

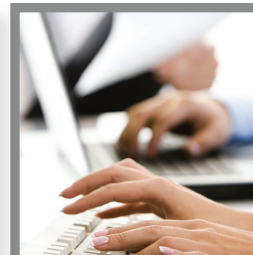
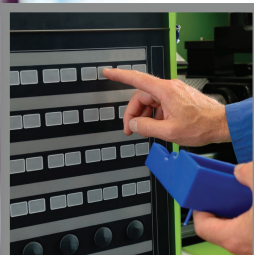


THAMES VALLEY BERKSHIRE:

Delivering national growth locally

Strategic Economic Plan, 2015/16 – 2020/21

Consultation draft, December 2013





PREFACE: OUR PROSPECTUS FOR GROWTH

Alongside London, Thames Valley Berkshire is the UK's economic powerhouse.

Our businesses are driving forward national economic recovery and growth. In many cases, they are competing successfully in global markets. This really matters. Fundamentally, it matters because **our growth is real growth for the UK as a whole**; in other words, the success of our businesses is largely 'additional' and it is not at the expense of those elsewhere in the UK.

We know we have tremendous locational advantages – most notably our proximity to Heathrow Airport. With these advantages come real responsibilities and, looking ahead, we are determined to make our locational advantages count further. We want to do this for the benefit of our residents, communities and businesses. But we also want to do it for the benefit of the wider UK economy.

We are committing – through our Strategic Economic Plan – to deliver an uplift of around £700m in the overall wages and profits generated through Thames Valley Berkshire's businesses; by 2020, our Gross Value Added (GVA) will be £32.4bn, £700m higher than our baseline projection for 2020 of £31.7bn (all at constant, 2009, prices). This in turn will increase returns to the Exchequer (through tax receipts) and it will also stimulate reinvestment locally (through businesses and the voluntary/community sector).

Much of the responsibility for this uplift in projected economic performance is our own – and we are very much 'up for it'.

We are not seeking 'hand-outs' from central government and we will not 'chase' grant funding. However we do need to work with central government to ensure that Thames Valley Berkshire is able to marshal its full economic muscle and contribute fully to the national growth agenda.

We need our businesses to reinvest confidently in Thames Valley Berkshire (rather than, say, Shanghai). This outcome is within our grasp, but it needs:

- » an end to the uncertainties surrounding the future of Heathrow Airport
- » planned investments in western rail access to Heathrow Airport and improvements to the M4 motorway to proceed sooner, rather than later, and certainly on schedule
- » a greater supply of skilled people, particularly those with expertise in science, technology, engineering and mathematics
- » stronger and more creative links (both formal and informal) with the research community in (or close to) Thames Valley Berkshire
- » investment in our places so that they continue to provide a good quality of life.

Our Strategic Economic Plan sets out in detail our vision and investment priorities, and it presents evidence relating to both.

Through the collaborative momentum of our partnership we are committed to delivering this accelerated growth. We will work with government to bring this about.

Steve Lamb
Chairman

Thames Valley Berkshire
Local Enterprise Partnership

December 2013



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EXECUTIVE SUMMARY

This document sets out our **Strategic Economic Plan for Thames Valley Berkshire**. It is grounded in evidence, and it has been developed in dialogue with businesses, local authorities and other key stakeholders.

Already our economy is successful: when considered alongside the other 38 Local Enterprise Partnerships in England, it tops the league on many key metrics. Our benchmarks, however, must be understood internationally. On this wider stage, the competition is fierce, although the potential rewards – both for Thames Valley Berkshire and for the UK economy – are substantial. We are strongly placed already, but we need to invest to adapt – as a place and as an economy – to maintain our competitive edge.

In the context of an international economy that is increasingly driven by knowledge, our overarching priority is to **secure better access to talented people and bright ideas, and to use both more effectively.**

Six main objectives follow. With regard to **people** we must:

- 1: Use better those who are already in the workforce
- 2: Inspire the next generation and build aspirations and ambition
- 3: Ensure that economic potential is not restricted by labour supply issues

In terms of **ideas**, we will:

- 4: Ensure that knowledge is effectively commercialised and grown within Thames Valley Berkshire
- 5: Strengthen networks and invest in the ‘soft wiring’ to use ideas better
- 6: Make Thames Valley Berkshire’s towns genuine hubs in the ideas economy

We have identified 15 investment packages – grouped into four high level programmes – through which these objectives will be achieved.

