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**The Rt Hon Greg Clark MP**

Secretary of State for Business, Energy & Industrial Strategy  
Department for Business, Energy & Industrial Strategy  
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London, SW1H 0ET

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Dear Greg

The Marches LEP very much welcomes the fact that the Government is proposing a new, long term, industrial strategy and the importance that you have given to place in helping to drive the future of the UK economy. We also welcome that Government and a range of local and national agencies should commit to doing better at joining up investment and policy on skills, infrastructure, innovation and financing.

The Marches LEP, as a partnership of business, political, university and college leaders, are fully committed to helping make both the long-term interventions and immediate changes needed. We are the only local organisation in the Marches focussed solely on growth and productivity and we bring together the right people in a “place” to ensure that all pillars of the Industrial Strategy are working together locally. We are also well placed geographically to work with a range of partners in both Wales and across the Midlands Engine area to improve living standards and economic growth by increasing productivity and driving growth.

Our central aim and offer is clear, if not always easy to achieve: to ensure that all relevant local action and investment is used in a way that maximises the impact it has across the Government's strategy. We have not sought to comment on all aspects of the strategy or answer every consultation question. This letter sets out how our LEP can work with Government to develop and implement this long term opportunity.

The Marches LEP's offer to Government is:-

- To continue to get local political, business, University and College leaders round the table to set strategic plans that make a reality of all pillars of the Industrial Strategy locally.
- Co-ordinate and influence local public and private investment, using £104.9m of local growth funding and influencing other funding streams so that individual investments act across as many of the pillars as possible.

## **Pillar 1 - Investing in Science, Research and Innovation**

- Improving levels of innovation and increasing the successful commercialisation of research are fundamental to driving growth and productivity. The Government's commitment of further funding is welcome and our recent Local Growth Fund allocations provide further opportunities to work alongside Universities to invest in local clusters and supply chains, increase late stage commercial research and experimental development.
- We agree with the eight themes suggested as potential challenge areas for the Industrial Strategy Challenge fund, whilst also suggesting that Health and Social Care could be another. To maximise the impact on late stage innovation, the Strategy Challenge fund should enable bids from universities, businesses and LEPs/ local authorities to invest in innovation strengths and opportunities locally. The proposed creation of UK Research and Innovation should have a formal objective to take "place" and its impact on "place" and variations in productivity into account. Greater flexibilities are needed than exist in the current system, including the ability to fund smaller chance projects than currently.
- Alongside the Green Paper's proposals to benefit medium and small businesses our experience suggests that increasingly micro and growing smaller businesses may miss out on opportunities to either commercialise ideas and innovations that they have and to benefit from innovations and new techniques developed elsewhere. Opening up innovation and challenge funding to smaller projects would help with this challenge, this could be done through local or national funding streams, but using our local networks and the Growth Hub to raise awareness amongst the smallest businesses about what is available.

## **Pillar 2 - Developing Skills**

We are convinced that more needs to be done to help people of all ages understand the future requirements of the labour market and to encourage more businesses to take an active approach to developing the skills they need. The commitments in the Green Paper are a welcome step, in particular the focus on technical and STEM related skills. We can use our partnerships and local growth funding to help in a number of ways:

- Building relationships between local businesses, our three Business Boards, schools and colleges, to continue to raise awareness of technical and STEM skills from as early as primary school. Government endorsement of these kinds of approaches would help increase interest from schools. There is however a cost barrier for many smaller businesses to work with their local schools, colleges and universities. Whilst we are actively working with the Careers and Enterprise Company (CEC) to build relationships between employers and schools and colleges and welcome the financial support being provided via CEC we do feel there may need to be more government support in this area.
- Using our GD1 and GD3 skills capital funding to make investments in new skills and apprenticeship provision with both our colleges and private providers and support them in working with local universities, our business boards, and local authorities to ensure that they have the right links to local business and employment opportunities.

- Use our virtual Growth Hub and our three physical Growth Hubs in Hereford, Telford and Shrewsbury to encourage more local businesses to invest in future skills requirements and to build links with their future as well as existing labour force.

The range of actions currently funded through the European Social Fund and related funding are important in continuing to improve employability and reduce inactivity rates. 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 are more successful than nationally prescribed programmes.

