

# **The Cambridgeshire and Peterborough Response to the Industrial Strategy Green Paper**

This is the response of Cambridgeshire County Council and Peterborough City Council to the Government's Industrial Strategy Green Paper. It has been endorsed by Cllr Steve Count, Leader of Cambridgeshire County Council, and Cllr Peter Hiller, Cabinet Member for Growth, Planning, Housing and Economic Growth at Peterborough City Council.

Whilst taking a free text format the majority of the questions presented for consultation are directly addressed within the response. We have addressed the Green Paper from a national perspective, but where appropriate, offered insights from a Peterborough and Cambridgeshire perspective where we consider these could inform Government's approach by way of experience, evidence or suggestions. A more detailed analysis of how the Greater Cambridge City Deal is seeking to drive economic growth across the Cambridge City and South Cambridgeshire districts and beyond can be found in the Greater Cambridge City Deal response.

We hope that the response is constructive and useful and we would be very pleased to discuss any or all of the points raised.

## **1.0 Industrial Strategy Approach**

At an understandably high level this document seeks to focus on the 10 pillars which will have the biggest impact in tackling low productivity and unbalanced growth. In order for this strategy to have the greatest possible impact on society as well as the economy, it will be important that delivery at the local level also promotes inclusive growth rather than exacerbating existing inequalities. This is particularly pertinent to pillars regarding issues such as skills and infrastructure.

Investment at this level should be a strong focus for the strategy. Established economic development organisations, such as an Opportunity Peterborough and/or place-based LEAs, due to their inherent, extensive local knowledge of economic opportunities and challenges have an important role to play in translating high level national priorities into meaningful local action and supporting Combined Authorities in delivering economic growth. A structured approach of cascading the Industrial Strategy priorities to the most appropriate level possible will therefore increase the pace and effectiveness of its implementation.

The many economic opportunities supported by the growing smart cities agenda are not evident within this document. Other countries appear to be picking this up as a strategic theme, recognising that future cities will be very different places from those we reside in now. As an early adopter of the "Smart City" concept, the UK should be at the forefront of driving world-leading technological developments in a smart city, real world context. The importance and value of data will grow significantly during the period covered by the strategy. The UK will lag behind the rest of the world if it fails to grasp these emerging and growing opportunities.

Building on this, the Circular City approaches being developed by Peterborough and other cities should also be a focus of the Industrial Strategy. Designing in re-use, remanufacturing and so on, offers significant innovation potential across multiple sectors, which could both catalyse new industry opportunities for, and be supported through, national agencies such as the National Physical Laboratory, Institute for Manufacturing et al.

Overall, environmental sustainability impacts and opportunities are mentioned very little yet should be at the core of building and strengthening a new, resilient and future-proofed economy for the UK.

## **1.1 The role of Central Government**

The role of Central Government is not fully explored within the Strategy but should be considered as the 11<sup>th</sup> Pillar. Whilst there is an attempt to describe how growth will be driven across the UK there should be a more detailed geographic strategy to improve equality across the UK. Government also has a role in exchange rates and Government has further roles and abilities in driving exports, reducing bureaucracy, removing trade barriers and ensuring we have an equal playing field with competitors abroad. It also has a vital role in explaining how and when immigration is appropriate and a significant role in ensuring it is understood by the public.

## **1.2 Immigration**

It is recognised that immigration is a key feature of the Brexit negotiations and that it will take some time to design new systems that are considered and fit for purpose. That said, immigration is a big part of the skills discussion and the issue is conspicuous in its absence from this document. The issue relates not just to high level skills but also to available workforce. According to the Agriculture and Horticulture Development Board approximately 20% of agricultural workers, and a much higher proportion of horticultural workers, are EU migrants. The University of Cambridge is reporting that student applications from EU member states are down 14% this year already. A flexible and responsive visa system, with local authorities or combined authorities having the power to issue their own visas, could be an innovative approach to enable employers to balance local labour demand and availability with other overseas labour sources. Across Cambridgeshire and Peterborough it will be important to ensure continued access to the world's best talent, including admitting them as students, as well as being able to flexibly respond to the needs of labour intensive, seasonal industries such as agriculture, which is vital to the local economy. An appropriate visa system is also crucial for the long-term success and sustainability of the HE sector and consequent implications on innovation and productivity.