We will deliver these packages through a wide range of implementation mechanisms. Included within these is a bid into the Local Growth Fund. Whilst important, this is only part of our overall resourcing plan. In addition, therefore, we will flex our own collective resources creatively and purposely to deliver our Strategic Economic Plan; we will work closely with government to ensure that wider spending decisions are appropriately aligned and that the fiscal and regulatory framework is broadly supportive; and we will encourage substantial private sector investment. We approach the latter mechanism with some confidence: we have an outstanding track record in these terms and, with a modest injection of new public sector funds, the private sector contribution will be substantial.



On conservative assumptions, we estimate that the implementation of our Strategic Economic Plan will deliver an uplift in economic output (Gross Value Added) amounting to some £700m in 2020 (compared to baseline projections for 2020), with additional impacts to follow in the longer term.

As a result, by 2021, we will be well on the way to achieving our overall Vision for Thames Valley Berkshire.

Our Vision:

The vibrancy of our business community will be internationally envied. The ambition and creativity of our established businesses will be energised through strong, knowledge-rich, networks. Our workforce will be the lifeblood of our economy: young people will be inspired and older workers valued. Our infrastructure will match the scale of our ambition and potential. And people will choose Thames Valley Berkshire as the place to live and work

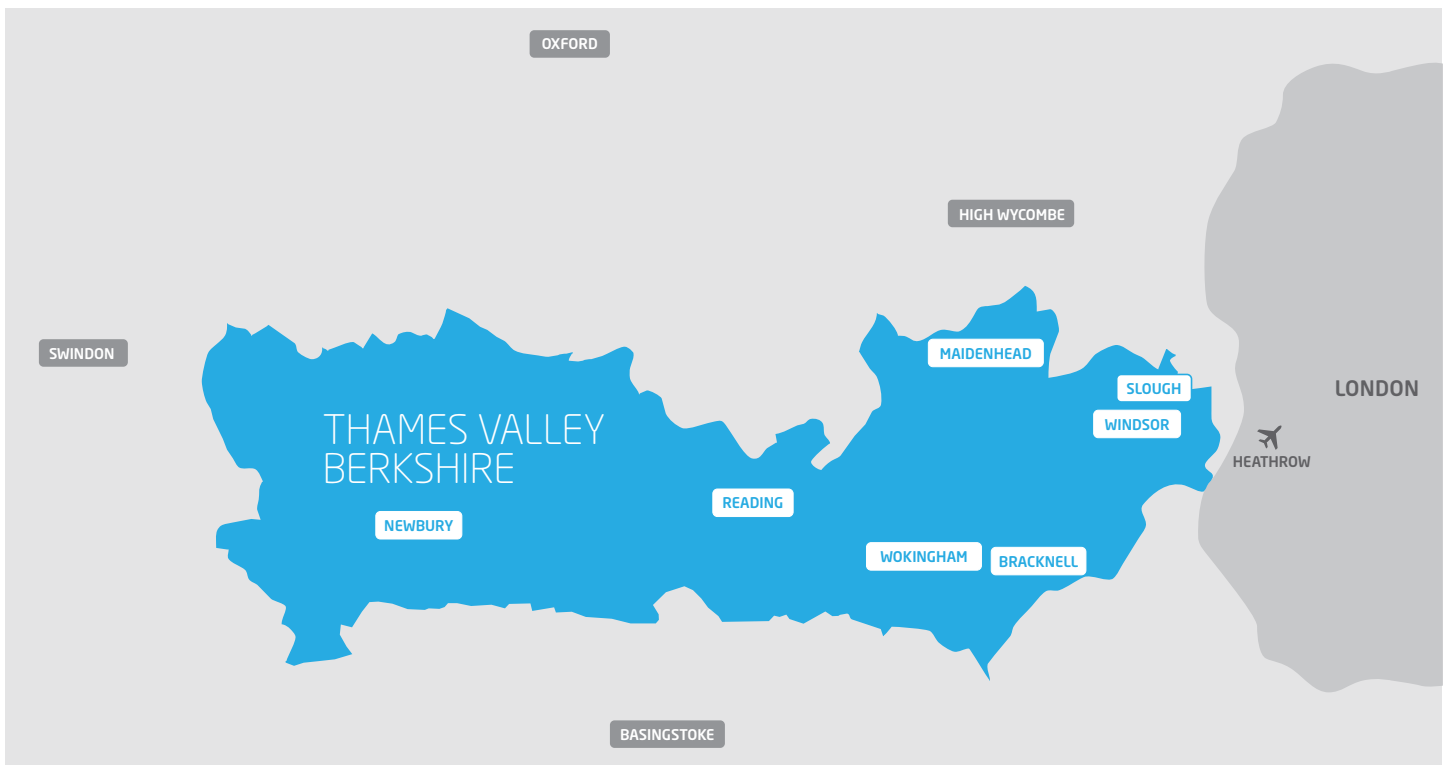


INTRODUCTION

THE THAMES VALLEY BERKSHIRE ECONOMIC POWERHOUSE

Located immediately to the west of London, Thames Valley Berkshire (TVB) is an economic powerhouse of enormous importance to the UK. Administratively it consists of the whole of the former county of Berkshire, now divided into the six unitary authority areas (Bracknell Forest, Reading, Slough, West Berkshire, Windsor and Maidenhead, and Wokingham).

Figure 1: Thames Valley Berkshire



It is home to over 870,000 people and 42,000 businesses. Together these generate economic output – measured in terms of Gross Value Added (GVA) – of around £30bn (in current prices). This is equivalent to around 15% of the total for the South East region¹ or just over 2% of the UK-wide figure.

On a national stage, TVB performs strongly on most key metrics. In 2012/13, we secured more inward investment projects than any other Local Enterprise Partnership (LEP) area apart from London. In addition, a benchmarking report comparing the performance of the 39 LEP areas in England found that²:

1 Defined as the counties (or former counties) of Berkshire, Buckinghamshire, East Sussex, Hampshire, the Isle of Wight, Kent, Oxfordshire, Surrey and West Sussex

2 *Local Economies and the Growth Challenge: Review of Local Enterprise Partnership area economies in 2013* LEP Network



- » 42.3% of employment in TVB is in 'top output growth sectors' (Rank 1)
- » 28.5% of employees in TVB work in the 'knowledge economy' (Rank 2, behind London)
- » some 2.5% of enterprises are in foreign ownership (Rank 1)
- » economic output per head in TVB is £32.8k (Rank 2, behind London)
- » the business birth rate is 12.4% (Rank 2, behind London).

Furthermore, a recent report by PwC and Demos identified Reading and Bracknell (considered together) as the highest ranking UK city on the 'good growth index'.

However, these headlines leave no room for complacency. We have outstanding locational advantages – not least our proximity to Heathrow Airport and to the world city that is London, but also the quality of our natural environment and the strength of our communities. For the benefit of our own people and businesses – but also for the UK as a whole – we must make these advantages count. This means that benchmarks ought to be defined both nationally and internationally. On this wider stage, the competition is relentless.

PURPOSE OF THIS DOCUMENT

Against this backdrop – and as a basis for consultation – this document sets out Thames Valley Berkshire Local Enterprise Partnership's (TVB LEP) Strategic Economic Plan for Thames Valley Berkshire³.

Our Strategic Economic Plan explains how our economy is performing currently and it distils the principal opportunities we must seize – and the challenges we must navigate – as we look to the future. It sets out a Vision of what TVB needs to become; and – in outline – it identifies the investments that are required to bring that Vision about⁴.

These 'investments' are not – as perhaps in the past – a wish list. Nor are they a simple statement of what 'they' (mainly government) should do for 'us': we understand the state of the public coffers and the need for a different kind of approach to delivering the UK's national economic growth strategy in local areas; hence this is not a bidding document. Building on our successful City Deal, our investment priorities are therefore a distillation of where we – the local authorities, businesses and other partners across TVB – want to invest our own assets and resources; and where we believe that modest (but important) investments from central government will secure significant leverage and generate impacts which will benefit substantially the UK as a whole.

