, it grew by over 27,000 dwellings with the biggest absolute increases in Reading and Slough. Looking ahead, significant additional housing growth is planned, although the balance may shift spatially towards the other unitary authority areas, most of which have one or more big planned (or at least possible) developments.

For the economic potential of Berkshire to be realised, it will be important that these sites come forward and the housing numbers set out in emerging Local Plans are indeed achieved.

Consultation Questions in relation to Chapter 4

Chapter 4 “boils down” a huge volume of evidence which we have gathered in earnest over the last year (and indeed before that). It seeks to probe the nature of the Berkshire economy, and to flush out both its strengths and weaknesses – and its distinctive characteristics. The strategy (presented in Chapter 6) really is founded on this assessment – so it is important.

In this context:

4-1: Do the “Foundations of Productivity” help explain the nature of economic performance across Berkshire?

4-2: Are there other factors/issues that ought to be considered given the purposes of the BLIS?



 **Apprenticeships**
BERKSHIRE APPRENTICESHIP SERVICE

Photo credit: Berkshire Apprenticeship Service

5: Assets, challenges, constraints and opportunities

Berkshire has a mix of world-leading assets, but also major constraints linked to the growth process. These attributes need to be understood in the context of more general trends and drivers – social and environmental as well as straightforwardly

economic. Cutting across all of these are specific global trends which will transform our future. Identified in the Industrial Strategy White Paper as Grand Challenges, four key ones are: artificial intelligence and data; future of mobility; clean growth; and ageing society.

Table 1 below summarises the future-facing opportunities and/or challenges that are linked to the key assets and constraints which define Berkshire. These frame both the Vision and Priorities for the BLIS (which are described fully in the chapter that follows).

Table 1: Framing the BLIS: Assets, challenges, constraints and opportunities

Asset/constraint	Future-facing opportunities and challenges for Berkshire
High incidence of internationally-owned businesses, particularly in the IT/digital sector	<ul style="list-style-type: none"> Major risks and uncertainties linked to the process of Brexit Concerns relating to the “hollowing out” of higher value or higher knowledge content functions in Berkshire Risks surrounding the retention of younger workers within Berkshire, including international ones
University of Reading – as Berkshire’s only major higher education institution	<ul style="list-style-type: none"> Specialist research and teaching within the ambit of all four of the Grand Challenges Scope to invest in the wider innovation ecosystem, recognising that the University of Reading needs to be a central player within this
Well-qualified and economically active working population	<ul style="list-style-type: none"> Existing workforce skills ought to mean that Berkshire can be an agile economy, adapting effectively to technological change and, at times, being in the vanguard Those people that are not well-qualified are at risk of in-work poverty, particularly given the nature of the housing market (both owner occupied, and rental)
Retaining young people	<ul style="list-style-type: none"> London has magnetic appeal to younger adults and Berkshire struggles to hold on to its young people – particularly recent graduates
Fragmented innovation ecosystem	<ul style="list-style-type: none"> The innovation ecosystem is under par, particularly in comparison to the well-qualified nature of the workforce: it may struggle to compete with the best in the world and this may matter as knowledge content rises Opportunities exist to forge alliances, particularly with Oxfordshire (through Oxfordshire LEP), and Hampshire and Surrey (EM3 LEP), to accelerate and encourage innovation and enterprise within key sectors Major challenges surround the lack of “ecosystem champions”: who “talks up Berkshire” as a focus for dynamic and entrepreneurial small businesses and a hub for young entrepreneurs?
Berkshire’s towns	<ul style="list-style-type: none"> Town centre issues are “writ large” and there is a need for creative responses, informed by the achievements in Bracknell

