



**Oxfordshire Local Enterprise
Partnership: Our Response to the
Building our Industrial Strategy
Green Paper Public Consultation**

Our vision is:

**'Oxfordshire as a
vibrant,
sustainable,
inclusive, world
leading economy,
driven by
innovation,
enterprise and
research
excellence'**

April 2017



Oxfordshire Local Enterprise Partnership

Building our Industrial Strategy - Consultation Response

Introduction

Our economy is undergoing huge changes. The referendum result will mean there will need to be new overseas trade agreements, changing rules governing immigration, new regulatory frameworks and fresh funding regimes to drive forward the UK's world leading innovation and research programmes.

These changes will take place under the backdrop of global economic transformation triggered by increased digital connectivity and automation, the on-going concerns about the costs and perception of people left behind by a globalised economy, and changing patterns of employment and earnings (for example the move towards the so-called 'gig economy').

As well as being a challenge, there are potential opportunities to be exploited. It is vital that the Government plays an active and sustained role in helping businesses and people make the best of the future and the changes that will need to be made to the UK economy. We therefore welcome the Government's commitment to a long term Industrial Strategy and the recognition that there needs to be much more joining up of the key elements for a successful economy: people with the right skills for growing businesses who can access the right finance, and investment for infrastructure priorities related to the strengths of localities, in particular where there is a defined Functional Economic Area (FEA).

We thank BEIS for the opportunity to comment on the 'Building our Industrial Strategy' Green Paper and are pleased to submit our considered response to the consultation questions posed.

We, OxLEP, have coordinated this consultation response which represents the collective views of an extensive range of partners, including the universities, businesses, business representative organisations and local authorities. Some of our partners are themselves submitting responses to the consultation to reflect the perspective of their particular organisation.

This response has been developed with the input of a dedicated Steering Group, the OxLEP Board and the Oxfordshire Skills Board. Our contributors are set out in the Appendix.

Our ten key messages to Government

- 1. Economic benefits accruing from high technology areas should be spread to other regions**
- 2. The needs of the 'foundational economy' must be considered**
- 3. A 'strategic authority' approach, is needed Functional Economic Areas**
- 4. The Curriculum in schools from primary onwards needs to change significantly**
- 5. We need clarity around the status of employees from overseas.**
- 6. Employers must be empowered to put in place measures to upskill their workforce**
- 7. There needs to be long term support for Growth Hubs**
- 8. There is a need to re-engineer the architecture in which UK businesses operates**
- 9. Affordable energy and clean growth ambitions should form part of a wider infrastructure strategy**
- 10. Local Enterprise Partnerships need long term support to continue their valued work.**

About Oxfordshire and our ambition for sustainable economic growth

Our refreshed Strategic Economic Plan for Oxfordshire 2016¹ sets out our vision for Oxfordshire:

Our vision is Oxfordshire as a vibrant, sustainable, inclusive, world leading economy, driven by innovation, enterprise and research excellence.

Oxfordshire is one of just three net contributors to the Exchequer and is therefore a key driver of economic growth in the UK. The county is home to some of the UK's principle resources for high quality, knowledge-based, economic growth:

- The Research Excellence Framework² identifies that the University of Oxford has the county's largest volume of world-leading research;
- Oxford Brookes University is among the best of the newer universities nationally;
- There is a unique grouping of 'big science' and other research facilities including the Culham Centre for Fusion Energy, the Science and Technology Facilities Council, Rutherford Appleton Laboratory, Diamond Light Source and the Satellite Applications Catapult Centre;
- We have some outstanding and fast growing businesses with names that are widely recognised around the world – BMW, Oxford Instruments, Siemens, Unipart and Oxford University Press;
- There is momentum linked to Science Vale Oxford, three Enterprise Zones, two Garden Towns (Bicester and Didcot) and an increasing supply of specialist science and business parks and incubator space;
- There is improving access to long term risk capital through the establishment of two new funds in 2015;
- Oxfordshire has a strategic location – which is close to both a booming world city (London) and a global hub airport (Heathrow); and is an integral part of the UK's Golden Triangle (defined between Cambridge, London and Oxford), and in the Cambridge – Milton Keynes – Oxford corridor; recognised as the UK's potential Silicon Valley by the National Infrastructure Commission³;
- Oxfordshire is a designated Social Enterprise County⁴.

However, we do recognise that our success masks some key weaknesses and these are significant barriers to fully realising our, and the UK's, economic potential:

¹ <http://www.oxfordshirelep.org.uk/content/strategic-economic-plan>

² <http://www.ref.ac.uk/>

³ <https://www.gov.uk/government/publications/the-national-infrastructure-commissions-interim-report-into-the-cambridge-milton-keynes-oxford-corridor>

⁴ <https://www.socialenterprise.org.uk/oxfordshire>

- In line with the UK in general, lower labour productivity especially in the ‘foundational economy’ (see box below);
- Recent economic growth failing to trickle down to many households, particularly those who work in the ‘foundational economy’;
- Lack of skills that businesses say they need;
- Lack of housing that is affordable;
- Increasing congestion on our roads and insufficient public transport links;
- Lack of sufficient business space, in the right place and at the right size and price;
- Inadequate utilities and health infrastructure in some places and poor broadband and mobile phone connectivity.

What is the ‘Foundational Economy’?

We refer to the ‘foundational economy’ throughout our response. This is an economy that is defined as one that meets every-day needs of the population by providing taken for granted but essential goods and services such as care, cleaning, telecommunications, utilities, food production, education, welfare, retail, driving etc.

<https://www.scribd.com/document/122563517/The-foundational-economy-rethinking-industrial-policy-Andrew-Bowman-Julie-Froud-Sukhdev-Johal-and-Karel-Williams>

Overview

Q1 - Does the Industrial Strategy identify the right areas of focus: extending our strengths; closing the gaps; and making the UK one of the most competitive places to start or grow a business?

1. We strongly welcome the importance attached to science and innovation in Pillar 1, recognising that innovation is the key to productivity growth. Nevertheless, we must point out the importance of innovation not just in the science, research and discovery fields, but more generally across all sectors that make up our diverse national economy. Innovation applies to how businesses operate, how they are managed, and the processes they adopt to produce products and services. We also welcome the new public investment that has been provided through the Industrial Strategy Challenge Fund and the recognition by the Government that public funding is the key to attracting private investment.
2. We consider that the 10 Pillars reflect the right focus (bearing in mind our comments to Question 2 below); however we believe that the emphasis *within* some Pillars need more reflection in the White Paper. Pillar 2 on skills is a good example. Whilst we agree with the focus on science, research and innovation (given the success of our key sectors in Oxfordshire) we consider that we also need an Industrial Strategy that moves beyond a small number of high-tech sectors and engages with the broader ‘foundational

economy' within which the bulk of the workforce (in Oxfordshire and the UK as a whole) is employed and where our key productivity challenges lie.

3. This has a direct relationship to how we continue to support our small and medium sized enterprises (SMEs). Too many businesses have taken (and in some cases have become stuck upon) a 'low road' model of competitive advantage, often based around low wages and cost-based competition, so their demand for and use of skills is often weak. This 'long tail' of poorly performing businesses has to be shortened if the UK is ever to close the productivity gap with the rest of the G7. We consider that the Green Paper has not properly addressed these structural problems with our current skills and business support policies.
4. The Government has been sending very clear messages about its commitment to developing an inclusive economy. This provides an opportunity to be creative to benefit those who are badged as 'left behind' by harnessing the collective power of private investment, the social investment market and business, in particular, supporting mission-led business for the advantage of all as well as improving the delivery of public services through innovative social enterprise models.

Q2 - Are the 10 pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?

5. We would suggest that there is a Pillar missing that we believe underpins the current 10 – and that is Brexit. The UK needs to strive for the best possible Article 50 outcome for business. Despite what the introduction to the Green Paper states, it is simply not possible to divorce the outcomes of imminent Article 50 negotiations from the overall competitiveness and future strength of our economy. The Industrial Strategy, even if it is highly effective and transformative, will still operate within a globalised context, as will our businesses and major employers. We might, for example, find it difficult in the long term to compensate for the loss of production of the electric Mini in Oxford to an alternative location in the EU, if this transpires due to a 'hard' Brexit as has been reported⁵.
6. On the topic of Brexit and competitiveness, the following are areas of concern (as well as opportunity) and relate directly to some of the Pillars (data taken from Oxford City Council's LGA Response on the Impact of EU Exit on Places):
 - Local labour market impacts – 13.1% of Oxford residents who are in employment hold a non UK passport. In a tight labour market, there are concerns over our ability to attract the required labour and expertise, at all skills levels, in the future;
 - Trade and export conditions for business – 62% of Oxford's total overseas exports are related to vehicle manufacturing so there is a need to secure growth and investment in the sector post-Brexit via Sector Deals;

⁵ <https://www.ft.com/content/a9ecd5aa-fcdb-11e6-8d8e-a5e3738f9ae4>

- Regulatory issues will impact on sectors and their supply chains and ease of market access (research, health, biotechnology and vehicle manufacturing, for example);
- Access to funding and collaboration for science and technology – in 2014-2015 12% of the University of Oxford’s research funding came from Europe, providing an income of £67m;
- Ability to attract and retain skilled EU and international workers, students and researchers – 17% of the University of Oxford’s staff and 15% of its students are EU nationals. The NHS has a similar reliance on EU workers for nursing, midwifery and specialist clinicians. We are aware of emerging evidence that the NHS is already under considerable strain as EU nationals leave the service⁶;
- Impact on the domestic and international visitor economy related to exchange rates, international labour availability, and the UK’s perceived openness.

Q3 - Are the right central Government and local institutions in place to deliver an effective industrial strategy? If not, how should they be reformed? Are the types of measures to strengthen local institutions set out here and below the right ones?

7. For the purposes of the Industrial Strategy, we would define a ‘place’ as a ‘Functional Economic Area’ (FEA), of which Oxfordshire is a classic example as we outline in our Strategic Economic Plan for Oxfordshire 2016.
8. Fragmented local government and disconnected institutions can act as a major block on developing strong collaborative working across agendas and geographies. In aiming to create balanced growth across all places and regions, we feel it is particularly useful to refer to the Localis response to the Green Paper⁷, which highlights the need for differing approaches to FEAs, defined as ‘stifled’ or ‘stuck’, with Oxford and Oxfordshire clearly identified as being ‘stifled’. It states there is a pressing need for widespread and consistently applied localism tools and powers that meet the needs of FEAs in shaping the Industrial Strategy locally, as well as consistent national policies. It highlights the wasted time and resource of negotiation of devolution deals which could be circumvented by consistent application of a framework for FEAs to apply in their own ways according to their own strengths, opportunities and challenges. A ‘strategic authority’ approach with properly accountable and mandated strategic leadership and powers would help optimise local sustainable growth⁸.
9. In Oxfordshire, the Growth Board⁹ is considering a Joint Spatial Plan (JSP) for the county in the context of it constituting a classic FEA, to bring together the different

⁶ <https://www.tuc.org.uk/industrial-issues/public-sector/all-together-nhs/international-issues/tuc-analysis-details-risk-nhs>

⁷ <http://www.localis.org.uk/research/the-making-of-an-industrial-strategy/>

⁸ OxLEP are not prescribing the structure or the governance arrangements for a ‘strategic authority’ for Oxfordshire. The future structure of local government in Oxfordshire is a matter for the six local authorities and DCLG.