We are committed to delivering our Strategic Economic Plan. Through it, we will secure a first rate economic future for the benefit of our businesses, and for all of those who live and work in Thames Valley Berkshire. We will also increase further the scale of the net contribution we already make to the UK Exchequer.

³ This is a strategy for economic growth, recognising that other local strategies and plans will address wider issues relating to well-being

⁴ These investments are being defined in detail through our emerging Implementation Plan



OUR ECONOMY IN OVERVIEW



WE HAVE
A VIBRANT
COMMUNITY
OF SMALL
BUSINESSES

TVB has a very strong local economy.

We have a vibrant population of small and medium-sized enterprises (SMEs), and TVB is a place where small businesses flourish. At the micro end of the spectrum, we benefit from over 30,000 SMEs (with fewer than five employees) and these operate in all sectors of our economy – from web-based media, to tourism, land-based activities, retail and local services. These are tremendously diverse. Increasing numbers are home-based (and this is especially important for our rural areas) whilst some occupy bespoke business incubators. Some are on a rapid growth trajectory whilst others have more modest ambitions. Collectively, they are a crucial element of our economy.

Our business start-up rate is high: the 5,010 new enterprises formed in 2012 comprised 12% of our business stock (compared to start-up rates of 11% across the South East). Survival rates are also reasonably strong. Among new enterprises formed in 2007, 48% were still in business five years later compared to 44% England-wide (although on this metric, nearby areas perform better than TVB: data suggest that the five-year survival rate is 51% in both Buckinghamshire and Oxfordshire).

On conventional metrics, our resident population of working age is highly qualified: 41% is qualified to degree level or above (NVQ4+) compared to just under 37% across the South East region as a whole.

Our workers are also reasonably well paid. As **Figure 2** demonstrates, on a residence basis, median weekly pay for full time employees ranges from just over £500 in Slough to well over £700 in Windsor and Maidenhead. Conversely, on a workplace basis, the figures range from around £580 in West Berkshire to approaching £650 in Wokingham.

Locally, the differences between residence- and workplace-based measures is explained through the effects of commuting. There are some major differences within TVB in terms of the relationship between residence and workplace-based weekly pay. In part, these reflect the rural nature of the west of TVB and the strong London (and Heathrow) influence in the east. Nevertheless, all of the figures reported in **Figure 2** exceed the England-wide benchmark. Of course, living (and particularly housing) costs in TVB are also high and median figures do not portray individual circumstances – which, for those in low paid employment in TVB, can be particularly challenging.

Across TVB, employment rates are high (77.0% compared to 74.7% across the South East⁵). As of October 2013, the total number of Job Seekers Allowance (JSA) claimants was less than 10,000 across our whole area – equivalent to 1.8% of the working age population (compared to 1.9% across the South East and 3.0% England-wide). Allowing for ‘frictional unemployment’, this may suggest – even in the immediate aftermath of recession – that we are close to full employment.

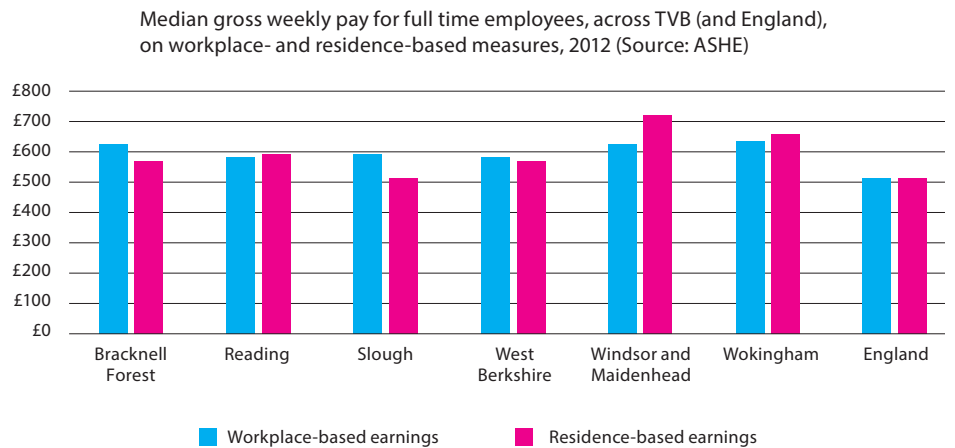


OUR WORKING
POPULATION IS
VERY HIGHLY
QUALIFIED

⁵ These data are taken from the Annual Population Survey and they relate to the period July 2012-June 2013