The only logical alternative to an appropriate solution around visas would be a comprehensive and rapid up-skilling programme to replace immigrant labour (at all levels). Whilst welcome in its own right, it would be unlikely to meet all the demands and would be unfeasible in the immediate, short or even medium-long term, thus generating significant risk for UK industries.

## **2.0 Investing in science, research and innovation**

### **2.1 Priority areas for science, research and innovation investment**

Given the disparity in funding for R&D in the UK compared with the OECD average and leading innovation countries, the UK punches well above its weight in scientific research and discovery. Recent announcements regarding increases in R&D investment, the Industrial Strategy Challenge Fund and the creation of UKRI are very welcome and will help to consolidate and accelerate the UK's position as world leader in science and technology.

It is important that funding for fundamental research continues and increases. It is new and often exploratory research which gives us a competitive advantage in the world through discoveries such as graphene. However, as identified within the Strategy, the UK is less effective in the commercialisation of these discoveries than many of its competitors.

Areas for investment should be those areas in which the UK has demonstrated a natural competitive advantage, such as Life Science, as well as those areas where there will be large scale future demand, such as AI, next generation computing and energy (to include battery, storage, carbon capture, smart infrastructure, alternative and renewable energy sources, Small Modular Reactors and local generation).

The ambition to achieve economic growth across the UK could also be applied to more local geographies where there are lead innovation engines, (Cambridge, Oxford, TechCity etc): expanding the specialisms into their wider geographies through, for example, networks of centres of excellence, could agglomerate to a national gap-filling model.

## **2.2 Industrial Challenge Strategy Fund focus**

It is suggested that one focus of the Industrial Challenge Fund should be a cross cutting theme encouraging the adoption of circular economy principles into the design of products, services and business models, delivering value to businesses, their clients, society and the environment through improved efficiency and productivity. Considerable work is already being undertaken by major companies to exploit circular economy principles, and investment in this area could establish UK industry as a world-leader.

## **2.3 Supporting the commercialisation of ideas**

### **2.3.1 Funding for research and development**

There should be a very strong focus on mechanisms which reduce the time between research outputs and commercialisation of the resultant products and services. It is strongly recommended that greater funding be made available to support later stage R&D along the lines of successful and established initiatives to be found in Israel and Asia.

Businesses need access to enhanced funding for innovation and productivity investment which would lead to increased global competitiveness. With regards to innovation funding this should particularly address the Valley of Death stage. Scale-ups require improved access to funding and/or tax incentives particularly for capital investment aimed at making step-changes in productivity and output.

One area that is less well addressed is the period between proof of concept and product development. Many companies face financial, property and materials risk at this stage of their business development which appropriate Government instruments could seek to address.

Evidence around this is largely anecdotal from the Peterborough perspective, although with a dramatic increase in the number of patents registered in the city (Peterborough has risen from 43<sup>rd</sup> to 6<sup>th</sup>, and then 7<sup>th</sup> nationally, in reports prepared by the Centre for Cities) it is unclear whether these patents are producing the step-change required in the city economy. A barrier to the fulfilment of that R&D appears to be risks associated with product development and manufacture. Anecdotal evidence, both within Peterborough and through conversations with partner cities, is that much of the early phase manufacturing of products is going outside the UK because of inherent risks associated with property and employment in the UK.

It is therefore recommended that the role of the Business Bank is more closely integrated with InnovateUK to establish a broader financial instrument to support, at low interest rates or equity stake investment, the rapid growth of product development and manufacture, in a way that is more accessible to companies of all sizes. This could be established on a revolving fund basis.

### **2.3.2 R&D tax credits and capital investment allowances**

Simplification of R&D tax credit scheme would improve take up by SMEs. Given the UK's lack of investment in robotics and automation, adaptations to the capital investment allowances should also be considered to encourage R&D investments and capital investments related to productivity improvements. The US is a useful model for tax incentive instruments to catalyse business growth,

with many states adopting direct funding models which could inform the Industrial Strategy 'place-based' motif.