### **Pillar 3 - Upgrading Infrastructure**

- We will continue to work locally with our three local authorities, our three Business Boards, transport agencies, and utility firms to identify and resolve the funding and infrastructure constraints that have the greatest impacts on local businesses' ability to grow. We are also supporting the work of Midlands Connect and working with partners in mid Wales to identify the transport infrastructure upgrades that will provide growth opportunities across the wider mid Wales and Midlands area e.g. the Hereford bypass and the Shrewsbury North West Relief Road.
- In order to compete globally we believe we need to invest in all forms of digital infrastructure. A truly modern Industrial Strategy for the UK should outline an ambition to deliver near universal fibre to the premises coverage within a 15 to 20 year period, and priorities set so that it delivers to existing business areas and new build premises first. Private investment in fibre broadband is necessary and needs to be encouraged by the Government as suppliers, and BT Openreach in particular, need to reinvest sufficient revenue from the improved services into maintaining and improving their core infrastructure. If this is not done, there is a risk that a period of under investment ensues and the country finds itself back in a similar position requiring further public intervention.
- We believe development of a national subsidy model allowing SMEs to obtain affordable full-fibre services could provide a vital jumpstart. We would welcome discussions on this opportunity.
- In relation to mobile coverage, both voice and data, good 4G coverage must be secured now, via legislation if necessary, using the concept of the Broadband Universal Service Obligation based on a measure where service consumers actually receives the service wherever they need it. The UK must become well placed to take advantage of 5G capacity when it becomes available but cannot wait until this begins to replace 4G in the 2020s.
- The Marches LEP believe the Government need to seriously consider the role of 'utilities planning'. Government need to ensure that the utilities companies (gas, electricity, water, energy, broadband), involved in our long term planning, come together with a statutory commitment with local government authorities to collectively plan and agree to a timetable of projects and investment into an area. In the Marches we have live examples where the forward programme of the utility companies are not sufficiently flexible to respond to the opening up of new industrial sites and plans for new factories and are therefore inhibiting business growth and damaging new inward investment opportunities.
- The refresh of our Strategic Economic Plan in 2017 will provide a good basis for prioritising infrastructure investment so that it has the maximum impact on both quality of life and growth and productivity. And by getting the right people round the table, including Government departments, we can help put in place long term plans for the biggest sites, ensuring the investment needed in utilities, transport and digital connectivity is delivered.

Ensuring that these major development and infrastructure investment opportunities both happen in a timely way and maximise their impact on the local economy is a particularly important contribution that we can make.

#### **Pillar 4 - Supporting Businesses to Start and Grow**

- With ongoing support from Government, the Marches LEP and Growth Hub are well placed to deliver valuable support to achieve greater growth to new and existing businesses in the Marches area.
- We will continue to develop and grow the sphere of influence of the Marches Growth Hub. We will do this through building links with a much broader range of SMEs via our accountants and solicitors, the Chambers of Commerce, the FSB and other business representation organisations.
- We want to work with Government and organisations offering scale up and mentoring services to firms to develop cost effective ways of making better use of the analytics and information that exists and that these be shared with the LEP and Growth Hub.
- Through our Marches Growth Hub we will be actively promoting to new and existing businesses the Midlands Engine Investment Funds along with our locally designed and government funded growth and innovation business support schemes.
- In the Marches, we have been examining the problem which businesses experience in finding grow on space. Sites for the development of commercial premises in the Marches have a low, or often negative Residual Land Value. Underlying property market conditions limit developed land values when compared to other regions, while construction costs are broadly similar. This low 'value uplift' results in a structural market failure that prevents the private sector from developing new commercial land. Many of the key sites which have been prioritised by the Marches LEP as investment opportunities for local economic growth are subject to this type of structural market failure.
- Public investment in incubators and grow on space is often needed to ensure businesses can continue to thrive within their chosen place, where their workers live and their suppliers and customer also operate. With the pressures on public funding this means that opportunities to support our businesses that wish to grow and expand are limited.

#### **Pillar 6 - Encouraging trade and investment**

- Not enough SMEs in the Marches are aware of the potential for export and too few have access to the leadership and innovation skills needed to engage in new markets. We plan to continue to build on our existing Growth Hub and other business networks to offer signposting in relation to trade opportunities working in partnership with our DIT teams based with our local Chambers of Commerce.
- LEPs detailed knowledge of the opportunities in our area, together with our relationships with local businesses and public sector partners means we can respond quickly and flexibly to Foreign Direct Investment opportunities, targeting support to the needs of an investor and ensuring that the investment brings the maximum impact to the local economy.
- Selling the benefits and opportunities of the UK market for goods, services and investment has never been more important. We should also use our knowledge of local businesses and supply chains to help target both trade events and missions, and work with Government to identify those overseas firms who will potentially benefit from exposure to the UK market.