Figure 2: Gross weekly pay across TVB



THERE ARE MANY OPPORTUNITIES FOR OUR YOUNG PEOPLE – BUT SOME STILL STRUGGLE

However, there are pockets of economic inactivity and unemployment across TVB – particularly in our larger urban areas of Reading and Slough. This is especially concerning in relation to young people. In Reading there are 360 16–18 year olds not in education, employment or training⁶, some 8.4% of the total; while in Slough, the claimant count rate among 16–24 year olds is notably higher than the regional average. In the midst of a vibrant economy, statistics of this nature are unacceptable; we need to address the surrounding issues and our City Deal has been developed in response.



⁶ Data for the year to end 2012, sourced from Department for Education (DfE) (<http://www.education.gov.uk/childrenandyoungpeople/youngpeople/participation/neet/a0064101/16-to-18-year-olds-not-in-education,-employment-or-training>)



WHAT MAKES OUR ECONOMY DISTINCTIVE

Within the overall context – and based firmly on the available evidence – three distinctive, and inter-related, features of our economy stand out: the importance of technology-based (tech-based) activity; the significance of internationalisation; and the role of the corporates. All three are inherently related to our strong relationship with London; but none of them is reducible to it.

These three features are flagged **not** because they are all that matter; and certainly **not** because other aspects of the economy are unimportant. Rather, they are highlighted because they are important in relation to our Strategic Economic Plan in two key respects.

- » First, they set the economy of TVB apart in relation to future economic growth, both in absolute terms and when considered alongside the role and potential of other LEP area economies across England: our economy is already the most strongly internationally oriented and competitive, and with this comes substantial further potential.
- » Second, they are the attributes on which much of our area's historic economic success has been built but in relation to which, profound changes are afoot with significant risks (both upside and downside) for our economic future.

THE IMPORTANCE OF TECH-BASED ACTIVITY

A recent report published by KPMG mapped the incidence of tech-based employment across every local authority district in England, Scotland and Wales⁷. On a definition which related largely to the IT sector (hardware and software)⁸, it found that Wokingham topped the list in terms of its 'tech location quotient' and that each of the other five unitary authority areas within TVB featured in the top 15 nationally. On this measure, without doubt, we lead the way in terms of the strength of our tech-based (or, more precisely, IT-based) economy.

Across the piece, there are some very significant businesses linked – more or less closely – to information and communications technologies. These range from well-established corporates (like Oracle, Cisco, Microsoft, Telefonica and Vodafone) through to smaller firms (such as Volume in Wokingham, Redwood Technologies in Bracknell, and Ntegra in Newbury), some of which are growing at a tremendous pace.



WE HAVE THE
UK'S STRONGEST
TECH-BASED
ECONOMY...

⁷ *Tech Monitor UK: Understanding tech clusters and tracking the UK tech sector's outlook for employment and economic growth*, KPMG, 2013

⁸ Note that tech-based activity was defined in relation to five key sectors: software publishing; computer programming; data processing; manufacturing of computers; and manufacturing electrical equipment



The role of TVB within the tech-based economy - and the risks linked to it


Detailed occupational data (sourced from the 2011 Census) suggest that over 25,000 TVB residents are “*information technology and telecommunication professionals*” (almost 6% of all employed residents and as a share of the total, close to double the figure in both Oxfordshire and Cambridgeshire); a further 4,700 are “*information technology technicians*”. From other sources, we know that in 2011, there were around 62,000 jobs in the IT services sector in TVB, and a further 6,000 in the (related) media sector⁹. Whilst these two sets of observations are not directly comparable (as one relates to working residents and the second to workplace jobs), they are important: taken together, they suggest that significant numbers of jobs in these key sectors relate to non-technological occupations. Uppermost among these are tech-based firms’ sales and marketing, management and other corporate functions. We also know that the number of people working in ‘pure research’ is relatively low.