### 2.3.3 Knowledge Transfer Partnerships

Knowledge Transfer Partnerships are a well-established route to encouraging higher end economic development and business growth and innovation. However, they are not mainstream in industry, and are perceived to be complex and only for those firmly in the R&D space. A more fully supported programme of KTPs for SMEs would drive up local skills, enhance UK's position as a leading innovator and provide long-term growth in productivity. The following recommendations are provided to support this aim:

- Invest in a comprehensive programme of Knowledge Transfer partnerships, encouraging take-up by SMEs through improved funding, practical support and guidance, and even considering tax relief incentives (alongside R&D tax incentives).
- Work with HEIs to develop models whereby students involved in KTPs may be assured of higher grades through satisfactory completion of KTPs.
- Establish a national network of KTP alumni across all HEIs to facilitate experience-sharing and encouraging ambassadors to the scheme.

### 2.3.4 Intellectual Property

Raising awareness of services available from the IPO regarding the identification, protection and commercialisation of intellectual property and further promoting the benefits of Patent Box will also help more businesses to understand and realise the benefits of a greater focus on research, development and innovation.

## **3.0 Developing Skills**

### **3.1 Basic skills and the new transition year**

When we look at maps showing areas of the country with low attainment levels and low rates of progression to HE, these areas are the same as the maps showing areas with multiple indicators of deprivation. This would suggest that addressing low skills levels in some of the country is a complex issue and one that requires a number of measures delivered together.

The focus on raising the level of basic skills is certainly welcome and much needed. Preparing young people for the world of work, through the provision of employability skills, should also be a key part of the curriculum alongside entrepreneurship and business skills for those with an interest. This should apply at the pre- and post-16 age groups.

In order for the transition year to be a success for the young people involved they will need to be inspired. Key to this is providing information and experiences that open their eyes to the many opportunities that await them. In Cambridgeshire and Peterborough, The Skills Service and Form the Future are recruiting employers to work with young people in schools with great success. This type of activity should be ramped up considerably for this transition year, making the connection between skills being learned and future possibilities.

During the transition year, young people will require access to high quality, impartial CEIAG to inspire them to achieve. This needs to be delivered through and with local employers who can talk about jobs, apprenticeships, salaries and progression routes.

Work experience would also be a valuable addition to this transition year. Professionally managed, this provides young people with inspiration and not least a useful addition to their CVs, whatever their

future aspirations. Importantly, multiple contacts with the world of work also greatly reduces the probability of any one young person ending up as NEET.

### **3.2 Work experience**

The importance to business of work experience for young people and the progression of young people themselves is well-documented:

- British Chambers of Commerce carried out a survey of businesses showing 76% of businesses think lack of work experience is one of the key reasons young people are unprepared for work.
- The Education and Employers Taskforce produced a recent report which highlights the value of work experience to young people in clarifying career aspirations, getting into university, academic attainment and employment. The report highlights the strong connection between clarity and realism of careers aspirations aged 16 and later adult labour market outcomes.
- The report also finds that work experience is under-utilised as a means to stretch the career horizons of young people. The problem is that half of those that do go on a placement are found by the young people themselves or their families using existing social networks.
- The above has resulted in the Gatsby Benchmarks which are now being used by schools and Ofsted and which cover all aspects of CEIAG. The research behind the benchmarks looked at good practice around the world and found that in all the countries visited by the researchers, work experience was strongly in evidence. One of these benchmarks therefore is that all young people should have an experience of the workplace.

Although business and schools know the importance of work experience, less than half of employers offer work experience placements and not all schools enable their students to undertake work experience as a curriculum activity.

Employers, although wanting young people to have had an experience of work, are increasingly reluctant to provide that experience themselves. The Skills Service currently delivers c.1,500 work experience placements each year but unfortunately more employers are leaving the programme than joining it. Ideas for how the number of employers offering work experience can be increased include tax incentives and support to address concerns over Health & Safety (a major reason often cited for not being involved from the employer's perspective).

It is recommended that the Government should reintroduce the statutory requirement for work related learning and work experience that was removed in 2011. The main barrier to this from a school perspective is finance.

Employers should also be incentivised to offer work experience placements. Many businesses to whom the Apprenticeship Levy will apply have stated that they will struggle to spend their allocation. Some surplus could be made available to them in order to provide work experience placements. The value of a placement, e.g. £200 per week, could be deducted from their next levy payment. Those not large enough to pay the levy could be encouraged through tax incentives.