Asset/constraint	Future-facing opportunities and challenges for Berkshire
	<ul style="list-style-type: none"> In some cases, Crossrail ought to provide a catalyst for town centre regeneration and growth (Reading, Tyxford, Maidenhead) Smaller towns in the more rural parts of Berkshire need to function as economic hubs Berkshire’s towns need more profile – and they need to develop a more consistently excellent cultural offer
Berkshire’s “brands”	<ul style="list-style-type: none"> Windsor Castle, Ascot, Eton College, etc., are known around the world, and they present a great opportunity to raise the profile of Berkshire vis-à-vis investors and businesses The multicultural nature of Berkshire also needs to be celebrated: <i>“the world comes to Berkshire”</i> and this ought to be a headline that is promoted
Employment land	<ul style="list-style-type: none"> Lower value uses are in the process of being squeezed out with major consequences for the mix of jobs within Berkshire: looking ahead, there is a need to ensure that appropriate provision is retained, despite market and other pressures
Rural parts of Berkshire	<ul style="list-style-type: none"> The natural environment is, in large part, outstanding and it needs to be celebrated in these terms, recognising the contribution it makes to the area’s quality of life Rural communities must however be sustainable – and the loss of young people in the context of very high house prices is a threat
Transport infrastructure	<ul style="list-style-type: none"> Berkshire’s transport infrastructure is very congested despite seeing major investment projects: modal shifts and behavioural changes will be important, as potentially will be the use of autonomous vehicles and other digital solutions
Housing provision	<ul style="list-style-type: none"> There are major challenges relating to housing supply – both the quantity and the affordability in the owner-occupied and rental markets
Large parts of Berkshire are functional floodplain and/or Green Belt	<ul style="list-style-type: none"> There is relatively little developable land – meaning that high density solutions will be needed and also that hard decisions may need to be taken about the nature and direction of growth over the medium-long term

Consultation Questions in relation to Chapter 5

Although short, Chapter 5 is important in moving from analysis towards strategy, and ensuring that the BLIS is future facing: it needs to anticipate major risks (upside and downside) for the economy of Berkshire as it looks ahead to 2030 and beyond.

5-1: Is the summary assessment a fair one? Does it capture the principal challenges that Berkshire is facing?



Photo credit: Slough Borough Council

6: Vision, strategy and priorities

Vision: the best of both global and local

At the core of our Vision is a commitment to becoming **the best of both global and local**.

We have an outstanding location at the heart of one of the world's major international gateways and adjacent to a thriving world city. This gives us tremendous opportunities for international business and for trading around the world. At the same time, we cherish the places (both urban and rural) that define Berkshire. These must be encouraged to thrive – as must the businesses and communities that call them “home”.

Against this backdrop, our Vision is simply that **Berkshire should grow with ambition and intent**. We want to accelerate the

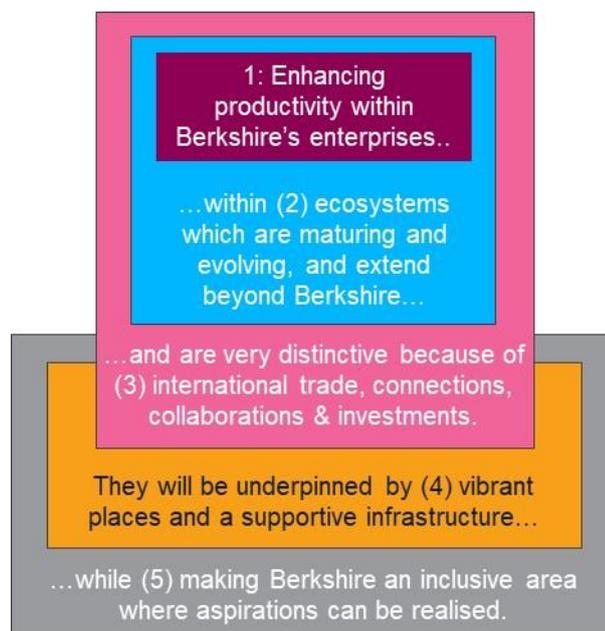
pace of economic growth – consistent with the strength of our assets – and then to sustain it at a high level, but we also want to see *good* growth. By this, we mean growth that is smart, knowledge-intensive, inclusive and resilient. We want businesses to thrive, communities to prosper and individuals of all ages to progress and flourish.

The consequence will be that we generate businesses, jobs and output that would simply not occur elsewhere. These will add to the health of the UK economy overall.

From Vision to Priorities

Although our economic fundamentals are robust, there is much to do in achieving this Vision. Our immediate priorities are set out in the graphic below and explained in the pages that follow. Our intention is to develop these in the light of consultation feedback over the summer months, and in discussion with central government through the process of co-design.

Figure 6: Our Priorities



Priority 1: Enhancing productivity within Berkshire's enterprises

Why this is a Priority:

- Evidence from the Productivity Commission suggests that levels of investment have stalled within Berkshire owing to macro-economic / political uncertainty and high levels of caution within the business community. Perversely, this means that productivity may have been inflated over recent years (as existing assets have been sweated hard), but future prospects may be less good. The imperative now must be to encourage businesses to invest such that productivity improvements can take place over the medium-long term.
- For most businesses, their key resource is their staff. Investing in appropriate forms of workforce development is crucial for firms to thrive in the medium-long term.
- Berkshire has a reasonable group of scale-up businesses, but it is important that these continue to invest and grow. Berkshire must provide a business environment that nurtures growing businesses. Issues with regard to the stock of commercial premises are important in this context, as are workforce skills.

