Invest 2035: The UK's Modern Industrial Strategy

Question 1) How should the UK government identify the most important subsectors for delivering our objectives?

The current categories identified are broad and our experience in producing local data, (for Enterprise Zones located in South Oxfordshire) is that there will likely be substantial overlap of businesses operating within the sectors identified once you begin to examine sub-sectors (i.e. those advanced manufacturers may also be involved in clean energy or digital technology). High-level company data offered by standard identifiers (such as SIC codes) offers insufficient data to allow for a full analysis of businesses and sectors. Local authority economic development teams, LEPs, developers and business park owners / operators already undertake significant data collection and analysis on the businesses in their area. These locally rooted organisations should be actively involved in the identification of key subsectors.

Question 2) How should the UK government account for emerging sectors and technologies for which conventional data sources are less appropriate?

Local intelligence can help to identify emerging sectors and technologies. Intelligence and specific data already exist with economic entities, including local authority economic development teams, LEPs (where still in operation), and business and technology park operators, businesses and sector representative organisations. Calls for evidence can be shared through existing local networks, such as through trade representative organisations and publications. A review of IC codes may also be useful to allow emerging sectors and technologies to be more readily identified.

Question 3) How should the UK government incorporate foundational sectors and value chains into this analysis?

At the local level, South Oxfordshire District Council have identified and quantified the foundational economy, highlighting key challenges such as barriers to commercial property, access to investment, and technology adoption. These issues are shared across both foundational and high-growth sectors, suggesting similar support is needed. Research to address these challenges has been incorporated into Joint Local Plans in South Oxfordshire and Vale of White Horse and the county-wide Strategic Economic Plan, which could inform government efforts to develop the foundational economy. The foundational economy accounts for 40 per cent of businesses in South Oxfordshire (approximately 3,200 businesses) and provides approximately 33,290 jobs. Despite above-average wages, high housing costs and labour shortages create pressures, including vacancies in key sectors. These challenges also affect infrastructure and essential services, all of which are critical to supporting productivity alongside high-growth industries. There should be cross-cutting interventions involving different government departments on wide-ranging areas from infrastructure investment, education and skills

Question 4) What are the most important subsectors and technologies that the UK government should focus on and why?

There are considerable strengths in clean and environmental technologies which will contribute significantly to solving global challenges, including around carbon energy storage, battery research, PV, wind energy and zero carbon fuels fusion technology, flood resilience, water management and much more. South Oxfordshire and the neighbouring district of Vale of White Horse also house expertise in everything from satellite innovation (that may have defence or advanced manufacturing overlaps) to vaccinations & drug discovery, to x-rays and quantum computing. The creative industries and technology sectors also offer economic opportunities, connected to communities and benefiting local employment and skills as well as health and wellbeing. Reflecting on the mix of local clusters and expertise, and recognising the overlap between businesses, adding further granularity may prove limiting, and local intelligence reveals complex overlaps the deeper you dive. As such, retaining high-level upper sectors may be more prudent, with an emphasis on those businesses that seek to tackle global challenges related to health, energy and the environment.

Question 5) What are the UK's strengths and capabilities in these sub sectors?

South Oxfordshire benefits from close relationships with academia and commercialisation of research has been a strength of the wider region that's well encapsulated within Science Vale. Proximity of businesses that have clustered at local Science Parks, (and through Science Vale's Enterprise Zones) has enabled strong cross-sector, multi-disciplinary possibilities, supported by access to public funded facilities. The support for academic research, and the potential for this to be commercialised locally is a substantial draw for businesses within these sectors.

Question 6) What are the key enablers and barriers to growth in these sub sectors and how could the UK government address them?