It is absolutely vital, however, that these are quality work experiences, and initial investment would need to be made to develop a framework for ensuring that was the case [quality for the young person, the business, and the school]. Opportunity Peterborough, and its Skills Service, has done some early thinking on this which could be presented should this idea prove attractive to Government.

### 3.2.1 Finland

In Finland there is a project called Me and My City. It is aimed at 12 – 13 year olds. For a number of weeks leading up to participation in the ‘game’, young people learn about business including entrepreneurship, working life, citizenship, the economy, how tax works and what it pays for. This is delivered through teacher training from the project and comprehensive lesson plans.

The ‘City’ is a physical space resembling a miniature city, equipped with its City Hall, supermarket and banks etc. In advance each student has been assigned a profession and they have to ‘apply’ for these jobs. As in real life, some are successful with their applications and some not.

Students take up their jobs and 80 students at a time work through the role plays for the day including establishing contracts for waste management, paying salaries of employees through the bank’s digital banking system and ensuring those using services receive good customer service.

This project launched in Finland in 2010 with one physical centre and pilot groups of 800 students taking part. There are now 45,000 students taking part annually and 8 centres around the country. Finnish businesses and their staff feature in the events with branded parts of the enterprise experience.

**In Peterborough, The Skills Service already deploys this ‘game-based’ approach to enterprise development, which could easily scaled-up to replicate the Finland model, with a partner initiative through Form the Future in the Cambridgeshire area.**

### 3.3 Apprenticeships

Cambridgeshire and Peterborough are always highlighted in both of the maps for participation and deprivation. Even within Cambridge and South Cambridgeshire, where there are higher levels of attainment and HE progression, there are still pockets of deprivation where young people are not fulfilling their potential.

We need more young people – and the people advising them – to see apprenticeships as a positive route to their future career. We have seen young people inspired in school or at a careers event by an apprenticeship but their parent/carer or teacher later talking them out of it. This can be particularly true of higher ability students where pursuing a purely academic route through university is the route the young person is persuaded into.

This has important implications for those organisations offering higher level apprenticeships where entry requirements are demanding. In some instances these businesses don’t even get enough applicants to fill the number of vacancies. This appears to be particularly true for STEM related apprenticeships.

Anecdotally, young people report that they can receive more on Job Seekers Allowance than they would get paid for an apprenticeship and if this is a misconception, it needs to be addressed through PR and marketing.

Equally of concern, is the misperception, or stigma, around the term ‘apprenticeship’ which some higher end companies still hold. This is perhaps even borne out in the term ‘Apprenticeship Degrees’ for high level qualification. Much more needs to be done to reinforce and demonstrate the real value and worth of apprenticeships, and distinguishing between academic degrees and apprenticeship degrees does not help – unless they were both termed accordingly.

Work experience placements can also be a precursor to apprenticeships and can inspire and encourage young people into particular careers. However, such placements should be appropriate, well managed and of high value (to both the young person and the company). This will support the work specific education referred to above and should feature in the Industrial Strategy.

### 3.4 Technical education

Whilst there is an evident increase in graduates this has been at the expense of technical skills. The renewed focus on technical training is welcomed; however there may be disadvantages in separating the technical from professional training. The Strategy should investigate the feasibility of developing a joint institution to exploit synergies between the two traditionally separate domains.

#### 3.4.1 Norway

The Skills Service visited a secondary school in Oslo where apprenticeships were delivered alongside traditional academic qualifications. Rather than building separate accommodation, the existing school buildings were enhanced and extended so a true blended approach was in place with modern facilities for delivery of the technical programmes. Young people choosing the technical routes would be employed on a programme but with delivery over four years. The first year would be mainly in the school with half day per week with the employer. This would gradually reverse over the four years when by the final year, the young person is four days per week with the employer and one day per week in school.

The approach has reduced drop-out rates dramatically which is good for both the school and the employer, and has eroded the difference in perception that an apprenticeship is not 'as good' as a degree. The young people on the vocational routes are paid on a sliding scale so from day one have money which gives them status with their peers. In addition, students following academic courses can elect to do short courses from the technical offer and young people doing apprenticeships can elect to follow some academic top-up qualifications.