What we propose to do in response:

- We want to encourage Thames Valley Growth Hub to work with businesses from different sectors to ensure they understand what productivity is, and unlock investment decisions.
- We want to build on the ScaleUp Berkshire Programme to continue encourage small businesses to grow to medium size and beyond.
- We want to build on the Funding Escalator – with links to British Business Bank and Business Growth Fund – to ensure that more businesses within Berkshire have appropriate access to growth finance.
- We want to provide an appropriate supply of sites and premises to help smaller businesses invest and grow. This will include some lower cost provision which will help in relation to the “middle level” jobs which have been identified as critical in relation to progression and inclusivity.
- We want to ensure that Berkshire's businesses have access to the best possible (existing and emerging) digital infrastructure; to this end, we will work with the major providers to ensure that major employment sites are prioritised.
- We want to work with the area's SMEs to support them to invest in their staff throughout their careers, including through an increase in the uptake of apprenticeships.
- We want to develop a more flexible approach to skills provision, which responds to the increasing diversity of working practices.

Priority 2: Ecosystems which are maturing and evolving and extend beyond Berkshire

Why this is a Priority:

- Berkshire's business community is ensconced in wider ecosystems (networks of relationships and interdependencies linked to economic life) – although compared to elsewhere, these are currently relatively weak and fragmented.
- Ecosystems are important in terms of knowledge spill-overs and more general processes of innovation; they

are also crucial in relation to risk and resilience.

- The process of enterprise/growth needs to be encouraged within deepening and evolving ecosystems which follow their own economic geography(ies): for IT and digital sectors, this extends to the south and east of Berkshire, whereas in life sciences, the stronger links are to the north.

What we propose to do in response:

- We want to forge alliances with partners in Oxfordshire (through Oxfordshire LEP) for life sciences, and Hampshire/Surrey (through EM3 LEP) and Heathrow/London on the digital front, building on the SIAs and working towards sub-national sector deals.
- We want to develop the role of University of Reading as an anchor institution, building on Thames Valley Science Park and recognising its assets in terms of the Grand Challenges.
- We want to investigate the potential surrounding other major organisations (possibly including AWE and Syngenta) and also major employment sites (like Green Park and Slough Trading Estate) to develop a network of institutional anchors across Berkshire. We consider this model to be highly appropriate given the settlement structure and the distribution of businesses/people.
- We want to support the appropriate development of innovation spaces in our town centres and/or close to railway stations.
- We want to develop flexible and market-led skills/workforce plans that are driven by the needs of major sectors, build “Berkshire’s future talent”, and use apprenticeship (and other) routes to make them happen;

this could potentially include an Institute of Technology.

- We want to identify, encourage and celebrate reinvestment cycles, building a stronger “sense of place” in the process.

Priority 3: International trade, connections, collaborations and investments

Why this is a Priority:

- Berkshire is among the most outward facing local economies in the UK and its prosperity and sectoral make-up owes much to sustained inward investment. There is also evidence to suggest that inward investment is correlated with strong productivity performance. The inference therefore is that Berkshire’s productivity strengths may reflect its international make-up.
- Berkshire has big economic advantages and potentials linked to Heathrow Airport; in principle, these ought to be strengthened further in the context of a third runway.
- However, the scale of inward investment fell in 2018/19 and patterns and processes of both inward investment and international trade may well change in the context of Brexit. This presents risks – upside and downside – and designing in resilience needs to be a priority.
- There is some concern that the international corporates have “hollowed out” activities in Berkshire. Specifically, Berkshire appears to attract sales, marketing and management functions, with innovation-focused activities located elsewhere.
- More generally, there is a need to deepen/strengthen relationships within broad ecosystems and

emphasise the importance of place-based assets from the perspective of international investors and the internationally mobile workforce.