While not only relevant to sub sectors, revised legislation on energy infrastructure and provision is overdue, with investment and timescales for grid capacity upgrades and connections severely delaying both commercial developments, and renewables that hamper the transition to net-zero to enable more sustainable growth. The lack of a long-term national economic strategy, and the short-term nature of funding for growth programmes has severely affected the potential of the public sector to support growth, with everything from funding for local skills and business support programmes, to tackling local infrastructure challenges indicative of long-standing issues that could be addressed through commitment to the national industrial strategy if accompanied by funding. In relation to the creative industries, barriers are around building a sustainable model that can overtime create capacity in a cluster which can sustain a working ecosystem

Question 7) What are the most significant barriers to investment? Do they vary across the growth-driving sectors? What evidence can you share to illustrate this?

Consistent infrastructure barriers are present within South Oxfordshire that affect investment. These include limitations on grid capacity and connections, water resources, and sewerage capacity, as well as issues with transport infrastructure – particularly in enabling sustainable options such as rail. Local Area Energy Plans (LAEP) are being compiled for the area that will map out energy challenges. Evidence of infrastructure challenges from developers of Enterprise Zone sites within Science Vale also attest to challenges related to transport and energy infrastructure. Lack of funding is currently limiting development of innovative and creative solutions. As predominantly rural areas, barriers to sustainable transport are also key to unlocking local growth that is consistent with net-zero aspirations. Affordability and supply of workspace is another key barrier to investment. The area is expensive and as sites are redeveloped, (whether for housing or high-end commercial premises particularly laboratory space), foundational SMEs can be displaced. Housing costs in and around Science Vale are significantly higher than many competing areas – this affects the ability of the area to attract

and retain workers, and can price out those working in foundational sectors, including essential workers. An in-depth appraisal of barriers to investment should be place led. In the case of South Oxfordshire, many economic challenges are articulated in recent evidence for the council's Local Plan, and via the county-wide Strategic Economic Plan (SEP).

Question 8) Where you identified barriers in response to Question 7 which relate to people and skills (including issues such as delivery of employment support, careers, and skills provision), what UK government policy solutions could best address these?

Long-term funding streams that include flexibility to enable the public sector to focus on local priorities are vital, (particularly if this allows decoupling of spending limited resources on funding bids and seeking continuity funding). Stable, long-term focused funding streams would enable momentum to be built and sustained between public and private sectors, while enabling secure opportunities for training deliverers (trainers, contracting organisations such as Higher Education providers) ensuring that expertise and experience and be built and retained. Basic needs that allow access to training should also not be ignored within the strategy. For example, accessibility is important, both in a physical and digital sense. Local schemes, such as the South Oxfordshire District Council supported LEP led "No-Limits" programme have engaged those furthest from employment in skills training and employment initiatives, (primarily working through local food larders), offering financial support with travel costs, enabling access to digital devices, and offering advice and guidance through support workers. Basic job and skills training access support would enable more inclusive training and skills opportunities, widening the available labour pool.

Question 9) What more could be done to achieve a step change in employer investment in training in the growth-driving sectors?

Supporting and simplifying the process for employers to invest in training. This could include: • Contributing long-term funding to enable training support programmes would allow the public sector to drive private sector engagement with training initiatives. - Examples such as the apprenticeship levy support provided by OxLEP in Oxfordshire and subsidized Green Skills courses funded through South Oxfordshire District Council's UKSPF programme have seen positive uptake. However, the short-term nature of available funding and tight delivery deadlines limit participation, divert internal resources (as alternative funding must be sought for programme continuity), and cause partnerships to lose momentum and expertise as programmes wind down. Extending deadlines would allow for a more strategic, value-driven approach, focusing on match funding, recycling funding, and the delivery of long-term strategies. • Singular and dedicated support bodies would be beneficial in supporting employers to invest in training. Skills and training are complex areas for businesses, particularly those with demographics similar to South Oxfordshire, (where the vast majority of our businesses are SMEs). Without dedicated personnel in smaller organisations, the many different qualification types, levels, training providers and incentives on offer can be off-putting -this is not aided by unclear support.