⁹ <https://www.oxfordshire.gov.uk/cms/content/oxfordshire-growth-board>

responsibilities for planning, housing, employment, transport, minerals and waste. Its purpose is to provide a strategic, overarching vision and framework to help deliver the number of new homes, land for employment purposes and the supporting infrastructure that is anticipated will be needed over the next 30 years. With the six local authorities¹⁰ working on this strategy together, the aim is to ensure that development is sustainable and takes account of the fact that people live, work and travel across council boundaries, which means that what happens in one area affects its neighbours.

10. By being clearly linked to a statutory process (and reflecting the direction of travel set out by the DCLG in the Housing White Paper February 2017) it will have public accountability and transparency. We believe that this way forward will provide the groundwork for the successful economic and social development of our county over the long term.
11. The role of Local Enterprise Partnerships has been fundamental in developing local economies. It is true to say that their role has changed since they were established in 2011. Whilst we as OxLEP remain a strong 'voice for business' we have also evolved into key conveners in Oxfordshire. For example, we have worked with the University of Oxford and other local organisations including local authorities, and organisations based within our Knowledge Spine¹¹, to develop an Innovation Strategy¹² outlining a blueprint for innovation led growth in the region. This has informed our Strategic Economic Plan 2016. Funds from City Deal and Local Growth Fund awards have been specifically targeted to support new innovation centres, and initiatives to enhance the use that local innovative businesses can make of cutting edge research and facilities in the universities.
12. For example the Centre for Applied Superconductivity is collaboration between the University and local businesses, notably Oxford Instruments and Siemens Magnet Technology. With Government co-investment through the Local Growth Fund, the University of Oxford are now working to conduct a research programme aiming to design new superconducting materials to underpin the companies' next generation MRI scanners. Planning phase 2 is now in progress, creating superconducting materials in support of new quantum technologies which we are confident will prove suitable for further investment.

Q4 - Are there important lessons we can learn from the industrial policies of other countries which are not reflected in these 10 pillars?

13. There are many, and we should always strive to learn from good practice; however we should always seek to apply the things we learn in a UK context, based on our own

¹⁰ Cherwell District Council, Oxford City Council, Oxfordshire County Council, South Oxfordshire, Vale of White Horse and West Oxfordshire District Councils

¹¹ An area identified in the SEP stretching from Bicester to Oxford through to Science Vale Oxford in the south of the county.

¹² <http://www.oxfordshirelep.com/content/innovation-strategy>

strengths and economic makeup, and recognise that some ideas are not transferable in exactly the same form precisely because of the distinctiveness of the UK economy. In particular, UK Universities are recognised as being globally leading: practices applied in the UK should aim to draw on these strengths, and care should be taken not to weaken or undermine their success.

14. The current innovation landscape in the UK is complex and uneven and entering a period of significant uncertainty. A successful industrial strategy should be underpinned by a long term, stable investment in the supply of ideas and people into new and emerging industries, where universities and other key institutions within an FEA play a key role. Quantum Valley in Canada is a good example of strategic planning to enable the training of students to reflect both the need to drive cutting edge research, as well as creating a quantum industry.

Pillar 1 – Investing in science, research and innovation. The UK will become a more innovative economy and do more to commercialise its world leading science base, developing new research technologies and driving growth throughout the UK.

Q 5 and 6 - What should be the priority areas for science, research and innovation investment? Which challenge areas should the Industrial Challenge Strategy Fund focus on to drive maximum economic impact?

15. We believe that a successful innovation ecosystem is crucial to boosting productivity. Of particular importance are the implications of leaving the EU and its potential impacts on access to research; the importance of properly and consistently enabling disruptors; and using public funding to leverage private sector investment in the most efficient and effective way. The Industrial Strategy should therefore:

- Build on those sectors where the UK already has a very strong international competitive position, such as those in Oxfordshire that already enjoy a strong international reputation and who already collaborate successfully. Our key innovation sectors are:
 - Automotive and Motorsports
 - Creative and Digital
 - Electronics and Sensors
 - Life Sciences
 - Space Technologies¹³
- Encourage areas/regions to identify and develop the strategic anchors within a locality – Universities, Big Science facilities and business and science parks for example. Science parks and strategic growth locations such as Science Vale Oxford are key players in promoting business growth and innovation;
- Focus on sectors that are relatively small in market-share terms today but show high rates of predicted growth. In many cases the innovations and approaches that will define the future of a sector will come from SMEs and disruptors in the supply chain that are not currently well known. Examples include digital health, space-led data applications, autonomous vehicles and technologies underpinning quantum computing. These four sectors are subject of the recently agreed Oxfordshire Transformative Technology Alliance Science and Innovation Audit¹⁴. This, and the other seven Science and Innovation Audits taking place across the UK, should provide a strong basis on which to build sector focus in the Industrial Strategy;

¹³ <http://www.oxfordshirelep.org.uk/content/key-sectors>

¹⁴ <http://www.ox.ac.uk/news/2016-11-23-chancellor-announces-oxfordshire-will-carry-out-science-and-innovation-audit>

- Encourage a less risk averse culture. At the moment, there is a degree of caution in not backing projects which are perceived as carrying risk. Tested approaches are therefore favoured, perpetuating existing ways of working and stifling innovation, creating a significant unaccounted cost in lost opportunities. It would be sensible to increase the level of properly managed risk that is embraced within future funding streams;
- Allocate additional resources to programmes and projects that encourage cross-discipline working, similar to that which Oxfordshire is attempting to achieve through its Science and Innovation Audit;
- Encourage spin-outs from Big Science facilities that commercialise new scientific ideas and create new manufacturing facilities beyond the county and the south east, and preferably to areas of the UK in need of regeneration. Innovation investment in key areas of R&D strength would therefore have a powerful impact on locations in other parts of the UK that have suffered industrial decline in recent decades.

16. We believe that the suggestion outlined in the last bullet above point has real merit. Indeed, national facilities at Harwell are already doing this – facilities whose role is to underpin and enable all appropriate areas of UK Research & Innovation. Some of this is accomplished through open access to researchers from across the UK but also through establishing strategic partnerships with businesses and universities.
17. A good example of this cross-UK working the Diamond Light Source¹⁵ facility which alone attracts over 9000 user visits a year by UK university researchers and over 100 UK businesses that pay for access to the facility. Diamond is increasingly forming strategic partnerships with businesses further afield. Diamond has or are building links with universities and/or businesses in Coventry, Liverpool, Manchester, Leeds, Glasgow and Cardiff and many more in the areas of pharmaceutical formulation and personalised medicine, in chemical catalysis, for the nuclear industry and in advanced manufacturing.
18. This could also be true of the emerging quantum computing sector, a subject of Oxfordshire’s Science and Innovation Audit. Around 7,000 people world-wide, with a budget of around £1.5 billion, were working in quantum technology research in 2015¹⁶. Industry could boost these numbers considerably, and the Golden Triangle area (Oxford, London and Cambridge) could, with the right level of investment, be at the vanguard of this research. The manufacture of components however could take place elsewhere in the UK.
19. We would therefore propose that this concept be tested by establishing an inter-LEP pilot project to determine how this might work in practice for emerging sectors, utilising the expertise of LEPs, Universities, and local and national research institutions. OxLEP would be pleased to lead on this proposed pilot.

¹⁵ <http://www.diamond.ac.uk/Home.html>

¹⁶ <http://www.economist.com/technology-quarterly/2017-03-09/quantum-devices>

20. We make the point above that innovation needs to be spread more generally across all sectors that make up our diverse national economy. Our Innovation Strategy has as two of its themes 'Innovation for All' and 'Innovation for Social Good'.
21. 'Innovation for All' – we consider that innovation should be incorporated into our environment, cultural and heritage programmes, and should drive growth in the region. We are now defining high level actions through our sub groups for how this will be achieved, ensuring that all sectors are represented. We are encouraging the procurement of innovative, local products and solutions by local public sector organisations, thereby boosting the adoption of innovation across sectors
22. Innovation for Social Good – Oxfordshire's social enterprises are taking on some of the structural challenges around the transition to a low carbon economy – such as energy efficient buildings, renewable energy, smart electricity, community transport, waste and recycling, and sustainable food or agricultural systems. They include the Low Carbon Hub, Cultivate Oxford and Bicester Green. They also attract significant investment through crowdfunding and share schemes. We also have a range of social enterprises which work hard to support people into training and work, including Aspire Oxford¹⁷ and Yellow Submarine¹⁸.
23. We continue to identify and develop opportunities for social enterprises to participate in commercial and public sector supply chains, and create sustainable social enterprises for the public good. We working with key partners across all sectors to open up and support these emerging opportunities for Social Innovation to creatively address social needs as well as fuelling the local economy. We have been very supportive of OSEP, a partnership between The University of Oxford, Oxford Brookes University and Student Hubs. OSEP pushes out support for Social Enterprise and Social Entrepreneurship into the wider community, including funding of over £100,000 directly to local social entrepreneurs and Social Enterprises.
24. This is coordinated with and complements OxLEP's Business Support Programme, through which dedicated "Network Navigators" provide one to one support directly Social Enterprises, Mission-led businesses and other programmes. One example is "Start-up Success, Social", delivered by OSEP with funding sourced through OxLEP, supported XX people to establish local Social Enterprises Given the increasing pressure on public sector budgets, and the god practice social enterprises across the UK can demonstrate, we urge the Government to put in place robust policies to further develop the social enterprise model, including access to finance.

¹⁷ <http://www.aspireoxford.co.uk/>

¹⁸ <http://www.yellowsubmarine.org.uk/>

Q7 - What else can the UK do to create an environment that supports the commercialisation of ideas?

25. The Industrial Strategy needs to recognise that different parts of the country have different economies and strengths. Where there is a particular demonstrable strength, this should be further reinforced with the caveat that other regions in the UK should benefit. The world class science and research base in Oxfordshire is one of the fundamental drivers and ingredients behind the UK's innovation-based economy but, as described above, there is no reason why manufacturing and other facilities cannot be located in other regions, resulting in the UK as a whole profiting from the development of new technology and systems that will have a global impact.

26. The Industrial Strategy could also encourage the:

- Application of technologies that are purposefully withheld or where release is delayed, for example battery and fuel cell technology;
- Increased development of closed testing facilities that are linked with the ability to support testing in the real world;
- Increased support structures for ambitious SMEs with low/zero interest Government-backed loans in the footprint of the Green Investment Bank. There is a need for appropriate financial support for innovation all the way through the growth process.

Q8 - How can we best support the next generation of research leaders and entrepreneurs?