What we propose to do in response:

- We want to exploit fully the benefits of Heathrow proximity including, most immediately, through the work of the Heathrow Strategic Planning Group and the priorities identified in the Heathrow-focused Science and Innovation Audit.
- We want to stay close to the major companies in Berkshire to understand how their thinking is evolving, particularly as the Brexit process unfolds.
- We want to involve the corporates in ecosystem development ventures – both in branding terms, and attitudinally: the major inward investors ought to be functioning more as anchor institutions and contributing fully to economic life within Berkshire. We believe there is scope to develop networks of businesses that are operating internationally to “share war stories” and strengthen links.
- We want to build our relationships with the “next generation” of international investors in Berkshire, ensuring that we remain a leading location for global tech investment.
- Through the Growth Hub and the Department for International Trade (DIT), we want to encourage small businesses to “think global” and trade internationally.
- We want to continue to promote Berkshire internationally – as a culturally rich and beautiful place that is also a thriving hub for IT/digital businesses and for the life sciences. In this context we want to forge stronger links with similar “global places” (e.g. Boston, Zurich).

- We also want to highlight more explicitly the quality of the area’s countryside (as part of the area’s USP in relation to international investors and investment).
- We want to take steps to celebrate “*the world coming to Berkshire*”, welcoming workers and investors from across the world.

Priority 4: Vibrant places and a supportive infrastructure

Why this is a Priority:

- Berkshire lacks a dominant city (other than, arguably, London) and its towns – and in particular its town centres – need to function well. Some have seen real progress over the recent past (e.g. Bracknell) and some are developing ambitious plans (e.g. Slough), but across the piece, it will be important that the towns flourish, including with regard to their cultural offer.
- In parallel, Berkshire needs to continue to make better use of employment sites – whilst recognising the pressure that exists to divert employment land to housing uses. Throughout, there is a need to be flexible and responsive: “meanwhile uses” have a key role to play.
- Berkshire also needs to confront a range of infrastructure constraints and possibilities, recognising that energy/utilities is under considerable pressure and new investment is required.
- The transport network is congested. In part, this is an inevitable consequence of economic success. But the network also lacks resilience. It is overly dependent on key routes (such as the M4). Digital solutions need to be a key part of the response (including Smart M4, which is due to be completed in 2022).

- Finally, housing delivery is an overarching concern. Although this is creating pressures in relation to congestion, there is an urgent need to improve affordability and provide more (young) people with a home. There will be a need for mixed tenures (shared ownership, market rent, and opportunities to move between tenures).

What we propose to do in response:

- The agenda relating to Priority 4 is enormous. It extends well beyond the immediate remit of the BLIS and into the domain of spatial planning. However, there are steps that could be taken by wider partners and stakeholders.
- There is a need to celebrate and promote Berkshire's town centres as interesting and rewarding places, linking in part to Berkshire's cultural/leisure offer and recognising that they need to help attract and retain young people (particularly recent graduates). There is also a need to re-establish town centres as a place for enterprise. This will link with Priority 1 and Priority 2.
- With regard to transport, the imperative is to emphasise the ongoing importance of
 - modal shifts and the development of sustainable transport solutions
 - the use of big data in redefining transport issues.
- In relation to spatial development, it will be important to ensure that good use is made of sites close to railway stations and motorway junctions, and in strategic transport corridors, nurturing the development of connected ecosystems.
- More generally, it will be important to ensure that the full range of provision for land and premises required by

major sectors is available – from start-up (incubator, managed workspace) to grow on space – in suitable locations (both urban and rural)

- In relation to housing, steps need to be taken to accelerate delivery. In addition – given the costs linked to Berkshire – there may be a case for a Berkshire-specific “help to buy” scheme.

Priority 5: Making Berkshire an inclusive area where aspirations can be realised

Why this is a Priority:

- There are particular risks linked to inclusivity in Berkshire: the downside of outstanding international connectivity is that it has the scope to be a very unequal place.
- Within this context, there is a need to focus strongly on the challenges and potential of “the middle” in terms of labour market, sectoral composition, property provision, housing, etc. This may well define a particularly important role for the public sector – but in the context of a dynamic, commercially-driven economy.

What we propose to do in response:

- The agenda linked to Priority 5 is enormous and many of the key levers are national in scale. However, working with partners and stakeholders, we can make a difference locally.
- There is a need to refocus adult learning on employment flexibility, recognising the impact of technology need to plan for major career changes. Steps ought also to be taken to develop a dialogue around the concept and process of “progression”, both *within* and *across* firms and

sectors as lifetime working patterns become more complex.