TVB performs strongly in relation to the tech-based economy, particularly that element linked to information and communications technologies. But the risk – looking ahead – is that the bespoke technical content may not always be as great as the headlines imply. Intrinsically, an economy that generates knowledge and technology is in a stronger position than one that packages and sells it to clients and customers, whatever the scale or sophistication of the operation. This is not to belittle the latter, for it is crucial for wealth generation. Nor is it to make sweeping generalisations, for there certainly are knowledge-generating businesses within TVB. However, it is to flag an important risk for TVB as a whole, given our dependence on the sector and the scale and pace of internationalisation within it.

Knowledge-based assets

In this context, we must recognise that there are some world-class knowledge-based assets in – or close to – TVB. The University of Reading is important. It has science-based specialisms (relating, for example, to climate change and satellite imaging) and the University is seeking a far more active role in relation to knowledge-based economic growth than previously. The University of Reading has close links with the Met Office and the European Centre for Medium Range Weather Forecasts is located nearby. TVB therefore features prominently in assessments of the UK’s research capabilities in the sphere of satellite technology¹⁰. Also within TVB is the Atomic Weapons Establishment (AWE), an organisation with a long history in leading edge defence-related research and development. It is significant in scale, employing well over 4,000 staff, and it too is keen to explore potential commercial applications.

Although just outside our geography, we are also physically very close to some of the UK’s foremost scientific research. This includes, *inter alia*, the activities linked to the



...BUT WE NEED TO MAKE SURE THAT WE ARE CLOSE TO THE SOURCE OF THE ‘KNOWLEDGE SUPPLY CHAIN’



WE ARE SURROUNDED BY WORLD-CLASS KNOWLEDGE-BASED ASSETS

⁹ Data taken from a set of baseline projections prepared by Cambridge Econometrics using the Local Economy Forecasting Model

¹⁰ *Encouraging a British Invention Revolution: Sir Andrew Witty’s Review of Universities and Growth* Final Report, October 2013



WE NEED TO BUILD STRONGER LINKS BETWEEN OUR OUTSTANDING BUSINESSES AND THE WIDER RESEARCH COMMUNITY



ALONGSIDE LONDON, WE ARE THE FIRST CHOICE LOCATION FOR INWARD INVESTMENT TO THE UK

University of Oxford and to the 'big science' facilities at both Harwell and Culham (in southern Oxfordshire). To the east is much of the London-based research community including, for example, science-based Imperial College. On any measure, these are world class institutions. They are on our doorstep.

Building the 'soft wiring'

In relation to the tech-based economy, our current strengths are clear – in the form of the scale and depth of our business community and the workforce linked to it. There are also some equally clear risks. These could be mitigated through stronger and more productive links with the research community in the environs of TVB.

The missing ingredient at the moment is the 'soft wiring'. Potentially, this could transform an impressive array of tech-related businesses (and their staff) and a group of world class research-based institutions into a dynamic, and knowledge-rich, cluster. The 'dots' are all in place; the 'joins' just need to be improved, recognising that these depend in part on physical infrastructure and in part on individual and collective behaviours.

From within TVB, there are examples of processes of precisely this type. One illustration stems from the professional services sector in Reading. Over recent years, it has grown substantially and Reading has emerged as the main regional centre for the wider Thames Valley (including Oxford). In part at least, this process is explicable in terms of the physical provision that has been made in central Reading, and the willingness of lawyers, accountants and others to make full use of it. It is also being reinforced by the improvements in rail connectivity and the redevelopment of Reading railway station which, although temporarily disruptive, is widely welcomed by the business community.

The significance of internationalisation

TVB is an intrinsically – and distinctively – international economy.