**With the range of institutions and diverse range of skill requirements in the Peterborough and Cambridgeshire region, a pilot project to integrate these approaches along the lines of the Norwegian model could be developed with support from the Combined Authority.**

### 3.5 Skills shortages

As is frequently cited, STEM skills are much in demand now and are essential for supporting our future economy. Across Cambridgeshire and Peterborough this is particularly true for electrical, mechanical and software engineers. The focus on technical skills and qualifications, as laid out in the Industrial Strategy, is very welcome. In general, there is great concern from businesses in the advanced engineering and manufacturing sector across Cambridgeshire and Peterborough, and around Cambridge in particular, the shortage of life science technicians has long been highlighted as a threat to the future success of that cluster.

Given projected trends regarding future value creation there should be a concerted effort to encourage more people to explore opportunities in smart, digital and data-centric careers. More general business skills are also required to underpin the success of our future economy. Leadership and management skills are essential for SME growth and are often the barrier to businesses scaling up appropriately. Likewise, accessing new client and maximising the opportunities that exist with current clients will enable businesses to achieve their growth aspirations but this cannot be realised without skilled sales and marketing professionals.

In Peterborough, the Employment and Labour Market Mobility group is working with employers, education providers and sector specialists, such as the IET and SEMTA, to address short term skills challenges as well as to prepare for long-term skills needs by establishing sector-based working groups to identify and develop solutions to sector specific issues. They are also identifying horizontal skills requirements, such as leadership and management, so that these cross-cutting issues can also

be addressed. A more established version of this approach can be seen in the Essex Employment and Skills Board.

Through such arrangements businesses are able to play a greater role in influencing curriculum development in order to ensure that learners are developing the skills that are needed at a local level as well as those that will be transferrable further afield. Greater involvement by business can also help to improve CEIAG, essential for raising the aspirations of young people and making them aware of the breadth of opportunity available to them. **In order to further improve CEIAG it is recommended that all STEM teachers spend time in industry as part of their annual CPD.**

### **3.6 Lifelong learning**

More people could be encouraged to retrain and upskill throughout their working lives through the creation of a salary sacrifice scheme much like the current childcare voucher scheme. For training relating to their existing job the individual's contribution could be matched 2:1 by employers and investment in their own future further incentivised through the award of a minimum 1% pay rise on successful completion of the course. Models for tax incentives to support companies investing in employee training can also be found in the US (eg Mississippi, Ohio et al).

## **4.0 Upgrading infrastructure**

Within the document there was a notable absence of the role of, or development of, ports (including inland freight interchanges) and airports, and connectivity to/from these. Given the Government's focus on increasing international trade this appears to be an important omission.

### **4.1 Local infrastructure**

Overall, the analysis of the think-tank Localis in recommending wide-ranging fiscal devolution to allow local partners to provide the infrastructure that their economies need alongside national strategic infrastructure investment is wholeheartedly supported and is seen as essential if all parts of the UK are going to contribute to, and benefit from, future growth. Investment in local infrastructure to ensure growth is shared across the UK may require investing in areas that will not grow as rapidly and will show lower or longer return on investment than projects in other parts of the country. Whilst recognising there are limits to the funding available the approach should be about maximising the potential in all areas rather than achieving maximum return on investment in the shortest possible time, mirroring the patient capital approach outlined elsewhere in the document. As such, LAs/CAs should have enhanced powers to create mechanisms such as regional/municipal bonds, roof tax or Tax Increment Financing, to invest upfront and recoup a share of the long term gains to cover the cost of that initial investment.

### **4.2 Digital connectivity**

The Strategy feels very urban in focus. It is agreed that connected cities work better but the Strategy should have more of a focus on digital connectivity in general. For example, the race for 5G, if not supported by ensuring significantly enhanced connectivity in rural areas, would serve only to further exacerbate the isolation of some communities and stifle rural economic development opportunities. The Strategy should be looking to deliver uninterrupted 5G coverage for all urban areas and major terrestrial transport paths, as well as access to connectivity offering at least 100 Mbps for all

households as per the European Commissions 'Connectivity for a European Gigabit Society' strategy, adopted Sept 2016.