27. The Industrial Strategy should focus on policies that would provide long-term investment to ensure strong national research infrastructure and a healthy UK research base across all disciplines, for example by investing in the development of skilled researchers, developing capability through fellowships and investing in doctoral training programmes and enhancing the flow of talent to all sectors. Furthermore the Industrial Strategy should support the interaction of R&D and entrepreneurs with commercial interests and the wider business community.

28. A significant competitive advantage for the UK in its ambition to become “more outward-looking than ever before” (p. 5) and “a great, global trading nation” (p. 79) lies hidden in plain sight: a high proportion of children in UK schools speak a language other than English at home and in their communities, and in many areas of the country the variety of languages spoken is vast. Currently these highly valuable language skills are not just neglected, but viewed as an educational handicap in many schools. Yet there is huge potential here that could be exploited if languages such as Arabic, Gujarati, Urdu or Polish were properly supported e.g. by a systematic programme of working with the supplementary schools that already teach them, and collaborating with universities that

teach these languages. The Mandarin Excellence Programme¹⁹ is a model that should be extended to other languages and adapted as necessary.

29. The GCSE and A level qualifications in “less-taught languages” have been rescued from abolition but what is now needed is sustained support and investment for these languages. This will not only deliver a workforce that is equipped for exporting to countries across the world but also offer a means of giving many disadvantaged children a step up on the educational ladder. Developing literacy in their home language alongside English could constitute their unique selling point and give them confidence for developing further skills to make them fully functioning members of the UK workforce.
30. It is widely recognised that the current and next generation of leaders believe social and environmental missions should feature at the centre of their work and the organisations they work for. This presents an opportunity for Government and LEPs to grow the economy whilst addressing key social and environmental needs. New and creative ways to harness this should be sought. For example, we are, through our Environment & Sustainability sub group, developing a work programme that embeds environmental and natural capital considerations into future plans and strategies for economic growth, building on our Strategic Environmental and Economic Investment Plan²⁰.

Q9 - How can we best support research and innovation strengths in local areas?

31. The Government through Local Enterprise Partnerships and other bodies, should engage closely with sector bodies to forge a direct relationship with innovators in each sector. To ensure that the UK as a whole benefits from investment in innovation hotspots such as Oxfordshire and Cambridgeshire, there will need to be clear mechanisms for inter-LEP relationships to promote opportunities for growth and investment in other regions.
32. The approach taken by DIT of understanding key business clients has an application to the research and innovation community. One approach could be to ask for the % of company costs devoted to R&D to be identified for tax returns to start pushing the amount undertaken up through incentives.
33. New investments should be properly supported and linked to existing resources. The Science and Innovation Audits should be used to identify gaps in provision or barriers to progress. The local innovation landscape will benefit from long term, stable investment and continued encouragement of collaboration between major anchor institutions and LEPs.

¹⁹ <https://www.britishcouncil.org/education/schools/support-for-languages/partnerships-courses-resources/mandarin-excellence-programme>

²⁰ <http://www.oxfordshirelep.org.uk/content/seeip>

34. The importance of giving flexible funding to local areas so they can invest according to the needs of local conditions is very important. For LEPs, funding streams such as Local Growth Fund for capital and regional growth deals are vital. However, they must as far as possible be framed so as to ensure that they underpin university business links and science and innovation priorities locally. We would also point out the need for revenue funding as well as capital in order to be able to develop and manage projects and programmes.

Pillar 2 – Developing skills. To build a proper system of technical education, and boost key skills in science, technology, engineering, maths and digital proficiency, to ensure people have the skills employers need now and in the future.

Q10 - What can be done to improve basic skills? How can we make a success of the new transition year? Should we change the way that those resitting basic qualifications study, to focus on more basic skills excellence?

35. It is clear that the quality of literacy and numeracy in schools needs to be addressed through curriculum change and making qualifications more relevant to the world of work, and in particular shaped to the opportunities in a local area. This needs to start at Primary stage.
36. With the development of the Oxford to Cambridge Expressway, a third runway at Heathrow, the building of a new power station at Hinkley C, HS2 and other major infrastructure projects in the pipeline, now is the time to make sure our young people and those seeking to upskill or retrain have the right educational and vocation system in place to enable them to gain the skills required so the UK can realise its infrastructure and growth ambitions. Schools need to make time in their curriculum for work related activities to include work experience, education/business links and enabling students to understand their local economy and the opportunities it presents for their future training and work options.
37. However, this would require a reprioritisation in funding for schools. The opportunity to introduce new initiatives to support delivery of the Industrial Strategy in schools will be inhibited by the fact that mainstream schools are expected to make £3 billion of efficiency savings by 2019/2020²¹, at a time of rising pupil numbers.
38. The Green Paper recognises the need for improved literacy but it is blind to the need for improved foreign language skills among young people and the UK workforce, even though it sets out ambitious plans for “increasing trade and the number of businesses exporting” (p. 80). The case for strengthening export is supported by the fact that “businesses which export show stronger employment growth and have higher wages than non-exporters” (p. 79), and this is in turn is relevant to giving young people “the skills they need to do the high-paid, high-skilled jobs of the future” (p. 3). In order to fulfil those aims, it will be essential not just to invest in STEM subjects but also in foreign language competence and the cultural understanding that goes hand in hand with it. Successful exports depend not just on STEM skills or English literacy but also on the ability to learn other languages, skills in at least one language beyond English, and the intercultural skills that are necessary for appreciating that customers in other countries may differ from British ones in relevant respects.

²¹ <https://www.nao.org.uk/report/financial-sustainability-in-schools/>

39. The range of programmes currently funded through the European Social Fund is important in continuing to improve employability and inactivity rates. With our very modest ESF allocation for 2014 to 2020 we have developed a programme for Oxfordshire to get more than 1,000 long term unemployed people closer to being able to access the local labour market. With an unemployment rate of 0.6% and an ambitious growth programme, it is vital that we make the best of this under-utilised resource. As proposals for post-Brexit funding are developed, it will be important to preserve local revenue funding for these kinds of interventions. There is growing evidence that local approaches, tailored to local economic needs, are more successful than nationally prescribed programmes.
40. Many of Oxfordshire's social enterprises provide skills training to a substantial number of disadvantaged residents in Oxfordshire and have been successful in partnering up with lead organisations to deliver our ESF programme. Post Brexit, support needs to be put in place so that the valuable learning, capacity building and skills our social enterprises have gained are not lost and instead can be built on and innovation shared. We need a fresh funding regime free from the bureaucracy that bedevils the EU Structural Investment Fund.
41. The Industrial Strategy needs to be clear on how the transition year will be implemented and who will deliver it. Given that the primary purpose is to develop achievable careers plans, there will need to be in place an effective local funding package for a statutory careers advice service that would work with primary to higher education institutions. Careers Advisors would need to have extensive knowledge of the local economy, based on local Labour Market Information²² for key sectors, and the opportunities it presents for people all ages and skill aspirations.

Q11 - Do you agree with the different elements of the vision for the new technical education system set out here? Are there further lessons from other countries' systems?

42. The vision for technical education is an appealing one, but the T-levels²³ and the pathways are just the latest in a long line of previously failed attempts to reform vocational/technical education. It is far from clear that the current plans for the development of the standards or the tendering to design qualifications to certify the standards by awarding bodies will work in the way that is intended. Experience with the trailblazer processes for setting apprenticeship standards suggests that in some instances the employers who end up designing and establishing the standards are not fully representative of their sector/occupation and there is therefore a risk that the standards and the qualifications that result may not be recognised or used for recruitment purposes by significant numbers of firms. There is also a danger that

²² For an example of local LMI see <http://www.o2i.org/content/lmi>

²³ <https://www.tes.com/news/school-news/breaking-news/new-t-levels-replace-thousands-post-16-vocational-qualifications>

employers may specify the pathways very narrowly, focusing on entry-level requirements and not building in the foundations of learning that can support subsequent progression and career moves. We would like to see more detail in the White Paper about how the new vision for technical education will work in practice.

43. There is a need to consider the use of STEM and STEAM approaches. How might they best apply to the industries of the future and their changing context? As one strand will be increasing levels of process automation and the wider use of robotics, the implications for the economy and skills needed to use higher tech equipment and societal impacts of the change need to be considered more systematically.
44. There is a real opportunity for the Industrial Strategy to further encourage more women into STEM occupations. Recent research²⁴ found that while there were 13,000 more women working in core STEM occupations in 2016, the proportion of the workforce made up by women has decreased from 22% to 21% since 2015. This demonstrates that some progress is being made, but as the STEM sectors continue to grow, the rate at which women are taking up jobs does not compare to that of men.
45. On a positive note, the new University Technology Colleges, Free Schools and Studio Schools are showing real signs of understanding the importance of working within the local or sector context and are designing and providing curriculums that are very forward looking. For example, the Oxfordshire UTC²⁵, of which Activate Learning²⁶ is the lead sponsor, offers students a curriculum that is rooted in the National Curriculum yet specialises in life and physical sciences and engineering. These technical specialisms have been chosen to reflect the skill needs of local industry, much of it based in Science Vale Oxford – one of the largest sciences clusters in the UK. The curriculum is designed and co-delivered by partners including the MINI Plant Oxford, Unipart, the Science and Technology Facilities Council and RM Education. These employers advise on curriculum design, sponsor units, offer work placements and set and evaluate project-based learning challenges.
46. The Industrial Strategy needs to make concrete the proposed Institutes of Technology – are these Centres of Vocational Excellence institutions rebadged? If so then what lessons have been learned that could inform future policy?
47. We would like to draw particular attention to some key issues that we believe the Industrial Strategy should tackle: as the OECD's PIAAC²⁷ (adult skills) survey showed, overall UK employers had the second lowest demand for staff educated beyond compulsory schooling out of 22 nations, and the second highest levels of over-

²⁴ <https://www.wisecampaign.org.uk/resources/2016/11/women-in-the-stem-workforce-2016>

²⁵ www.utcoxfordshire.org.uk

²⁶ <http://www.activatelearning.ac.uk/>

²⁷ <http://www.oecd.org/skills/piaac/>

qualification among the adult workforce. We also know that the utilisation of existing skills is not all it could be. If it were, our productivity figures as between the long tail of poorly performing UK firms and the domestic leaders in their sector, and between UK firms and their counterparts elsewhere in the G7 and Europe would be far better. Moreover, as the Department for Education's own Longitudinal Educational Outcomes (LEO)²⁸ data showed last year, a decade after graduating fully one quarter of all UK graduates (male and female) were failing to earn £20,000 per annum. This suggests major problems with the capacity of the UK labour market to absorb and productively deploy the output from a system of mass higher education.

48. As we highlight in our response to Question 2 too many businesses have taken (and in some cases have become stuck upon) a 'low road' model of competitive advantage. To increase employer demand for skills, and improve how well they are used once created, policy must influence how firms choose to compete and how they expect to deliver their competitive and product market strategy. It is also the case that only when skills are combined with other factors, such as higher levels of R&D; innovation; investment in plant, equipment and infrastructure; and product market strategies and models of competitive advantage that demand high skills, that education and training will make a significant difference to productivity²⁹. For example, we could expend a great deal of time, energy and money developing the Sainsbury Review/Skills Plan's 15 technical pathways and the new T-level qualifications, and still not make much difference to the underlying level of demand for sub-degree level technical skills (which is low by international standards). There is also the question around how productively those skills were being deployed within the workplace. As with so many other skills reforms over the last 35 years, on their own the T-levels may achieve relatively little.