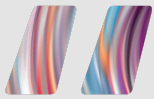
The significance of internationalisation owes much to the proximity of Heathrow Airport which – although outside our boundaries – is crucially important. Most immediately, Heathrow Airport is a major employer: over 18,000 of our residents currently work at the airport¹¹ (and just in terms of the scale of employment, it is worth noting that this is equivalent to almost a third of the IT services sector within TVB).

Proximity to Heathrow Airport has been instrumental in relation to inward investment. Already, we have the highest proportion of foreign-owned businesses (among 39 LEP areas) and estimates suggest that these account for a quarter of all employment and approaching a half of TVB's overall turnover¹². But the stock of inward investment is not simply an historic legacy. We continue to account for a significant share of inward investment into the UK: in 2012/13, for example, we claimed 56 foreign direct investment 'successes', the highest number in any LEP area (outside of London)¹³.

11 *London Heathrow Economic Impact Study A Report by Regeneris Consulting, September 2013. Ibid. See Table 5-1*

12 *Ibid. See Table 4-4*

13 Data for 'involved successes' taken from the *National Inward Investment Pipeline*



WE HAVE AN
OUTSTANDING
GROUP OF
CORPORATES IN
THAMES VALLEY
BERKSHIRE

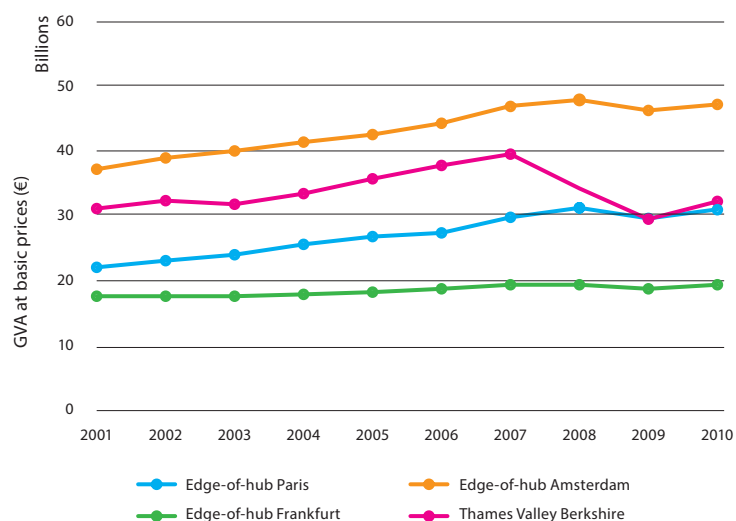
Proximity to Heathrow Airport is therefore – in economic development terms – a substantial asset. But we must reflect on whether we are ‘sweating’ this locational advantage as hard as we might. In this context, it is instructive – although not easy – to compare TVB with ‘edge of hub airport’ economies elsewhere in Europe, namely the non-metropolitan areas abutting Schipol (Amsterdam), Charles de Gaulle (Paris) and Frankfurt¹⁴.

The findings from this exercise are important. Data sourced from Eurostat and reported in **Figure 3** suggest that TVB grew more quickly than these comparators¹⁵ prior to the recession, but also that the impact of recession – at least on these data – bit relatively hard¹⁶. These observations – coupled with on-going uncertainties regarding government’s commitment to both the future of Heathrow Airport and the UK’s membership of the EU – present risks in relation to our on-going appeal to would-be investors. Yet for TVB, this international dimension is crucial.

The role of the corporates

The role of the corporates is a third, very distinctive, element of our economic make-up. There are well over 200 European or global HQ operations in TVB. Many of these are long-established, and they are often major employers operating in strategically important sectors – like pharmaceuticals, petrochemicals, energy, food and IT. Locationally, they have tended to gravitate towards our major employment sites such as Slough Trading Estate, Green Park, Thames Valley Park, and Winnersh Triangle.