- More specifically, there is a case for promoting the uptake of the Living Wage, building on the success of Heathrow Airport, and linking any public support to the adoption of the Living Wage.
- Linking to Priority 2, steps ought to be taken to ensure that “ecosystem leaders” reflect the wider population of Berkshire, particularly with regard to ethnicity, nationality, age and gender. In this context, the

importance to productivity and growth of culturally diverse workforces in vibrant ecosystems ought to be recognised and celebrated – a workforce for/from the world.

- There is a need to consider the scope for delivering social value through procurement decisions (for example to support local recruitment) and training), and recognise the role of the public sector more generally.

Consultation Questions in relation to Chapter 6

Chapter 6 is the main statement of strategy, based on the evidence and analysis set out in preceding chapters and anticipating the implementation arrangements that are described later. The detail of Chapter 6 however remains to be developed and it is in this domain that we will focus particularly over the summer months. Comments and feedback in relation to Chapter 6 are therefore especially important.

6-1: Chapter 6 begins with a Vision. Do you support it?

6-2: Chapter 6 sets out a huge agenda for action under five distinct Priorities. Within this, what do you consider to be the most important Priority(ies) in seeking to achieve the Vision?

6-3: Moving down a layer, what do you consider to be the most important potential actions under each Priority, taking each in turn:

- *Priority 1: Enhancing productivity within Berkshire’s enterprises*
- *Priority 2: Ecosystems which are maturing and evolving and extend beyond Berkshire*
- *Priority 3: International trade, connections, collaborations and investments*
- *Priority 4: Vibrant places and a supportive infrastructure*
- *Priority 5: Making Berkshire an inclusive area where aspirations can be realised*

6-4: Currently, actions under each Priority are set out in headline and indicative terms only. How might you/your organisation contribute to their development over the summer and their delivery thereafter?

6-5: Currently, many people who live in Berkshire are not really benefitting from the area’s economic vibrancy. What more should be done to help improve their life chances?



7: Delivery commitments and alliances

Chapter 7 will need to be developed once the detail of Chapter 6 is agreed.

However, it will be based on the following points of principle:

- Alliances will need to be forged and sustained to deliver the BLIS which extend beyond the boundaries of Berkshire: they will be driven by relevant functional footprints, and spatially, they may vary from one intervention to the next. These alliances will include regional arrangements where appropriate – e.g. Transport for the South East (TfSE), partnerships linked to Heathrow Airport, and Innovation South.
- National relationships will also be needed – and Berkshire will be a national trailblazer in relation to parts of its BLIS. For these, we would expect close relationships with relevant parts of central government (e.g. with DIT in relation to inward investment and Heathrow Airport).
- The unitary authorities will play a key role – particularly in relation to infrastructure. Implementation plans will be important here.
- Grant funding will need to feature, but in a minor and targeted way only (e.g. Shared Prosperity Fund). More generally, there will be a need to commit to potential funding mechanisms that are self-sustaining – including for infrastructure and other investments that have traditionally been funded through the public purse.
- There will be a mix of short- and long-term priorities and interventions. Amongst the former, there should be some that are “ready to go”, should relevant bidding opportunities emerge.

Consultation Questions in relation to Chapter 7

This chapter needs to be developed once delivery priorities are more clearly specified, but it will be crucial in terms of giving the BLIS traction – both locally and nationally.

7-1: How will you/your organisation contribute to the delivery of the BLIS?



8: Monitoring and evaluation

This chapter will be developed once the strategy is complete. It will set out some high level and indicative quantified targets, taking into account the overarching purposes set out in Chapter 2 – and the emphasis will be on measures of productivity and inclusivity.

It will provide relevant logic chains with a statement of possible methods and approaches. These ought to be informed by a discussion in terms of the level of resource that we (and our partners) are willing and able to commit to M&E.

In addition, it may be appropriate to discuss and agree M&E plans with other areas (e.g. in relation to sectoral approaches) and central government (in relation to elements where Berkshire is – in some sense – a national leader).

Consultation Questions in relation to Chapter 8

This chapter will be developed once the rest of the BLIS is essentially in place, but comments in response to three questions would be helpful:

8-1: Is there any evidence linked to monitoring and evaluation – and an overall assessment of “what works” – that you might find especially useful?

8-2: What could you/your organisation contribute to generating that evidence?

8-3: How much resource do you think should be devoted to M&E – and in what ways could your organisation contribute?



Photo credit: Royal Borough of Windsor & Maidenhead



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