A recurrent recommendation from a recent Vibrant Economies workshop, delivered in Cambridgeshire by Grant Thornton and attended by 200+ businesses and stakeholders, was the improvement of rural, digital infrastructure supporting local working hubs. These could be based in community assets, such as church/village halls, libraries etc. and provide hot-desking space for local residents, providing a number of benefits including:

- Increased local spend and support for the local high street
- Reduced levels of commuting resulting in less congestion and reduced pollution
- Increased civic capital resulting in more community projects as people discuss local issues and discover the skills sets available to them.

### **4.3 East-West connectivity**

Improvements in East-West connectivity are widely recognised as key to unlocking vast economic potential. Efforts to improve connectivity between Cambridge, Milton Keynes and Oxford are greatly welcome and will do much to boost the productivity and economic opportunity across one of the UK's most prolific knowledge corridors.

However, in order to deliver 'growth across the whole country', in a Cambridgeshire and Peterborough context, it will be equally important to improve links from Cambridge to Norwich via A11 improvements, from Norwich to Peterborough via dualling of the A47 and to improve access to the east coast ports.

Additionally, better rail connectivity between Peterborough and Birmingham would open-up a lucrative new market for a city that is already making a name for itself as a cost effective alternative to a central London location. By 2018 it will take less than 40 minutes to travel by train from Peterborough to King's Cross and yet it takes 1hr 46 minutes to cross the country by train from Peterborough to Birmingham, both are 80-85 miles by road. This would have significant benefits for the Peterborough sub-region as a whole, as well as the previously mentioned enhanced connections with other regional centres, such as Cambridge and Norwich.

## **5.0 Supporting businesses to start and grow**

Cambridgeshire and Peterborough welcome all of the proposals put forward to support businesses to start and grow. In general it is recommended that funding and other support should be delegated to the ***most appropriate local level*** to ensure efficiency and speed of impact.

### **5.1 Scale-Ups**

Given the potential value-add contained within such businesses, the recommendations from the ScaleUp Institute that there be official recognition of status for businesses that meet an agreed definition of 'scale-up', and that national datasets be used to identify and target such businesses for additional support, are welcome. Additional support should also include access to advanced leadership and management training and pyramid-style mentoring programmes where scale-ups with a turnover of £5m+ mentor those yet to reach the benchmark, scale-ups with a turnover of £10m+ mentor those that have achieved £5m+ but are looking to clear the next hurdle and so on.

Cambridge Network currently provides excellent support to fast-growing firms within the city's high-tech cluster via regular events, a voucher-based training brokerage and organised peer learning groups. It has also started the 'School for ScaleUps' which has supported highly successful companies such as Raspberry Pi, CSR (acquired by Qualcomm) and Fluid Analytics. The programme is designed for senior and middle managers and is delivered in a series of 11 modules over 15 months:

- Module 1 - Personal Leadership - Roles & Responsibilities
- Module 2 - Effective Communication
- Module 3 - Project Management
- Module 4 & 5 - Managing Performance
- Module 6 - Effective Influencing
- Module 7 - Picking a Winning Team
- Module 8 - Negotiation
- Module 9 - Effective Appraisals and Succession Planning
- Module 10 - Coaching for Managers
- Module 11 - Managing Change

## **5.2 Supply chains**

As noted within the Strategy, the institutions of Government have great spending power within the national economy and everything should be done to maximise its impact. Likewise, utility providers can have huge market impact.

Opportunity Peterborough has worked closely with Anglian Water to establish the Water Innovation Network, an initiative where SMEs are encouraged and facilitated to develop solutions to Anglian Water challenges. The solutions, which could be for the field or operations, are competitively assessed and tested and where appropriate implemented by Anglian Water. On average, this has resulted in additional savings for Anglian Water of around £1m per annum.

It is therefore recommended that each utility industry regulator should require their utility companies to establish an innovation network similar to the Water Innovation Network, to work proactively with their potential supplier companies.

Alongside this, an innovation funding pot should be established, on a revolving basis, to de-risk product development and trial. If successful, the pot can be replenished through the savings made by the utility company up to the same value. Not only will this generate savings for utility companies, encourage business growth in their supply chains, but could establish the UK as a world leader in utility solutions and innovation.