Question 10) Where you identified barriers in response to Question 7 which relate to RDI and technology adoption and diffusion, what UK government policy solutions could best address these?

For areas such as South Oxfordshire where almost all businesses identify as SMEs, barriers such as the timescales for return on investment in technology, and the time & resource to engage with training or apply for funding are significant barriers. Results can be accelerated by incentivisation, such as small grant schemes, business rates discounts, or free training and skills support. Engagement is subject to local expertise and the availability of appropriate resources that act to drive and qualify businesses into appropriate support schemes. With SME communities, this may require "boots on the ground" that are able to build and engage with

local networks and signpost businesses to programmes or investment opportunities that allow for adoption of technologies or new processes. Case studies, peer networks and bespoke advice may be initial options to encourage take up of adoption and diffusion

Question 11) What are the barriers to R&D commercialisation that the UK government should be considering?

No Response.

Question 12) How can the UK government best use data to support the delivery of the Industrial Strategy?

Government will need to review local intelligence to achieve the level of granularity it seeks. In delivering the strategy, regularly updated specific data would be useful, this could include reporting dashboards that include a range of agreed indicators at a local, regional, and national level. This would represent a useful advance on the present situation helping to ensure that consistent data is at the forefront of delivery across the country. This should include a range of data that enables consideration of environmental and social impacts alongside growth.

Question 13) What challenges or barriers to sharing or accessing data could the UK government remove to help improve business operations and decision making?

i. Data needs to be better promoted and explained. The ONS, Local Data Insight, and a range of other resources offer useful data sets. However, a lack of general awareness & understanding, and inconsistent application limits the extent to which this data is used. Free training programmes and initiatives that support use of data within operations would be useful for a variety of audiences.

ii. Access to data can be costly or limited by data points. A key area of success in Oxfordshire has been the availability of the Business and Intellectual Property Centre at the County Library. The centre offers a range of business support activities, and crucially, enables supported access to several different databases, including FAME, Grantfinder, COBRA and more. This has delivered on a key need for local businesses, and we triage many start-ups and SMEs to the service. However, many of the databases are only accessible on site, locking out those businesses who are unable to physically attend the centre.

iii. We have produced our own data relevant to the visitor economy, and decarbonisation, (through our UKSPF allocations) that examines recent business activity and attitudes, predicts future trends and opportunities. This is a good example of local data that could greatly benefit our business community – but to produce this type of data is complex and costly – and as such, opportunities to refresh data are likely to be infrequent. Funding to produce data and support communication of findings at a local level would be beneficial (as would the ability to feed into dashboards etc.)

Question 14) Where you identified barriers in response to Question 7 which relate to planning, infrastructure, and transport, what UK government policy solutions could best address these in addition to existing reforms? How can this best support regional growth?

No Response.

Question 15) How can investment into infrastructure support the Industrial Strategy? What can the UK government do to better support this and facilitate co-investment? How does this differ across infrastructure classes?

In South Oxfordshire, investing in energy infrastructure is essential to unlocking renewable energy projects and industrial/commercial sites. Developers have long struggled to secure the necessary capacity for sites, so accelerating investment will drive faster growth. Aligning with Local Area Energy Plans could replace the current first-come, first-served approach with a more strategic investment model. Additionally, outdated infrastructure, designed to send power from the grid to end users, hinders the integration of renewable energy like solar PV. Investing in connections to support local energy generation and feed it into the grid will foster more sustainable local energy networks.

Question 16) What are the barriers to competitive industrial activity and increased electrification, beyond those set out in response to the UK government's recent Call for Evidence on industrial electrification?

No Response.

Question 17) What examples of international best practice to support businesses on energy, for example Purchase Power Agreements, would you recommend to increase investment and growth?

No Response.

Question 18) Where you identified barriers in response to Question 7 which relate to competition, what evidence can you share to illustrate their impact and what solutions could best address them?

No Response.

Question 19) How can regulatory and competition institutions best drive market dynamism to boost economic activity and growth?