49. The points above suggests that skills policy needs to be closely tied to:

- An Industrial Strategy that moves beyond a small number of high-tech sectors and engages with the broader 'foundational economy' within which the bulk of the workforce is employed and where our key productivity challenges lie;
- A push for more inclusive growth, better management of the employment relationship and a larger number of jobs that are more fulfilling and better paid;
- Economic development that is underpinned by significant efforts to offer business improvement and support services;
- Innovation policy that goes beyond science and R&D, and embraces workplace innovation and workplace as well as workforce development³⁰

²⁸ <https://www.gov.uk/government/statistics/graduate-outcomes-longitudinal-education-outcomes-leo-data>

²⁹ Keep, Mayhew and Payne, 2006. From: Skills Revolution to Productivity Miracle – Not As Easy As It Sounds? Oxford Review of Economic Policy, Vol 22, No 4, 539-550

³⁰ Keep E 2016. Improving Skills Utilisation in the UK – some reflections on what, who and how?, SKOPE Research Paper No 123, Oxford: SKOPE

Q12 - How can we make the application process for further education colleges and apprenticeship clearer and simpler, drawing lessons from the higher education sector?

50. The challenge is around aligning institutions with business needs. Whilst there are some good examples of UTCs, Free and other schools making good progress in this respect, it is clear that in the main secondary education has little or no understanding of the businesses in the local economy with the result that apprenticeships at all levels are not taken up and vacancies remain unfilled.
51. It is not clear how a UCAS type process as proposed on p. 43 of the Green Paper, would work. Apprenticeships vacancies are driven by employers and therefore there is no set deadline for applications. Additionally not all college courses have only one intake over the year. The Industrial Strategy would need to set out clearly how such a system would work in the real world.

Q13 - What skills shortages do we have or expect to have, in particular sectors or local areas, and how can we link the skill needs of industry to skills provision by educational institutions in local areas?

52. Our Oxfordshire Skills Strategy³¹ is clear that Oxfordshire has a highly qualified and highly skilled workforce and yet balancing the labour market remains a challenge. A limited supply of workers with skills demanded by business, compounded by low unemployment and inactivity rates, make it particularly difficult for our employers to recruit the staff they say they need.
53. There are currently 417,000 jobs in Oxfordshire, a rise of 51,000 since 2010, against an ambition to create over 85,000 new jobs by 2031. Around 37% of the workforce is in high-skill jobs as defined by the ONS, meaning that 63%, or nearly two thirds, are in the 'foundational economy' defined above.
54. In the year to June 2016, there were a reported 128,400 vacancies advertised throughout Oxfordshire demonstrating significant movement in the labour market. A third of vacancies were in the professional occupations such as scientists, engineers, IT specialists, healthcare professionals, teachers, lawyers and accountants. These specialist roles are becoming increasingly hard to fill. About 25,000 vacancies were in associate professional and technical roles, such as technicians, officers, artists and designers. These high skill roles together represent over half of all advertised vacancies in that period. However, this is not unique to Oxfordshire – a similar spread is found on the national stage.
55. Strategic Priority 2 in our Skills Strategy is to ensure that young people are prepared for the world of work through delivery of high quality Careers Education Information Advice and Guidance (CEIAG), by well-informed leaders in schools supported by qualified

³¹ <http://www.oxfordshirelep.com/content/people-and-skills>

careers advisors. This includes multiple encounters with employers and the use of up to date labour market information.

56. We have been particularly successful in implementing this Strategic Priority, for example through:

- Labour market Information (LMI) reports which inform young people, and those that advise them, of the job opportunities and local employment landscape so that they are better equipped to make informed choices about future career opportunities;
- O2i, or Opportunities to Inspire³², which creates and supports links between employers and education providers to inspire the future workforce;
- Our Enterprise Advisor programme³³ which brings together volunteers from business who work with school leadership teams to develop effective enterprise and employer engagement plans;

57. Last academic year Oxfordshire Work Experience supported 6,625 placements offered by 3,027 employers across the county to provide young people with a taste of employment. Furthermore, we have continued to support CareersFest, an annual two day careers event which attracts over 1,600 young people and over 50 Oxfordshire employers showcasing opportunities.

58. We would urge as soon as possible clarity around the status of workers from overseas. Restrictions on such labour are anti-competitive for places with very high employment rates and an aging population such as Oxfordshire. The difference between constrained (or stifled) places and places with labour market capacity (stuck) needs to be made clear and different local approaches adopted. We consider that University students should be excluded from immigration figures. We need a new system that encourages migrants with the right skills to work in the UK.

Q14 - How can we enable and encourage people to retrain and upskill throughout their working lives, particularly in places where industries are changing or declining? Are there particular sectors where this could be appropriate?

59. Employers could do more to incentivise their workforce to upskill throughout their working lives. Access to a retraining support fund for individuals could help perhaps through co-funding or providing zero interest loans for light weight MBA style courses for managers in the public, private, academic and voluntary sectors. This links with the 'life time education' aim.

60. Government should provide the right level of funding for the National Careers Service for people in or out of work as well as young people. Ensuring good quality careers

³² <http://www.o2i.org/>

³³ <http://www.o2i.org/content/enterprise-advisers>

advice from age 11 can reinforce the message that training is continuous and lifelong, and not just something that happens in school and college.

61. A skilled workforce is a vital foundation of economic success. Whilst the Industrial Strategy outlines some of the identified weaknesses of the UK skills base, the proposals put forward to address these are anaemic at best. The proposals outlined in the Green Paper amount to re-announcements, continuations of existing policy and vague ambitions.

Pillar 3 – Upgrading infrastructure. To upgrade the digital, energy, transport, water and flood defence infrastructure, and join up central government investment and local growth priorities more effectively.

Q15 - Are there further actions we could take to support private investment in infrastructure?

62. The work of the National Infrastructure Commission (NIC) is leading to a proper understanding of infrastructure needs at a national and regional level. We consider however that the NIC should be put on a statutory footing. Not doing so would create the sense that the Government is not backing up its ambitions for a long-term policy framework with appropriate action that will provide the UK with the infrastructure it needs. Furthermore, major strategic infrastructure should also include broadband and mobile networks, and utilities – infrastructure is not just about physical transport.
63. The consideration by the NIC of the opportunity to establish a Cambridge to Oxford corridor is a positive step in this direction and with appropriate planning will generate a significant economic uplift across the corridor. However, given the economic importance of the cities of Oxford and Cambridge, both in their own right and in seeding growth in their regions, significant investment into the “last mile” infrastructure in these cities is vital if we are to reap the economic rewards without overloading the already strained transport routes and housing markets in those cities.
64. The development of a comprehensive national picture of infrastructure needs and opportunities UK wide should be set out in a published programme with known project tender points for schemes. The Government should explore new ways of packaging infrastructure projects to be more attractive for private investment to unlock growth. This could include the creation of Infrastructure Investment Bonds providing a guaranteed long-term return for private investors.
65. Future infrastructure will need to be better planned and coordinated and to rely on improved modelling of future demand and long-term climate and other environmental changes. A collaborative approach to strategy development is required therefore that informs local area investment priorities.
66. The Government must ensure that the political and policy landscape is stable enough to attract private infrastructure investment. To achieve this, Government action is needed to maintain economic stability and early answers to the many practical questions about doing business during and after Brexit.

Q16 - How can local infrastructure needs be incorporated within national UK infrastructure policy most effectively?

67. We consider the NIC is proving to be particularly effective in this regard. The development of the National Infrastructure Programme, led by UK Treasury, should be the focus for all infrastructure investment (to include broadband and mobile networks and utilities) to ensure a single source of information and with the growth opportunities clearly identified. We refer to our point above about the need for the NIC to be a statutory body with a long term vision.
68. The NIC should be invited to consider which other key corridors might be supported to secure accelerated growth including where the priority pinch points are that need tackling and investment required so as to improve transport infrastructure in support of local economic development.
69. We would encourage the Government to continue to use the Local Growth Fund to target infrastructure improvements that are focussed on innovation gains. In Oxfordshire we have used this funding towards new innovation centres (at Begbroke Science Centre for example³⁴) and infrastructure that will enable the development of innovation districts in Oxford North and Osney Mead for example. In addition, specific investments in infrastructure to meet industry needs will enhance the role of universities such as Oxford in acting as anchor institutions for innovation-led economic growth.
70. We also welcome the investment of Government in a new flood relief channel for Oxford. This will not only improve the lives of citizens, but enable the development of the Osney Mead Knowledge Quarter to enhance innovation and provide more space for business growth.
71. We support the NICs proposals for enhanced links between Oxford and Cambridge, but would again note the importance of the “last mile”. It is important that investment is made in the local infrastructure that is seamlessly connected to the national infrastructure improvements if the benefits are to be truly felt. In Oxfordshire, improving access to the University and its knowledge resources will be enhanced by improving access into the City of Oxford itself.
72. New Joint Spatial Plans, as proposed in the Housing White Paper will be one means by which the infrastructure needs of regions are more comprehensively considered. The Joint Spatial Plans will enable the three sub regions within the Cambridge to Oxford corridor to build on an infrastructure assessment and set clear objectives and identify locations where a scaling up of growth is possible. In Oxfordshire, we are keen to use the Joint Spatial Plan process to consider how best to take advantage of improved north south and east west links and the expansion at Heathrow. However, as we point out in our response to Q3, places, or Functional Economic Areas such as Oxfordshire require

³⁴ <http://www.begbroke.ox.ac.uk/oxford-university-begbroke-science-park-science-enterprise-centre-opens-for-business/>

the necessary powers through a strategic authority approach to fully realise the ambitions of the Industrial Strategy. We note the reference to funding packages such as the £2.3b Housing Infrastructure Fund (p. 55) but proper local and accountable powers are needed to bring the various infrastructure elements together for integrated and sustainable growth, encompassing skills provision, new housing and improved places, space for businesses to grow, all linked by physical and digital infrastructure.

73. Nationally there is a need for the NIC to explore evidence gaps in current national policy formulation for aviation, transport and utilities and particularly to ensure that utilities businesses plan for growth effectively. The NIC could establish a national ‘sounding board’ whereby politicians, experts, interest groups, and representatives of local communities may engage in a structured dialogue about infrastructure planning in a way that is not currently available.

Q17 - What further actions can we take to improve the performance of infrastructure towards international benchmarks? How can Government work with industry to ensure we have the skills and supply chain needed to deliver strategic infrastructure in the UK?

74. There is a potential contradiction between saying that “the highest value-for-money projects will continue to be prioritised” and “future rounds of infrastructure investment will take account of balance of spend per head between regions”. If all the highest value projects were in one region would this mean that some less good value for money schemes were supported to preserve the regional balance or would the regional balance be forsaken to ensure the best schemes were always supported?
75. A successful industrial strategy needs not only to ensure that the national infrastructure is of a high standard to allow for imports and exports but also that the local transport system is of a sufficiently high quality that industry is able to access local markets as well as encouraging local service sector employment.