## **5.3 Productivity**

The Strategy's approach to patient capital is welcome as this is seen as a major barrier to investment in the technology and automation that will help to drive productivity, increase skills and wages and result in increased international competitiveness. Economic growth not achieved through increased productivity can be non-productive. Government needs to do more to fully explain this rationale in greater depth.

## **6.0 Improving procurement**

Reinforcing comments made in 5.2, greater use of SBRI, and challenge-led procurement in general, will help to support SMEs and drive innovation.

Whilst the recommendations of the Strategy in this matter are welcome it is suggested that current legislation regarding Government and Local Authority procurement does not go far enough in supporting SMEs. In a survey by the FSB it was revealed that of 11000 businesses: 35% indicated that time and cost of the public sector tendering process was a major barrier; 28% stated it was difficult to find and access public sector contracts; 27% thought there was too much bureaucracy and strict criteria resulting in them being locked out. Also, in research commissioned with other partners including the CBI, 70% of SMEs surveyed rarely or never bid for public opportunities.

Working with local SMEs, and based on their priorities, a collaboration between Peterborough City Council, Opportunity Peterborough and the local Chamber of Commerce, developed recommendations for local authority procurement. The model behind this approach, which covered Transparency, Reduced Bureaucracy, Procuring Social Value and Communications, is one that could be rolled out nationally relatively easily.

## **7.0 Encouraging trade and investment**

### **7.1 Trade**

Export audits, much like IPO audits, assessing the potential of a company's products and services to be sold overseas, and their capacity and capability to do so, would help many non-exporters to understand both the potential and the challenges of exporting and to therefore make an informed judgement as to whether it would be a beneficial activity. Considerable resources and time can be spent by an SME exploring the potential for exporting when they are not export-ready. Equally, many companies, particularly in service sectors, do not recognise their potential to export.

**Reduced tax on exports to new markets for a limited period, e.g. 5 years, for non-exporters and existing exporters alike, may also make increasing exports a more attractive proposition (a corollary model to business rate relief in Enterprise Zones).**

#### 7.1.1 Efficient routes to market

There are significant economic opportunities in the developing world. Through its engagement overseas, Opportunity Peterborough is gaining anecdotal evidence that one of the challenges for UK industry is the speed of response to new contracts and opportunities – that is, there is a perception that there are too many layers between the company and the investment or business opportunity. Where appropriate, it is recommended that Government directly support pilot projects within locations where there are clear leading organisations (business organisations, local authorities etc), and/or through relevant Sector Deals. This is not to cut across the role of partners such as LEPs and DIT, but it would directly demonstrate the 'power of place' or the potential impact of high-performing sectors.

### **7.2 Investment**

The existence of an Industrial Strategy should be used as an inward investment tool. It will appeal to many investors who are seeking policy and regulatory stability and it demonstrates the Government's

commitment to long term growth aims. To be such, it needs to be a clear and powerful statement of intent backed up by robust delivery plans.

## **8.0 Delivering affordable energy and clean growth**

Cambridgeshire and Peterborough welcomes the Strategy's emphasis on affordable energy and clean growth, and the link between the two. Whilst opportunities regarding smart grids and ultra low emission vehicles need to be leveraged, it is suggested that there needs to be more emphasis on generation – alternative, renewable and local, but also consideration of what role small modular reactors may have in underpinning energy security in the future.

A corollary to this would also be energy retention, with the potential for significant investment and outcomes in the design of buildings to secure environmental sustainability and resilience through reducing energy and water wastage. Considerable work has already been undertaken by the BRE, and there is a strong global marketplace for technology innovations in the construction industry that could establish the UK as a world-leader. Recent activity by Opportunity Peterborough in India through its Smart City Leadership Programme, and in Taipei City, have indicated a strong appetite among growing economies for solutions of this nature.

In the shorter term, in order to support businesses to realise cost savings through greater resource and energy efficiency, Non-dwelling EPCs and Display Energy Certificates should apply to all commercial properties. The Government could provide subsidised support to address issues in order to achieve certain standards relating to Non-dwelling EPCs and Display Energy Certificates. Businesses that did not meet the required standards by 2025 would then be subject to an annual levy.