No Response.

Question 20) Do you have suggestions on where regulation can be reformed or introduced to encourage growth and innovation, including addressing any barriers you identified in Question 7?

No Response.

Question 21) What are the main factors that influence businesses' investment decisions? Do these differ for the growth-driving sectors and based on the nature of the investment (e.g. buildings, machinery & equipment, vehicles, software, RDI, workforce skills) and types of firms (large, small, domestic, international, across different regions)?

No Response.

Question 22) What are the main barriers faced by companies who are seeking finance to scale up in the UK or by investors who are seeking to deploy capital, and do those barriers vary for the growth-driving sectors? How can addressing these barriers enable more global players in the UK?

No Response.

Question 23) The UK government currently seeks to support growth through a range of financial instruments including grants, loans, guarantees and equity. Are there additional

instruments of which you have experience in other jurisdictions, which could encourage strategic investment?

The Enterprise Zones within Science Vale attracted investment by offering business rates discounts and simplified planning processes. These incentives proved effective in drawing businesses to the area, with the rates discounts acting as an appealing financial tool. Although the original incentives have ended, the growth in business rates within the Enterprise Zones is now retained locally to fund economic priorities, including local infrastructure. This allows businesses that have relocated to the zones to directly contribute to improving the local business environment, creating an additional incentive for businesses to set up in the area.

Question 24) How can international partnerships (government-to-government or government-to-business) support the Industrial Strategy?

A more coherent approach to migration and labour market policy working with international partners could enable better support for key foundational sectors (such as health, social and child care) with greater availability and security of workforce enabling greater productivity within the sector, but also within higher growth sectors through enabling greater workforce stability through access to key services.

Question 25) Which international markets do you see as the greatest opportunity for the growth-driving sectors and how does it differ by sector?

No Response.

Question 26) Do you agree with this characterisation of clusters? Are there any additional characteristics of dimensions of cluster definition and strength we should consider, such as the difference between services clusters and manufacturing clusters?

The definitions are reflective of the clusters located within South Oxfordshire (inc. life sciences, space & satellite tech, fusion and associated energy technology). As there are likely to be significant multi-disciplinary benefits across different clusters, delivery of the strategy may not benefit from additional layers of characterisation.

Question 27) What public and private sector interventions are needed to make strategic industrial sites 'investment-ready'? How should we determine which sites across the UK are most critical for unlocking this investment?

In South Oxfordshire, interventions to upgrade transport, water, energy, and sewerage infrastructure would accelerate or otherwise enable investment in both strategic housing and commercial sites. Local intelligence will be able to provide information, and government will need to liaise with local economic development and planning teams. Enterprise Zones in Science Vale would be a prime example of investment ready sites, as would those with Local Development Orders (LDOs). Appropriate metrics need to be established to understand investment cases, with the Government's existing Green Book offering a framework for assessing business cases for intervention.

Question 28) How should the Industrial Strategy accelerate growth in city regions and clusters of growth sectors across the UK through Local Growth Plans and other policy mechanisms?

The industrial strategy while delivering growth, can also be delivered sustainably and offer tangible benefits for local communities, not just investors. Support for high growth sectors

cannot be given in isolation of wider support that enables growth at an accelerated level, this includes investment in local facilities, transport, housing, social, healthcare and energy infrastructure.

Question 29) How should the Industrial Strategy align with Devolved Government economic strategies and support the sectoral strengths of Scotland, Wales, and Northern Ireland?

No Response.

Question 30) How can the Industrial Strategy Council best support the UK government to deliver and monitor the Industrial Strategy?