Pillar 4 – Supporting businesses to start and grow. To support businesses and entrepreneurs across the UK, to ensure they can access finance and wider support to grow, and have the right conditions for businesses to invest long term.

Q18 - What are the most important causes of lower rates of fixed capital investment in the UK compared to other countries, and how can they be addressed?

76. In our opinion the main causes include:

- A lack of appetite or incentive by larger businesses to invest;
- Too much emphasis on driving short-term shareholder returns at the expense of long term investment and the lower productivity that results. Legislation may not be the answer, but incentives are. Tax incentives should be available for innovation and R&D activities;
- Many businesses are not ready or able to apply for sources of traditional funding due to lack of appropriate skills or knowledge;
- Lack of awareness of the ‘alternative finance’ offers.

77. We urge the Government to utilise the tax system to incentivise business to invest for the long term. One of the key tools used to encourage business investment recently has been adjusting the corporation tax rate to increase the investment and productivity that drive economic growth. However, as the Business, Energy and Industrial Strategy Committee have pointed out, evidence suggests there is little correlation between a country’s corporation tax and its overall economic performance. The Committee also notes that despite the UK having had some of the most competitive corporate tax rates since the 1990s our productivity gap has not closed³⁵.

78. We therefore ask the Government to fully consider the potential role of tax levers in promoting productivity beyond blunt reductions in corporation tax rates and instead consider a more holistic review of the business tax landscape and the incentives it provides to boost productivity.

Q19 - What are the most important factors which constrain quoted businesses and fund managers from making longer term investment decisions, and how can we best address these factors?

79. The Industrial Strategy should set the framework for incentivising and encouraging a more long-term, more ethical business culture. The conduct of a number of large businesses in recent years has thrown light on the results of short termism by big business in the pursuit of profit. We would support the findings of the Big Innovation

³⁵ <http://www.parliament.uk/business/committees/committees-a-z/commons-select/business-energy-industrial-strategy/>

Purposeful Company Task Force³⁶ to think systematically across how company law, financial reporting, executive pay, the investment management industry, shareholding structures and financial flows could all be reformed. The architecture in which British businesses operate needs to change and the Industrial Strategy should pave the way for the development of a new culture to achieve this.

Q20 - Given public sector investment already accounts for a large share of equity deals in some regions, how can we best catalyse uptake of equity capital outside the south east?

Investment in the south east and in that context Oxfordshire benefits from a stable housing and commercial market growth driven by high demand. The challenge is how to translate the market strength, research and development capacity along with investment confidence into growth outside the region.

We have strength in key growth sectors such as Automotive/High Performance and Space Related Technology, these sectors have niche manufacturing requirements locally but we do not have the capacity or workforce to scale up. Utilising economic growth in the South East to pump prime investment demand in other parts of the UK where land price, labour availability and traditional industries are more competitive. This demand could be supported by the release of public sector land and structured finance (borrowing/equity) to pump prime infrastructure and release private sector investment.

This kind of investment structure is not new or revolutionary, but requires strong demand to “de-risk” public sector investment. Experience in locations such as Humberside provides the evidence of traditional industrial skills, land availability and locational benefits (deep harbour access) encouraged Siemens (Green Port, Hull) to locate their wind turbine manufacturing facilities there. As the industrial strategy response signals, there are many opportunities to grow out high tech business R&D business base fuelling the need for increased manufacturing capacity for renewables, electric vehicles, battery cell and associated drive train technology which is difficult to establish in the South East given the high cost of land, limited availability of labour and cost of living. Therefore we have an opportunity to create a mutually beneficial relationship between the technology development, commercialisation and manufacturing process for the benefit of local and national economies.

Q21 - How can we drive the adoption of new funding opportunities like crowd funding across the country?

80. Crowd funding is no substitute for other types of private or public funding but in our experience can be used as a possible route to provide small-scale funding for projects that would otherwise not be attractive or eligible for the other funding routes. It is somewhat unpredictable what will catch the attention of ‘the crowd’. Success in crowd funding requires a platform to work on (website for material, online payment

³⁶ <http://www.biginnovationcentre.com/purposeful-company>

capabilities), knowledge/training about how to run a successful campaign and a project team to plan and deliver what is essentially an extensive online PR campaign.

81. Many businesses lack awareness and understanding of the Access to Finance landscape available to them, especially the ‘alternative’ solutions. The lack of uptake and engagement is largely due to inexperience and understanding of the funding application process, which can be costly in both time and resources. Many too do not have the security to underwrite loan/equity.
82. More business could be helped by a locally-based Growth Hub, such as our Oxfordshire Business Support service³⁷, that would signpost businesses to alternative sources of support. Each Growth Hub would have in place an agreed Access to Finance Strategy with a clear offer including:
- Access to a specialist A2F Network Navigator who would be highly experienced and firmly embedded within the local and national financial sector and could offer specific advice and practical support around ‘investment readiness’;
 - Robust understanding and systems to signpost to the alternative finance providers;
 - Events and workshops to showcase offers from the alternative providers, through local high profile events such as Venturefest³⁸;
 - The use of case studies to demonstrate the application process and timeline;
 - Help businesses, particularly smaller businesses, to access long term risk capital for growth. In Oxfordshire we are fortunate to have angel investors such as the Oxford Investment Opportunity Network³⁹. Established in 1994 it considers businesses with a strong vision for growth and who are seeking between £200K and up to £2 m. In addition two new funds were launched in 2015 – the £320m Oxford Sciences Innovation plc⁴⁰ and the Woodford Patient Capital Fund⁴¹ which has raised £890m.

Q22 - What are the barriers faced by those businesses that have the potential to scale up and achieve greater growth, and how can we address these barriers? Where are the outstanding examples of business networks for fast growing firms which we could learn from or spread?

83. In recent years the UK has experienced significant growth in the number of active businesses. Since 2012, an estimated 600,000 new UK company registrations were

³⁷ <http://www.oxfordshirebusinesssupport.co.uk/>

³⁸ <http://www.venturefestoxford.com/venturefest-2017/>

³⁹ <http://www.oion.co.uk/>

⁴⁰ <https://www.oxfordsciencesinnovation.com/>

⁴¹ <https://woodfordfunds.com/funds/wpct/>

reported, resulting in 3.3 million active businesses in 2015⁴². However this entrepreneurial activity has not been matched with growth performance.

84. The report from the business schools at the University of Cambridge and the University of Oxford, convened by Barclays '*Scale-up UK: Growing Business, Growing our Economy*'⁴³ identifies five unique features of SMEs that enhance and inhibit scale-up: inhibitors include lack of resources and of managerial systems, whilst enhancers include frugality and flexibility, customer focus and the centrality of the founder.

85. The report also outlines six major factors related to firm growth:

- Will to grow;
- Emphasis on the customer;
- Prior experience and top management team;
- Alliances, partnerships and collaboration, delegation and formalisation;
- Innovation.

86. Local Growth Hubs such as Oxfordshire Business Support⁴⁴ have a key role to play in helping those businesses with an ambition to grow to navigate the various forms of support available to them, and therefore need to be firmly embedded and recognised as the 'go to' resource for such businesses. Growth Hubs have clear understanding of the business support landscape and links to and with local business schools and sources of accelerator and scale up resources that are available from world-leading businesses, Universities and other commercial providers.

87. The Industrial Strategy needs to outline a robust framework for the future funding of Growth Hubs (most of which, as in the case of Oxfordshire Business Support currently rely on European Regional Development Funds) in recognition of their local expertise and knowledge of the business ecosystem and what it needs to thrive and grow. We consider that the proposed Productivity Commission form a close relationship with LEPs via their Growth Hubs and develop a strong focus on SMEs and the provision of practical support to help entrepreneurs and businesses take the decisions needed to improve productivity within individual firms, including those only seeking modest long-term growth.

88. We will continue to support our Enterprise Zones by working with our partners to resolve the funding and infrastructure constraints that have the greatest impacts on local businesses' ability to scale up. The three in Oxfordshire (Science Vale Oxford and the Didcot Growth Accelerator) have attracted 70 businesses and created 1,200 new

⁴² Global Entrepreneurship Monitor 2014. Country Profiles: UK

⁴³ <https://www.home.barclays/news/2016/04/scale-up-UK.html>

⁴⁴ <http://www.oxfordshirebusinesssupport.co.uk/>

jobs. There is also potential for new start-ups related to our Garden Towns of Bicester and Didcot and the Garden Village at Eynsham.

Pillar 5 – Improving procurement. To ensure public procurement drives innovative new products and services, strengthens skills, develops UK supply chains and increases competition by creating more opportunities for SMEs.

Q23 - Are there further steps that the Government can take to support innovation through public procurement?

89. We broadly welcome the focus on the role public procurement can play in strengthening local economies, and its recognition of embedding social value principles to enhance the impacts of public procurement in local areas. We would however suggest that environmental impacts can be realised, as well as economic and social ones. Brexit provides a real opportunity to embed these principles in new domestic procurement rules.

90. Although the Social Value Act has taken time to gain traction, very powerful examples are emerging of the potential it has to deliver real social value in creative ways to local communities and economies. The forthcoming review of the Act will provide opportunities to build on this, but bearing in mind the significant mutual benefits, it is surprising that the Act is not mentioned in the Green Paper and we urge the Government to consider it further in the White Paper, including lowering the thresholds⁴⁵. Government could also do more to promote the benefits for all businesses to develop similar, new and innovative ways to leverage supply chain and procurement relationships whether public or private sector contracts. This would also provide excellent opportunities for SME's to develop competitive advantage. However, most large procurement systems strive for fewer, larger suppliers, thereby stifling the opportunities for smaller SME's to engage and complete.

91. We are pleased that the Government is holding a review into the Small Business Research Initiative⁴⁶ which should lead to increasing the scale of the scheme and embedding it across Government departments and other non-departmental public organisations.

⁴⁵ Kirklees have done this on a voluntary basis and is a good model to follow.

⁴⁶ <https://beisgovuk.citizenspace.com/innovation/review-of-small-business-research-initiative-sbri/>

Q24 - What further steps can be taken to use public procurement to drive the industrial strategy in areas where government is the main client, such as healthcare and defence? Do we have the right institutions and policies in place in these sectors to exploit government's purchasing power to drive economic growth?

92. We believe that there is significant scope to build on already successful and dynamic partnerships and networks to further increase the positive economic, social and environmental impacts of public procurement in local economies.

93. The Oxford Academic Health Science Network⁴⁷ (AHSN) is a partnership of 11 NHS Trusts, commissioners, nine universities and more than 750 life science businesses and organisations to improve health and prosperity for more than 3 million people in Bedfordshire, Buckinghamshire, Milton Keynes and Oxfordshire. The AHSN is hosted by the Oxford University Hospital NHS Foundation Trust and therefore works within their policies and procedures including financial, procurement and HR.