## **9.0 Cultivating world-leading sectors**

The idea of Sector Deals is positive but it should be for the private sector to organise themselves and define the sectors rather than for Government to play a convening role. In this way it is more likely that effective and meaningful private sector collaboration will emerge and more effective deal proposals be put to Government for consideration.

When sectors are defined in this way, and areas of need and future innovation are identified, it will be in the sectors best interest to draw in new entrants and encourage existing members to innovate. The role of Innovate UK working with the Sector Deals will be important in this area.

Growth in new sectors that emerge around new technologies and new business models is most likely to occur spontaneously through the activity of entrepreneurs operating at the intersection of the private sector and universities. Cambridge is a good example of this. What is required is access to finance, access to mentoring, access to facilities and technology, and access to pre-existing infrastructure, such as Cambridge Enterprise and ideaSpace, that is able to support ideas that are generated, whatever they are, rather than trying to pre-empt success.

Within this section of the Strategy the absence of mention of the Catapults is noticeable. These are viewed as a key part of the support structure for growth in some of the UKs most innovative and exciting sectors and should be built upon in order to maximise success.

## **10.0 Driving growth across the whole country**

The principles laid out in this section are sound. Much will depend on local context and therefore it will be essential for Government to support and enable the devolution of decision-making powers to the lowest appropriate local level.

Regional needs for Government support vary and interventions need to be flexible or even bespoke. Regions should aim to maximise performance within their place specific sector strengths rather than aiming for the same GVA per capita target. Government must support each area playing to its own strengths rather than trying to replicate, in less suitable places, innovation clusters that have evolved over many years in other locations.

### **10.1 Digital**

As discussed in 4.2, 100Mbps digital connectivity has the potential to provide equal opportunity across the country and should sit alongside the focus on improved physical infrastructure.

### **10.2 Inclusive growth**

Beyond these comments, the way in which growth is framed and measured needs to be considered. The Joseph Rowntree Foundation has recently published a report on the establishment of an inclusive growth monitor. An approach such as this could help to ensure that the benefits of growth are enjoyed by all rather than it serving to exacerbate inequality at a sub-national level.

## **11.0 Creating the right institutions to bring together sectors and places**

### **11.1 Place-based Institutions**

The establishment of LEPs across the UK was a radical step by Government to transform the interaction between public and private sector and encourage effective and dynamic collaboration. This intervention should not be abandoned, but there should be close alignment between economic growth and place-based instruments such as “devolution deals” to ensure that places are able to more effectively deliver their economic aspirations. The relationship between LEPs and CA’s is particularly important.

Equally, if the consistent motif throughout the Green Paper is the ‘power of place’, and if the Industrial Strategy is truly backed by cross-government support, localities should be empowered to bring forward initiatives direct to Government as pilots, even outside formal “city” or “devolution” deals. This could enable them to capitalise on genuine place-based and/or sector strengths without the prequalification bureaucracy of a formal ‘deal’.

### **11.2 University of Peterborough**

At a more local level, and as an example of place-based productivity catalysts, the establishment of key institutions relevant to a place’s economy, is absolutely vital. As the largest city currently without an independent university, the creation of the University of Peterborough will have a huge impact on the city and surrounding area. Local stakeholders are working with Government in order to deliver this project supported by the LEP and CA, but it is at a relatively early stage and consistent effort will be required from all parties to ensure that this vital institution comes to fruition.

### **11.3 Supporting local institutions**

One way that Government could support the development of local institutions is by giving them a 'seal of approval', or industry recognition. Opportunity Peterborough is in the early stages of developing the Greater Peterborough Manufacturing Association in order to support engineering and manufacturing firms from across the city and its sub-region. If BEIS were able to review the business plan and provide its approval that would go a long way to establishing credibility with the private sector and provide confidence for sponsors. From a national perspective, such networks could in turn be 'scaled-up' and connected via a trusted online presence, to reinforce industry sectors, shared experience and insights.

### **11.4 Chief Data Officers**

The Government should promote the creation of Chief Data Officers in all major UK cities to convene a network that enables the sharing of best practice across these cities and with counterparts in global cities that have achieved success in delivering data-driven improvements to public services.

Chief Data Officers should also be encouraged to build networks with local industry counterparts to encourage and exploit best practice in data-usage for both the public and private sectors.