It is vital that the Industrial Strategy Council involves all areas and is not limited by preferred governance structures. South Oxfordshire has experienced enhanced levels of growth in recent times, driven by investment in local housing (see Didcot Garden Town) and the area's strong Science & Technology sectors that benefit from proximity to Oxford University, excellent research facilities, and have as a result built well developed clusters. This has in turn generated sustained investment at key assets such as Culham Campus, within the Science Vale area and at key assets in neighbouring Vale of White Horse, such as Harwell Campus and Milton Park. The success of Science and Research centres in the area can be partly attributed to public investment in major facilities (such as Rosalind Franklin Institute and National Quantum Computing Centre), but also the cluster strategies driven by private and public collaboration, (for example, at Harwell Campus there are specific clusters for energy, space, quantum computing, and health), that have attracted businesses, and enabled commercialisation and business growth at scale. South Oxfordshire District Council and the organisations within the area have much to contribute to the delivery of the industrial strategy and it is vital that engagement is invited with the Industrial Strategy Council.

Question 31) How should the Industrial Strategy Council interact with key non-government institutions and organisations?

It is understood here that local government, including district councils, are seen as government institutions. For an answer relating to the relationship between local councils and the Industrial Strategy Council, see question 36.

Question 32) How can the UK government improve the interface between the Industrial Strategy Council and government, business, local leaders and trade unions?

Local relationships will be key. Within South Oxfordshire, we have well developed partnerships on the economy, with local Economic Development teams engaging with DBT, MHCLG and maintaining good working relationships with the Local Enterprise Partnership, County Council and local businesses on Enterprise Zones and wider economic initiatives. These existing relationships offer an opportunity for engagement with the Industrial Strategy. It is crucial that district councils such as South Oxfordshire be able to engage fully with the Industrial Strategy Council and Central government.

Question 33) How could the analytical framework (e.g. identifying intermediate outcomes) for the Industrial Strategy be strengthened?

A Sustainable Development Decision-making Framework, perhaps building on the foundations of Doughnut Economics would offer a visual option that could guide development of interventions and enable quick reference visualisation of the expected impacts and trade-offs that would guide investment choices. Using this type of framework would help to ensure interventions are delivered sustainably and for the benefit of local communities.

Question 34) What are the key risks and assumptions we should embed in the logical model underpinning the Theory of Change?

Growth should not be viewed as a panacea for societal challenges, and the impact of the industrial strategy needs to be understood against its impact on societal and environmental wellbeing. There is a risk that enhanced growth breaches the UK's commitments to net-zero or comes at an unsustainable environmental cost, and this should be recognised as a key risk. Similarly, in developed economies, there is a risk that rather than improving living standards growth can be detrimental to human health and wellbeing, through a range of factors including inequitable distribution of wealth, increased pollution, automation that results in job losses, or through reduced access to goods and services such as housing, childcare, healthcare. It will be challenging to target growth at specific sectors without also potentially enabling the displacement of communities, businesses or industries. It should not be assumed that growth of key sectors will improve quality of life, and the potential to negatively affect communities should be recognised accordingly.

Question 35) How would you monitor and evaluate the Industrial Strategy, including metrics?

The evaluation of the Industrial Strategy should be modern, accessible, and transparent, providing a balanced assessment of both positive and negative outcomes. It should go beyond traditional economic measures, such as unemployment rates and GDP per capita, to capture the social and environmental impacts of growth. In addition to standard economic metrics, the evaluation should assess how growth affects societal wellbeing. This could include examining whether the strategy has contributed to a more equitable distribution of wealth or positively impacted health, education, and quality of life. National indexes, such as the OECD Better Life Index, could be used to support this type of evaluation. Environmental metrics are also crucial, including the monitoring of greenhouse gas emissions and energy consumption, particularly in relation to growth outcomes. The HM Treasury Green Book provides guidance on assessing wellbeing and climate change, which could be integrated and expanded within the national strategy.

Question 36) Is there any additional information you would like to provide?

The ability of district councils to work directly with the Industrial Strategy Council would be welcome and seems necessary to enable full participation in the development and implementation of the industrial strategy. To this end, South Oxfordshire District Council would welcome greater clarity on how district councils will interact with this new body