94. The focus of the AHSN is on:

- Best Care Clinical Networks
- Clinical Innovation Adoption
- Research & Development
- Wealth Creation
- Patient and Public Involvement, engagement and Experience
- Informatics
- Patient Safety.

95. The Business Plan 2016/17 highlights opportunities under the Research & Development programme for collaboration, often using research activities in departments that are not normally associated with healthcare. Space, engineering and acoustics are highlighted.

96. Furthermore, the AHSN highlights four areas of activity:

- Assisting businesses along the adoption pathway so that products, technologies and services are more aligned with the needs of the NHS;
- Supporting investment into the region through a broad range of approaches that add value to the key constituents of the regional cluster;
- Building a culture of innovation within the NHS;
- Forming and sustaining long term partnerships with business and other organisations.

97. Taking the above into account, there is a real opportunity to testbed new innovative policies and procedures for procurement, building on the work already undertaken with

⁴⁷ <http://www.oxfordahsn.org/>

SMEs through the AHSN programme, perhaps aligning with the Small Business Research Initiative mentioned above.

98. The idea of engaging AHSNs in helping SMEs access procurement opportunities related to the NHS and wider health sector could be considered within the Sector Deal process.
99. There is also huge potential related to Project Gateway⁴⁸ at the Brize Norton Airbase and other military locations. Learning from the major programmes, including how best to engage with local SMEs as suppliers will be invaluable into the future as public sector land and building are rationalised for alternative uses.

⁴⁸ <http://www.raf.mod.uk/rafbrizenorton/organisation/progateway.cfm>

Pillar 6 – Encouraging trade and inward investment. To make Britain a global leader in free trade, including promoting and supporting UK exports, building future trading relations and creating a more active approach to winning major overseas contracts.

Q25 - What can the Government do to improve our support for firms wanting to start exporting? What can the Government do to improve support for firms in increasing their exports?

100. Whilst we have real strengths in Oxfordshire it is clear that in general UK businesses could look more to international markets than they do at present. We feel it is worth setting out some of the reasons why exports in a particular market may not be as large as we might wish:

- Businesses say they cannot get enough of the skills they need to grow as fast as they wish;
- Businesses cannot get other resources (e.g. equipment, premises, and particular materials) of the type or in the quantity that they need, or can't find the right sub-suppliers that they need in their supply chain;
- Our goods may be perceived to be inferior to those from other markets, in particular in sectors in which we are not already world-renowned as identified above, but luxury goods are an opportunity, benefitting from the UK reputation;
- Our costs of production, and hence sale prices, are too high due to the high cost of living in the county and in the south east in general – this impacts on labour productivity;
- We lack the knowledge or methods of accessing and selling into certain markets, especially regarding issues such as protection on IP and legal dispute resolution as well as how to access existing assistance such as export insurance via UK Export Finance⁴⁹ or the Overseas Market Introduction Service (OMIS)⁵⁰, provided by DIT at UK consulates abroad;
- Our goods might require adaptation in functionality as required for another market, especially language skills to translate the documentation to reflect the specific needs of the overseas market.

101. The Industrial Strategy therefore could set out a range of interventions that would:

- Help businesses find the skills they need to grow by implementing local skills strategies – as we are doing through our Oxfordshire Skills Strategy;
- Incentivise innovation and international collaboration so that the UK brings more and better goods to market before our overseas competitors;

⁴⁹ <https://www.gov.uk/government/organisations/uk-export-finance>

⁵⁰ <https://www.gov.uk/overseas-customers-export-opportunities>

- Communicate the positive impact FDI has on second and third tier suppliers, which are generally SME's;
- Make our goods more price competitive than foreign rivals by helping businesses improve their own efficiency and productivity through collaboration with the Growth Hub and local research institutions;
- Encourage more businesses to base themselves in the UK, especially those related to our key sectors, so that some of their goods then become exports from the UK. Invest in Oxfordshire⁵¹, our inward investment service, has been successful in working with businesses locating in Oxfordshire, for example Element 6;
- Increase the awareness of customers abroad about what goods can be bought from UK, and making these their preferred choice;
- Help UK businesses break into overseas markets by providing appropriate export advice, organising trade events etc. LEPs and Growth Hubs could make a significant impact by ensuring that FDI activities are closely related to the business support landscape generally and by developing measures to proactively seek inward investors as well as reacting to those investors expressing interest in relocating;
- Help businesses, particularly smaller businesses, to access long term risk capital for growth.

Q26 - What can we learn from other countries to improve our support for inward investment and how we measure its success? Should we put more emphasis on measuring the impact of FDI on growth?

102. We should target FDI opportunities that will support identified key sectors to grow, as well as capturing investment from new industries created elsewhere globally. One objective is clearly to ensure that the EU cannot constrain our growth, so competition with them needs to be an objective.
103. Some countries (notably Australia, New Zealand, France and Germany) benefit from operating an arms-length trade and investment organisation that is not a Government ministry. Whilst enjoying the backing of a ministry is obviously a good thing, not all foreign businesses like engaging directly with Government agencies. An organisation that can claim the backing of Government, but that operates according to business principles and is led by business, can be more effective, especially where there may be a clash of interests with other ministries, for example of visa requirements.

⁵¹ <http://www.oxfordshirelep.org.uk/content/invest-in-oxfordshire>

Pillar 7 – Delivering affordable energy and clean growth. To keep energy costs down for businesses, build the energy infrastructure needed for new technologies, and secure the economic benefits of the move towards a low carbon economy.

Q27 - What are the most important steps the Government should take to limit energy costs over the long term?

104. Input from our energy partners indicate that energy costs are going to rise due to a range of interconnected and complex factors, including the fact that the UK cannot by itself supply the energy demanded. In order to meet climate change objectives, businesses (and households) need to use considerably less energy than they do at present, which in itself would drive costs down.
105. Businesses themselves need to adopt processes that reduce their own energy costs. For example, building standards need to be progressively raised so that energy efficiency in buildings increases significantly. The issue from a business perspective however is that few (especially SMEs) own their own buildings – more often than not, they are leased from commercial landlords. The Government should introduce an Energy Rating to all commercial property and use the tax system to incentivise landlords leasing low rating premises to insulate buildings to a high standard and to undertake other measures to reduce the cost of energy to the business paying rent.
106. Therefore, specific actions should include:
- Implementation and enforcement of building and equipment performance standards;
 - Widespread promotion of energy efficiency to both households and businesses;
 - Ensuring smart meter roll out is completed on schedule (and appropriate time specific tariffs applied) and widely publicised to enable a rapid increase in demand side response to allow better alignment of demand and supply and reducing the need for permanent standby capacity;
 - Require the supply industry to take a more strategic and holistic view of networks across their area to develop longer term business plans which set out how the supplier will meet expected increase in demand (i.e. from planned housing and economic growth) and adapt the current operating model to accommodate decentralised generation.
107. In order to decarbonise the UK's electricity sector at the lowest possible cost, the Government must continue its support for the current 16GW nuclear new build programme.

Q28 - How can we move towards a position in which energy is supplied by competitive markets without the requirement for on-going subsidy?

108. The energy sector needs certainty in the very long term to enable investors to invest with confidence. This should be the cornerstone of any UK wide Energy Strategy. There are two interconnected issues:

- There is a pressing need to generate enough energy to meet growing demand;
- The age and fragility of the infrastructure in place is not fit for purpose to meet this demand.

109. The infrastructure issue is further exacerbated by energy-generating plant increasingly being located in isolated areas, resulting in energy being generated a long distance from where it is used, thereby adding to the costs overall. Therefore, whilst we support the nuclear new build programme, significant support is required for local energy generating schemes, for example Combined Heat & Power plants.

Q29 - How can the Government, businesses and researchers work together to develop the competitive opportunities from innovation in energy and our existing industrial strengths?

110. At the sub-national level there is no formalised energy remit and so a 'strategy gap' can develop where incremental investment can create inefficiencies or there can be blockages caused when one developer triggers an unaffordable cost. This gap can be filled by a Local Energy Partnership approach where local authorities, community energy organisations, universities, businesses and local infrastructure owners (such as Distribution Network Operators) work together on local strategies that organise investment into short, medium and long-term needs and opportunities.

111. Energy can thus become part of a local industrial strategy where secure, clean and affordable supplies can be maintained whilst growing local enterprise, skills and jobs to deliver the smart energy infrastructure of the future. Such local partnership working needs to be supported by a clear Energy Strategy that focuses on innovative as well as incumbent technology and a local infrastructure investment fund.

112. In Oxfordshire, we already know that 7% (£1.15bn) of local GDP is contributed by the Low Carbon sector of 570 businesses and 8,800 jobs. With the right investment, this could grow significantly whilst reducing the burden to the local economy of £1.5bn flowing out of the County through energy bills⁵².

113. Oxfordshire is particularly well placed to make a partnership work with its depth and breadth of community energy experience); business commitment (as demonstrated

⁵² <http://www.eci.ox.ac.uk/research/energy/archive-low-carbon-energy-report.html>

through Low Carbon Oxford⁵³) and the innovation track-record of our two Universities in this field.

114. The Industrial Strategy therefore should:

- Encourage all LEPs to develop Energy Strategy with key partners to highlight areas of strategic opportunity, local strength and risk under which to frame funding allocations;
- Following Brexit, ensure a replacement is developed for successful innovation funding streams particularly Horizon 2020.

Q30 - How can the Government support businesses in realising cost savings through greater resource and energy efficiency?

115. The Industrial Strategy should:

- Ensure network gaps are closed and investment made to enable long term growth. The UK could be encouraged to use tools such as the infrastructure overview prepared in Oxfordshire – the Oxfordshire Infrastructure Strategy - to plan for long term needs, both the locations of growth, but also its support and servicing;
- Provide tapered tax incentives for business to incentivise them to invest in energy efficiency measures;
- Complete rollout of smart meters by 2020 and ensure wide communication to maximise benefits: demand side response to reduce capacity issues and enable business to move operations away from peak time demand and tariffs; identifying opportunities to reduce waste;
- Foster greater communication and promotion of energy efficiency advice, including advice on proven practice (a ‘What Works’ network for business energy);
- Promotion of energy efficiency funding opportunities (e.g. Salix / Green Investment Bank); review and enable market for energy performance contracts;
- Continue the requirement for businesses to report on energy and carbon. Enhance ESOS scheme to ensure businesses act on identified opportunities – encourage ISO 50001 certification;
- More promotion of ECA’s and projects like <http://www.lowcarbonworkspaces.co.uk/>

116. Government should take steps to promote awareness of ways to improve resource productivity. For example, businesses would benefit from gaining knowledge and an understanding of peak demand charges and how this could impact on their energy costs. Energy cannot be stored directly by consumers, and depending on the type of supply, energy costs can fluctuate within half an hour up to as much as 400%. The business owner may not know when a fluctuation occurs and put in place measures to adjust consumption to reduce peaks and therefore costs. Government could support research to enable businesses to determine peak demand in real time.

