

Industrial Strategy Team
Department for Business, Energy and Industrial Strategy
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Dear Team

Stoke-on-Trent and Staffordshire Local Enterprise Partnership Response to the Industrial Strategy Green Paper

We were delighted to see the publication of the Industrial Strategy and have taken the opportunity to catalyse our engagement with business as well as kicking off the reinvigoration of our strategic plan.

General

Overall we feel that the document identifies the correct areas of activity. However there is one area which doesn't get mentioned explicitly but is implicit in the success of British business and our economy: culture. The pillars are in danger of becoming silos if we do not foster throughout a can-do, outward looking and collaborative working culture. Government can become focused on the form without allowing local people the space to work collaboratively at a range of spatial levels. To illustrate this point see below a couple of examples:

Sectorally, our economy is diverse and as a consequence we need our businesses to have opportunities to work across the automotive, aerospace, materials, energy, agri-tech and medical technology spectrum. We have many engineering companies who supply products either as OEM in the case of JCB or as suppliers of components to manufacturers across the world. These businesses repeatedly tell us that they need four things to succeed: a workforce with the attitude to succeed, premises to operate and grow, the opportunity to innovate, and connectivity to access markets.

More specifically we have a major strength in ceramics, most prominently demonstrated by the cluster of businesses in Stoke-on-Trent and the surrounding area. The sector has responded positively to its competitors by investing in new products, design, and technology supported by good marketing and sales services. Its renaissance serves as an example of how a group of progressive, innovative companies can develop and grow. The Ceramics Confederation is developing a sector proposal which we are pleased to support.

Underlying all of our successful companies is an entrepreneurial culture. The final document has to challenge LEPs and local partners to unlock entrepreneurial potential by allowing them to create more local enterprise zones, investing in the spaces for progressive businesses to become strong seedlings, and ensuring that the support they need is available and delivered effectively.

Investing in science research and innovation

In our work it is clear that businesses that innovate grow and expand. They aren't solely spinouts from research but are often the consequence of individuals spotting an opportunity. There are a range of Innovate UK and other initiatives in place but the more significant ones are very much keynote institution based. **We therefore welcome the proposal to create clusters of research across the UK.** However, as an area with a diverse economy it is equally critical that our businesses have access to expertise across the UK, not solely that held locally. **All institutions who receive funding need to have a target of ensuring they cover businesses across the sector they are working with.**

Skills

In all our discussions with business, skills emerged as one of the biggest concerns. There was a widespread concern that the mindset had become focused on academic excellence to the disadvantage of a broader range of team working, interpersonal, practical and problem-solving skills. The consequence of this has been a reduction in the perceived value of trades and engineering skills below degree level. This has unfortunately coincided with a lack of exposure to the world of work. Locally we have taken steps to address this by establishing a network of Advanced Manufacturing Engineering hubs and funded by the GD3 we will also be investing in replacing outdated equipment in our schools and colleges. These act as a precursor to initiatives such as Institutes of Technology.

However, it's clear to us that the national framework needs far better planning, and collaboration between institutions has to be supported and encouraged. ¹ **The focus has to be on raising the quality of teaching and learning across age ranges and recognising the value of a continual desire to learn and develop.**

The links between careers advice, business and learners have become unduly complex. We are working to coordinate them at a local level. For instance we instigated a programme of locality pilots bringing business and schools together, starting in 2012, to address this locally, particularly in areas of low aspirations.

Infrastructure

Pillar 3 neatly summarises the challenge we face in ensuring our economy can develop sustainably. For an area such as ours, where we have a range of national and regional transport networks linking up, planning and operating these as a system is crucial. The road network in many areas struggles to cope with the traffic flows expected of it and its limited capacity impacts on local public transport. **We would hope to see further investment in the transport infrastructure in our towns and cities through Growth Deals as these provide the opportunity to link growth and economic development to transport needs.** Businesses repeatedly highlight the lack of investment in local road maintenance and improvements.

¹ Could go further about the negative impact of competition between institutions.