## Pillar 8 - Cultivating World-Leading Sectors

Our offer is that by being involved in the development of any sector deals we can bring our detailed knowledge of our local businesses and the whole value chain to the table. This will help make sure that the contribution and needs of local clusters and supply chains, including SMEs, are recognised.

In the Marches there are a number of sector clusters - Defence and Cyber Security, Agri Tech, Advanced Manufacturing and Engineering and Environmental Technologies, in some instances concentrated around research and development assets. These sectors may not attract the attention of those interested in the biggest national sectors but are both crucial to our local economy and to the development of the international profile of our unique sector specialisms.

We need to continue to invest and support these clusters, particularly as opportunities to provide long term careers for local people, through the provision of the right kind of technical skills. For example in:-

- a) Telford we have an emerging cluster of the engineering industry working with the University of Wolverhampton in developing the technology to support the light weighting of mass production cars
- b) Newport (North Shropshire) we secured GD3 funding to support an Enterprise and Innovation Park which will provide high tech business start-up and incubation space and will support collaboration between agri tech businesses and the higher education offer at Harper Adams University
- c) Hereford we secured GD3 funding to build a Centre for Cyber Security which will build on investment in this sector in the Hereford Enterprise Zone and will utilise specialist support from the University of Wolverhampton and the new University in Hereford (NMITE) when it is operational

We are also working together as groups of LEPs to actively invest in support for sectors and clusters that occur in more than one area:-

1. **The Agri-Tech West Alliance (ATWA)** has been formed jointly by four LEPs – The Marches, Cheshire and Warrington, Stoke and Staffordshire and Worcestershire plus leading sector businesses and specialist research/academic institutions. The Alliance will be facilitating business-led sector innovation through collaboration and technology through:
  - business-led applied research driving innovation and a real testing ground for the future Sector development and delivery i.e. use of sensors, smart technologies, drones, robotics, artificial intelligence, automation
  - non-agriculture sectoral strengths that are or could be applied to agricultural and horticultural uses from allied sectors such as machine manufacturing (Automotive/Aerospace) chemical processing, and software design (Cyber-Security).
  - a programme of AgriFood/Agri-Tech/BioTech commitments and emerging initiatives offering significant opportunities for the next generation of food growers and producers, at the forefront of global agricultural innovation.
  - a “Growth Hub Plus” offer to Agri-Food/Agri-Tech/Bio-Tech sector

2. **Cyber Sector Consortium** - Four LEPs – The Marches, Worcestershire, Gloucestershire, Swindon and Wiltshire working with QinetiQ and GCHQ plus partners in Wales are putting forward a sector deal proposal to BEIS to develop and grow established businesses and their supply chains in the cyber sector. The Marches LEP identified Cyber as a growth potential sector in its strategic economic plan. We also secured the Hereford Enterprise Zone which is the only EZ in the UK with a defence and security focus. This builds on the deep rooted association Hereford has with the UK Special Forces as the base of the SAS. Herefordshire already has 85+ businesses in the security sector, a number of which have been set up by ex- military personnel linking into the local specialist networks and supply chains. In support of this growing cluster of innovative businesses the University of Wolverhampton has recently secured GD3 and ERDF funds to support the development of a 3 acre cyber security centre and campus on the Hereford Enterprise Zone with potentially 185 jobs.

We want to continue to build on these approaches.

### **Pillars 9 and 10 - Institutions and driving growth across the whole country**

- To meet the challenges and opportunities ahead we need business, education providers, universities and political leaders to work together to set clear plans and prioritise investment and action. Without that combination of effort, the pillars of an Industrial Strategy will not work together to drive growth and productivity. And more generally, we should expect those who invest, employ, lead and educate in local places to work together for the good of their economies and communities. A Local Enterprise Partnership provides a proven mechanism for achieving that combination of effort.
- The Marches LEP continues to work hard to ensure that all our decisions and investments are fully transparent and meet all expectations of public bodies, whilst operating as cost effectively as possible. We will continue to do so and look forward to working with Government to build stronger relationships and continue to improve, as must all local institutions and membership organisations.

We look forward to working with you and your teams in BEIS to develop and then deliver this important strategic opportunity to strengthen the competitiveness of our economy.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'G Wynn', with a long horizontal flourish extending to the right.

**Graham Wynn OBE, Chairman, Marches LEP**

cc Jesse Norman MP, Minister for Energy & Industry & Marches LEP Growth Champion

Industrial Strategy Team, BEIS