⁵³ <http://lowcarbonoxford.org/>

Pillar 8 – Cultivate world-leading sectors. To build on the areas of global excellence and help new sectors flourish, supporting businesses to take the lead in transforming and upgrading their industries through sector deals.

Q31 - How can the Government and industry help sectors come together to identify the opportunities for a ‘sector deal’ to address – especially where industries are fragmented or not well defined?

117. We support the identified need to address the future needs of nationally important sectors. However it is important to ensure that sector deals are forward looking and do not enshrine incumbency or existing large firms’ views about the future direction of a particular sector – as we have already pointed out, the innovations and approaches that will define the future of a sector will come from SMEs and disruptors in the supply chain that may not be currently well known.
118. A new approach to sector deals must be spatially focussed as well as forward looking. It is important that LEPs are involved in the development of sector deals as they are in prime position as local convenors to make sure this happens. We can bring to the table our detailed knowledge of the local business base and related supply chains. This will ensure that the contribution and needs of local clusters and supply chains (local and national), including SMEs, are fully recognised.
119. The Science and Innovation Audit process will be instrumental in helping the identified sectors to come together to identify the opportunities for a sector deal. The Government should build on the outcomes of the Science and Innovation Audit to ensure that emerging policy supports the expansion of major assets and plans for the needs of key growth sectors across the UK, bearing in mind our points made to the questions in Pillar 1 – that benefits accruing from economic hotspots such as Oxfordshire and Cambridgeshire must be shared across the UK.
120. We welcome and support the Government’s work on early sector deals and are particularly pleased to see a focus on the life sciences (led by Sir John Bell) and the creative industries (led by Sir Peter Bazalgette), both of which are major sectors in Oxfordshire and are subject of two of our five Sector Profiles⁵⁴.
121. We have already made the point in our response to Question 11 about the need for the Industrial Strategy to move beyond high-tech sectors and engage with the broader ‘foundational economy’ within which the bulk of the workforce is employed. There are key sectors which are dominated by lower level employment (and therefore wages), but at the same time are significant for some locations. A good example in Oxfordshire is the Visitor Economy sector.

⁵⁴ <http://www.oxfordshirelep.org.uk/content/key-sectors>

122. We have identified this sector as being particularly important for Oxfordshire in our Creative, Cultural, Heritage and Tourism Investment Plan⁵⁵. Oxfordshire welcomes nearly 27 million visitors a year, which places our county in the top 10 for inbound visitors to the UK. Our work showed that the sector supports more than 32,000 jobs. We believe that such sectors deserve focus to lessen fragmentation and to make the best of a Functional Economic Area as a whole. For example, whilst the majority of tourists visit the dreaming spires of Oxford, Blenheim Palace and Bicester Village, few take the opportunity to explore further afield into the Oxfordshire countryside.

Q32 - How can the Government ensure that 'sector deals' promote competition and incorporate the interests of new entrants?

123. The biggest challenge is to identify the interplay between different sectors and geographies and how research in one field might have unexpected benefits in another. Sector deals must therefore be flexible and permeable, to new entrants and new approaches.

Q33 - How can the Government and industry collaborate to enable growth in new sectors of the future that emerge around new technologies and new business models?

124. Local Enterprise Partnerships as the voice of business and trusted local conveners are best placed to identify emerging sectors in their areas and put in place programmes and partnerships that will create the right conditions for the sector to grow locally, nationally and internationally.

⁵⁵ <http://www.oxfordshirelep.org.uk/content/cchtip>

Pillar 9 – Driving growth across the whole country. To build on local strengths and address factors that prevent areas from reaching their full potential, by investing in key infrastructure projects, increasing skills levels and backing local expertise.

Q34 - Do you agree the principles set out above are the right ones? If not, what is missing?

125. The Science and Innovation Audits commissioned by Government are potentially very important exercises in underpinning the Industrial Strategy, and the Government ought to consider how these are framed and funded into the future. As Andrew Witty noted in his interim report⁵⁶, we have very good information on science and the quality of science in Universities and research facilities, but we do not have very good information on innovation in business at a granular level, and the tracking of scientific and research disciplines to business sectors and industry needs, both in research and skills, is extremely difficult to do.
126. Science and Innovation Audits can provide a much better understanding of how these linkages work within particular geographies, but as currently framed they have limitations. At present, for example, the support networks for business support and inward investment promote competition between regions, and LEPs and local groups are incentivised to seek inward investment in preference to elsewhere in the UK. This is not conducive to a holistic UK wide strategy.
127. Science and Innovation Audits are useful tools, not just to consider the assets available in a particular region, but also to consider how a national strategy for investment might generate nationwide benefits. The Oxfordshire Science and Innovation Audit is considering four, forward-looking areas where the UK could invest in the development of internationally competitive industries (technologies underpinning a quantum computer, applications of data from space, robotics and autonomous vehicles and digital health). These areas lend themselves to investment across the UK, not just in Oxfordshire, and instead seek to assess how Oxfordshire's strength can add to the bigger picture. Future Science and Innovation Audits should seek to replicate this approach (and should be resourced more fully by government).
128. We would like to make the following observations that need to be addressed in the White Paper:
- Place shaping is critical, yet gets little mention in the Green Paper. There is a need to ensure business can grow. The Local Plan for an area has a vital role to support the delivery of the Strategic Economic Plan by ensuring sufficient land is available for sector growth. In addition, there is a need to consider how best to support the growth of cities and the market towns. There is a need to systematically plan for the needs of cities as major economic drivers of national growth. In many areas support for economic re-use

⁵⁶ <https://www.gov.uk/government/publications/universities-and-growth-the-witty-review>

of brown field land and the conversion of former MoD land is an opportunity for major economic expansion. However, it is essential that planning for more housing and planning for more infrastructure is joined up in order to ensure that new and existing communities secure the most social, environmental and economic benefit from development and avoid repeating the mistakes of the past;

- There is a need for housing and for it to be genuinely affordable. As the NIC have identified there is research evidence that business investment is being held back by lack of affordable housing. The Housing White Paper⁵⁷ unfortunately contains little new thinking into how prices can be reduced in areas of high demand such as Oxfordshire;
- The Industrial Strategy needs to set robust policy for the longer term to encourage stability to improve business confidence, especially around investment, short versus long term for businesses is very different from Government short and long term. It is a perennial problem that needs some intervention/mechanism to align more closely to promote growth;
- Regulation needs simplifying for businesses where possible, so that businesses can concentrate on their core activity - i.e. regulatory services and the roll out of the Government's Better Business for All Programme⁵⁸ (BBfA) is a start but is too Government led and too bureaucratic;
- Treatment by financial institutions to business investment is probably one of the biggest barriers to growth. It would be worthwhile to commission studies to measure the impact in terms of opportunity cost (i.e. by a bank not investing owing to a particular view on risk). It would be useful to consider how the British Business Bank might do more to intervene and secure leverage;
- Once out of the EU the Government should establish funding programmes that are easier for SME's to apply to, that are less complex and less bureaucratic.

129. We refer to the point we made in our response to Q19 - we would support the findings of the Big Innovation Purposeful Company Task Force⁵⁹ to think systematically across how company law, financial reporting, executive pay, the investment management industry, shareholding structures and financial flows could all be reformed. This is one of the most important issues that the Industrial Strategy should address for the purposes of creating a fairer economy that 'truly works for everyone' – the status quo in which vast wealth flows to the few whilst the rest rely on low wages and insecure contracts will not achieve the Prime Minister's stated objective.

Q35 - What are the most important new approaches to raising skills levels in areas where they are lower? Where could investments in connectivity or innovation do most to help encourage growth across the country?

130. There are two key areas to address:

⁵⁷ <https://www.gov.uk/government/collections/housing-white-paper>

⁵⁸ <https://www.gov.uk/government/publications/business-regulation-better-business-for-all>

⁵⁹ <http://www.biginnovationcentre.com/purposeful-company>

- The immediate issue of raising skills levels and the polarity between lower and higher level NVQ levels (the skills gap);
- How we address the issue for the longer term as children that are just entering the education system now will be the workers in another decade's time.

131. By the time a young person is ready to start work they have had at least 11 years of education where there is opportunity to prepare them better (and earlier) for the world of work. A major rethink is needed around aligning the education system to the world of work. Many attempts have been made with limited success thus far nationally. Government policy needs to get to the heart of the issue, with programmes such as the National Apprenticeship Service (Programme) having had (over the past 5-7 years) limited success.

132. With the new Apprenticeship Levy, as much control as possible should be given to local areas. If businesses are paying in they should have control – and vested interest – in a successful outcome. However, recent research undertaken by the British Chamber of Commerce⁶⁰ found that nearly 40% of businesses have no understanding, or have not heard of the levy, whilst just over half indicated they do not understand how the funding reforms work in practice. LEPs, given their 'voice for business' role and Growth Hubs with their detailed knowledge and expertise of the local business landscape are best placed to deliver to deliver the levy to make sure that the funding raised is directed to apprenticeships that are related to the needs of the local economy.

⁶⁰ <http://www.britishchambers.org.uk/press-office/press-releases/bcc-businesses-in-the-dark-on-apprenticeship-levy.html>

Pillar 10 – Creating the right local institutions. To create strong structures and institutions to support people, industries and places to maximise local strengths, including reviewing the location of Government bodies and cultural institutions.

Q36 - Recognising the need for local initiative and leadership, how should we best work with local areas to create and strengthen key local institutions?

133. We refer once again to our points raised earlier about the need for a strategic authority approach for Functional Economic Areas and the key role LEPs play as a convener bringing anchor institutions together for the benefit of the local economy.
134. To make evident the importance of Local Enterprise Partnerships we would like to outline some of our work in recent years in Oxfordshire utilising our role as leaders, deliverers, brokers and facilitators:

Leadership

135. **Establishing an agreed vision for sustainable growth in Oxfordshire** – Our Strategic Economic Plan 2016 is a widely owned economic route map that was a year in the making and included an extensive public consultation period. It sets out our vision of ‘Oxfordshire as a vibrant, sustainable, inclusive, world leading economy, driven by innovation, enterprise and research excellence’. These outcomes will be achieved through four wide-ranging programmes, each with priorities to 2020, and a number of key actions areas. The programmes are:
- **People** – delivering and attracting specialist and flexible skills at all levels, across all sectors, as required by our businesses, filling skills gaps, and seeking to ensure full, inclusive employment and fulfilling jobs;
 - **Place** – ensuring a strong link between jobs and housing growth, and providing a quality environment that supports and sustains growth; and offering the choice of business premises and homes needed to support sustainable growth whilst capitalising on and valuing our exceptional quality of life, vibrant economy and urban and rural communities;
 - **Enterprise** – emphasising innovation-led growth, underpinned by the strength of Oxfordshire’s research, business collaboration and supply chain potential; recognising and reinforcing the significant contribution made by all sectors, in all parts of Oxfordshire and all types of business;
 - **Connectivity** – enabling people, goods and services to move more freely, connect more easily; improving broadband and mobile coverage and capacity; and providing the services, environment and facilities needed by a dynamic, growing and dispersed economy.

136. Our leadership role is also clearly demonstrated in this Industrial Strategy consultation response – the list of contributors in the appendix illustrates the wide engagement we have fostered.