In a world post Brexit we need a world class digital infrastructure. It has become a crucial utility relied on by business. A key area we are tackling is ensuring businesses are maximising the opportunities it offers and ensuring they are secure. We need to see a continued drive to deliver improved broadband and phone coverage across the whole of the UK in both urban and rural areas. **This ought to be achieved by regulatory requirements on the infrastructure operators with the continued allocation of funding to support local interventions where there is a business case.**

Rail travel is popular with our businesses and offers attractive connections to London and major centres. Frequent concerns are capacity, cost, and the timetabling of connections to key airports. HS2 will help create capacity and we want to see a network introduced that creates a stronger pattern of connections to major centres and airports. More parking, which is reasonably priced, at key stations is a key issue in a number of locations. **Integration between rail, bus and car has to be improved substantially and as Midlands Connect connections strengthened east to west as well as north to south.**

Supporting Businesses to start and grow

We have extensive experience of approaches over successive programmes. Our business consultees want to see informed assistance which takes a long-term view and is delivered over a longer term. The major weakness of the current ERDF approach is the tendency to see a plethora of programmes which target similar businesses for different purposes. To address this we were one of the first LEPs to set up a business helpline focused on acting as an impartial gateway. To support this, working with the Chambers of Commerce, LEPs and others we have developed a network of targeted programmes. **A recurrent comment is the value of local peer to peer learning and inspiration supported by tailored individual personal support.**

Improving Procurement

A repeated comment was the difficulty that SMEs have in dealing with large companies and organisations. This concern extended beyond the public sector to a number of well-known names. We have seen some good examples where major national bodies such as Network Rail have held local supplier events but to many businesses their only contact is through a main contractor or supplier. **It is critically important that Government bodies and contractors proactively engage with local supply chains as this will both see local people benefit but equally importantly reduce transport needs and carbon emissions.**

Encouraging Trade and Investment

Many of our larger employers are subsidiaries of multinational companies where they have to compete for investment within the business. **We need to be able to respond positively to support UK investment and demonstrate our desire to do business. This requires local partners and the LEP to act quickly and constructively.** We have two significant examples where this has occurred, i54, and Bericote Four Ashes where we can provide case studies.

Exporting is a key component in our economy and a major concern is the impact of tariffs externally and those imposed on imports. Ceramics manufacturers have this as a major concern.

Similarly to the Growth Hub locally accessible support and advice has helped businesses get into exporting and it has been good to see these expand and grow.

The international marketing of the Midlands Engine is a major step forwards in maximising the impact of our offer.

Delivering affordable energy and clean growth

In our City Deal we focused on this area, driven by the major concerns that energy intensive businesses have about costs. Two projects are in progress, one which will act as a test bed for new technologies, and the development of a geothermal based district heat network as part of a wider SMART energy system in Stoke-on-Trent which will act as a catalyst for a local supply chain.

Cultivating World Leading Sectors

As set out in the introduction, the culture and environment are key components in fostering world leading sectors. Innovation and investment is constantly needed to keep ahead of competitors and the strategy needs to recognise the diversity of the sectors where we have strengths and build on our diversity as well as areas of particular strengths. A good example in our area is the growth of Bet365 from an innovative idea by a local business to a world leading online bookmaker employing 3,404 people. Here again, agile thinking and an innovative culture has led to the growth in a business that wouldn't have been predicted 17 years ago.

Role of Place

Rather than responding on institutions and place separately it is clear to us that the environment of a place in its widest sense is crucial to success. (The environment includes housing, schools, town centres, and leisure opportunities)

Attitude and agility are of key importance in the success of places coupled with the leadership that embraces these as this response demonstrates. The research work by Localis² usefully highlights the importance of places taking local control of their industrial strategy. Partnerships that are focused and relevant to the scale of the issue are a key. As we have illustrated, collaborative working has been a philosophy we have adopted and this needs to be recognised, encouraged and supported more.

Local partners are well placed to make the links between the pillars supported by Government, agencies and institutions. We need to continue to be allowed to develop and innovate within the context of the strategy. Whilst funding from Government shouldn't be seen as the main driver it acts as a vital lubricant in delivering infrastructure of many types, and incentivising growth and we'd support the creation of a single pot *Accelerated Growth Fund* as a means of achieving this.

² http://www.localis.org.uk/wp-content/uploads/2017/03/004_Localis_IndustrialStrategy_AWK_WEB-1.pdf
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Conclusions

It is critical that the pillars don't become silos and that we work together to enable the investment and growth that we need by building on the growth of our existing businesses as well as securing investment internationally. SSLEP and our partners across business, education, and local authorities are keen to embrace the challenges the strategy sets out.

Yours sincerely

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