Delivery

137. **We directly deliver projects and programmes.** Under our OxLEP Business programme we deliver:

- Oxfordshire Business Support – the team connects those wishing to start or grow their business quickly with expert support.
- Invest in Oxfordshire – the team provides confidential and tailored assistance to locate and grow businesses in Oxfordshire.

Under OxLEP Skills:

- Oxfordshire Apprenticeships – provides detailed advice on apprenticeship opportunities for young people, parents, schools and teachers.
- Opportunities to Inspire – inspires young people by connecting schools with volunteers from businesses across Oxfordshire.
- Oxfordshire Work Experience – supports schools, colleges and employers with work experience for young people.

Brokerage

We link partners and projects with each other and help access funds from Government, for example City Deal and Local Growth Funds. Together we with our partners have sourced funds of around c£250 million (including European Structural Investment Funds) for a range of projects that directly relate to our four programmes of People, Place, Enterprise and Connectivity.

Facilitation

We work in partnership with many stakeholders, including our six local authorities, private and third sector organisations, Universities, FE colleges and others to prepare strategies and investment plans. For example around 200 stakeholders were involved in developing our Strategic Environment & Economic Investment Plan, the Innovation Strategy and our Creative, Culture, Heritage and Tourism Investment Plan. The agreed priorities and actions within the plans and strategies are now being taken forward by dedicated sub groups that sit under our Board.

We urge the Government to put in place long term funding structures for LEPs so they can continue to further develop relationships across sectors and deliver agreed projects and

programmes. This is not the time to put in place alternative institutions to drive local economies, but rather build on the good work that has been achieved by LEPs since 2011.

Q37 - What are the most important institutions which we need to upgrade or support to back growth in particular areas?

138. As OxLEP we have worked hard to engage with the Universities (we have a jointly appointed post with the University of Oxford to support some of our key programmes) and other institutions, including all six Oxfordshire local authorities, and now enjoy an excellent working relationship. Our local authorities in particular have been instrumental in developing the strategies and plans mentioned above by contributing funding and partaking in project development through steering and sub groups.

139. We recognise the value of the universities in Oxford in supporting innovation and the local economy. Anecdote suggests that not all LEPs see the value in engaging with universities, and this perhaps might be encouraged more. However, the limited core funding available for LEPs in England restricts their ability to collaborate flexibly with local players to address local innovation needs.

140. For decades, and indeed centuries, universities have been the most important and persistent institutions in the UK in connecting people, industries, places and new thinking. Some have had a nationwide and international reach, but all of them have played a leading role in shaping the communities within which they are embedded. Their universities have probably been the most significant and consistent historical influence on the shape, economies and societies of the cities of Oxford and Cambridge, for example. Many civic universities were founded explicitly to support the local economy and industry through skills and research, and post 1992 universities have extended their remit as former polytechnics to support regional economies in an explicit way.

141. Of course, universities are but one player in every local ecosystem, with local authorities, business organisations and other civic players, including LEPs playing a role, but universities must be seen as a strong and constant pillar of local economies and should be supported as such.

142. Recently the role of universities as “anchor institutions” has been much discussed, and a number of studies have been undertaken that have uncovered the extent of the contribution of universities to the economy. Some of these have been in unexpected areas (for example it was estimated that 43% of visitors to Oxford are here to see some part of Oxford University – a significant contribution to the tourism economy) but they have usually been framed passively – the mere fact of universities’ existence generates welcome economic activity. Over the last decade, however, the active, purposeful engagement of universities in their regions has become more and more evident. Oxford University for example is using its resources to build innovation centres, support entrepreneurs and to seek to create new innovation districts within the City of Oxford, to provide space for the growing numbers of emerging start-ups and scale-ups.

143. ERDF has been used in places where it exists (outside the south east) to support this engagement by universities, but it is inflexible, bureaucratic and carries significant risk of clawback. In designing a replacement for ERDF the Government should reduce bureaucracy and increase flexibility so that local actors (who know better the local needs) can use it to support agreed agendas.

Q38 - Are there institutions missing in certain areas which we could help create or strengthen to support local growth?

144. We refer to our points to Question 3. There is a pressing need for widespread and consistently applied localism tools and powers that meet the needs of FEAs in shaping the Industrial Strategy locally, as well as consistent national policies. It highlights the wasted time and resource of negotiation of devolution deals which could be circumvented by consistent application of a framework for FEAs to apply in their own ways according to their own strengths, opportunities and challenges. A strategic authority approach with properly accountable and mandated strategic leadership and powers would help optimise local sustainable growth.

145. In Oxfordshire, the Growth Board⁶¹ is considering a Joint Spatial Plan (JSP) for the county in light of it being a classic FEA, to bring together the different responsibilities for planning, housing, employment, transport, minerals and waste. Its purpose is to provide a strategic, overarching vision and framework to help deliver the number of new homes, land for employment purposes and the supporting infrastructure that is anticipated will be needed over the next 30 years. With the six local authorities working on this strategy together, the aim is to ensure that development is sustainable and takes account of the fact that people live, work and travel across council boundaries, which means that what happens in one area affects its neighbours.

146. By being clearly linked to a statutory process (and reflecting the direction of travel set out by the DCLG in the Housing White Paper February 2017) it will have public accountability and transparency. We believe that this way forward will provide the groundwork for the successful economic development of our county over the long term.

⁶¹ <https://www.oxfordshire.gov.uk/cms/content/oxfordshire-growth-board>

In conclusion

147. We reiterate our point that we welcome the government's commitment to a long term Industrial Strategy and the recognition that there needs to be much more joining up of the key elements for a successful economy: people with the right skills for growing businesses who can access the right finance, and investment for infrastructure priorities related to the strengths of localities. We would like to end by focussing on what we feel are the key messages coming out of our response:

- The Industrial Strategy must put in place measures to ensure the economic benefits accruing from high technology areas such as Oxfordshire are spread to other regions, and in particular those that have suffered economic decline in recent decades;
- Whilst we would strongly agree with the focus on science and innovation, the needs of the foundational economy must also be considered as these sectors employ nearly two thirds of the workforce, and is where the productivity gap mostly lies. We believe that the concept of 'innovation' applies to all sectors, and to social enterprise, and not just to those in the science and research disciplines;
- A 'strategic authority' approach, with properly accountable and mandated strategic leadership and powers, is needed in order for Functional Economic Areas (like Oxfordshire) to fully realise their sustainable economic growth ambitions
- The curriculum in schools from primary onwards needs to change significantly of the UK is to thrive into the future. There needs to be a focus on the opportunities afforded by the local economy, more business/education links and a change in culture around the value of language, technical and vocational educations in schools;
- We would urge as soon as possible clarity around the status of workers from overseas. Restrictions on such labour are anti-competitive for places with very high employment rates and an aging population such as Oxfordshire;
- Employers must be encouraged and empowered to put in place measures to upskill their workforce as required, by building in the foundations of continuous learning at entry level that can then support subsequent progression and career moves;
- There is a necessity for long term support for Growth Hubs to properly enable local start-ups and scale-ups, including those that wish to operate as social enterprises. Growth Hubs play a key role in helping businesses navigate support for access to finance, exporting and procurement opportunities, and introduce growing and ambitious businesses to local institutions, networks and clusters;
- The Industrial Strategy should provide the opportunity to re-engineer the architecture in which UK businesses operate, to pave the way to a fairer culture that truly creates an 'economy that works for everyone';
- Affordable energy and clean growth ambitions should be embedded in wider infrastructure strategies for growth in FEAs and the UK;

Finally we would again urge the Government to establish a long term funding structures to enable Local Enterprise Partnerships to continue and further develop their roles. LEPs have evolved from being the 'voice of business' into trusted conveners. With their detailed knowledge and expertise of the local skills landscape, business base and supply

chains, they are best placed to identify and develop emerging clusters. They need long term support to continue their valued work.



Appendix – Contributors to the Green Paper Consultation Response

The OxLEP Board

Name	Organisation
Adrian Lockwood	CEO, Integration Technology Ltd
Prof. Alistair Fitt	Vice Chancellor, Oxford Brookes University
Andrew Harrison	Board Member, Science Vale Oxford
Cllr Barry Wood	Leader, Cherwell DC
Bob Bradley	Board Member, Thames Valley Chamber of Commerce
Cllr Bob Price	Leader, Oxford City Council
Cllr Ian Hudspeth	Leader, Oxfordshire County Council
Cllr James Mills	Leader, West Oxfordshire DC
Cllr John Cotton	Leader, South Oxfordshire DC
Jeremy Long (OxLEP Chair)	CEO Europe MTR Corporation
Nigel Tipple	CEO, OxLEP
Cllr Matthew Barber	Leader, Vale of White Horse DC
Penny Rinta-Suksi	Partner, Blake Morgan LLP
Phil Southall	CEO, Oxford Bus Company
Phil Shadbolt	Board Member, Bicester Vision
Prof. Ian Walmsley	Pro Vice Chancellor (Research & Innovation) University of Oxford
Richard Venables	Board Member, Oxford Strategic Partnership
Sally Dicketts	CEO, Activate Learning

The Oxfordshire Skills Board

Name	Organisation
Adrian Lockwood (Chair)	CEO, Integration Technology Ltd
Bob Shankly	HR Director, BMW
CLlr Bob Price	Leader, Oxford City Council
CLlr Nick Carter	Cabinet Member for Business and Communications, Oxfordshire County Council
David Martin	Operations Director, UK Atomic Energy Authority
Di Batchelor	Principal, Abingdon and Witney College
Richard Byard	Director for Business Development, OxLEP
Richard Kennell	Director, South Oxfordshire Food and Education Academy
Sean Wellington	Associate Dean, Oxford Brookes University
Jan White	Senior Partnership Manager, DWP

The Industrial Strategy Steering Group

Name	Organisation
Adrian Colwell	Head of Strategic Planning and the Economy, Cherwell DC
Barbara Hammond	CEO, Low Carbon Hub
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Gerry Brough	Director, South Oxfordshire and Vale of White Horse DCs
Giles Hughes	Director for Planning, West Oxfordshire DC
Linda Currie	Planning Strategy Officer. Oxfordshire County Council
Matt Peachey	Economic Development Manager, Oxford City Council
Nigel Tipple	CEO, OxLEP
Phil Clare	Associate Director, Research Services and Head of Knowledge Exchange, University of Oxford
Phil Shadbolt	OxLEP Board and Bicester Vision Member
Sally Dicketts	CEO, Activate Learning
Stuart Wilkinson	Head, Knowledge and Impact Team, University of Oxford
Suzanne Malcolm	Economic Development Manager, South Oxfordshire and Vale of the White Horse DCs

Other contributors and consultees

Heather Martin and David Burroughs - OxLEP Business Team	Thames Valley Chamber of Commerce
Sarah Cullimore and Helen Haines – OxLEP Skills Team	IoD Oxfordshire
Grant Heyward – Network Navigator for Social Enterprise	FSB Oxfordshire
Peter Black – British Gas	CBI