Figure 3: Thames Valley Berkshire and key international comparator locations
(Source: Eurostat (data released in June 2013), Statistics Netherlands)



¹⁴ These were defined in terms of NUTS3 areas that were adjacent to the relevant hub airport but were not the main city

¹⁵ Defining appropriate comparators is in practice extremely difficult. We have had to rely on NUTS3 definitions and this raises many issues in terms of the validity of the comparisons. Nevertheless, the underlying data sources are reasonably robust

¹⁶ Note that the GVA figures quoted here for TVB differ from those quoted elsewhere. The source is different and the Eurostat data are presented in euro – which means that assumptions around exchange rates come into play



Discussions with the corporates in developing this Strategic Economic Plan have pointed to some important issues regarding TVB's economic future. Among the most consistent and concerning are those relating to people:

- » for many, recruitment is proving very challenging, particularly in relation to staff with an in-depth knowledge of science, technology, engineering and mathematics; in this domain, the challenge of competing internationally was again flagged, particularly given the volume of high quality science graduates emerging from the likes of South Korea, China and India
- » retention of staff can also be extremely difficult, especially in relation to younger workers for whom the appeal of London (in the form of both higher salaries and the buzz and excitement of the metropolis) seems impossible to resist
- » in response, some corporates are turning to international labour markets and whilst the quality of potential recruits is reviewed in positive terms, the frustration of lengthy negotiations over visas and work permits is palpable.

In varying combinations, these three factors are having a material influence on corporates' future plans, and this in turn will impact on our growth potential. For some, the solution will be to focus future growth abroad, particularly in relation to more routine technical functions, representing a straightforward loss to the UK economy. For others, because of the importance of recruiting and retaining bright young people, and exploiting the disruptive technologies that they can develop, the decision is to expand operations in central London (cost implications notwithstanding).

Two other observations are important.

- » First, the links between our corporates and both the population of small and medium sized enterprises *and* the research base in the environs of TVB are 'thin'. TVB is a good place to be because of its international connectivity. But our wider and dynamic 'B2B' networks are under-developed compared to elsewhere.
- » Second, the corporates themselves are changing. The rigidities and formalities of the past are giving way to new patterns and styles of working, enabled by the possibilities of digital connectivity and the desire/pressure to minimise overhead costs, including those linked to property. There is – across the board – an increasing opacity in the boundaries between 'home' and 'work', and this in turn is challenging locational preferences.

The economic footprint of the corporates in TVB is linked to a post-war pattern of spatial development; it is structured around edge- (or out-) of-town business parks and is typically highly car-dependent. Elsewhere, as boundaries dissolve, the spatial disconnect between business parks and lively urban environments is becoming difficult to reconcile – hence some apparently odd decisions that break all the rules of economics (like Google's recent decision to locate a major new facility near St Pancras Station in central London).





Against this backdrop, the overwhelming risk for TVB flagged by the corporates is – in general – one of ‘tiredness’: of buildings from, essentially, a bygone era; of a workforce which is, in many cases, ageing “structurally” (as the retention of young people is so difficult); and of a business model that must adapt to survive with challenging implications for TVB (and indeed the UK).

This narrative must not be taken too far. There is no immediate ‘crisis’ and on all the key metrics, our economy continues to function well. Equally, particularly through some major town centre investments, TVB is starting to re-invent itself.

But there are, evidently, risks. Read alongside the interrelated risks associated with our tech-based sector and the changing pressures and imperatives linked to internationalisation, the importance of our Strategic Economic Plan – both for us and for the UK as a whole – is obvious.



TVB LEP has invested Growing Places Funds to support the regeneration of Bracknell town centre



OUR CONNECTIVITY

The biggest single risk to the future economic contribution of TVB concerns our transport and communications infrastructure.

WHY OUR CONNECTIVITY MATTERS

The growth of our economy has been – and continues to be – fundamentally shaped by our connectivity:

- » our international links via Heathrow Airport are the principal reason why inward investors choose to locate in TVB and they are a crucial underpinning of ongoing re-investment
- » the importance of our links with London cannot be overstated – particularly through the M4 motorway, the Great Western Mainline and the Reading to Waterloo Mainline
- » within TVB, our economic geography is polycentric with a number of different towns each playing an important role; connections between our towns are therefore critical at a local level
- » our digital connectivity is of paramount importance to our business community writ large: our tech-based businesses depend on it, and more broadly, it is a critical infrastructure for our small business community in our rural and urban areas alike.

However, the transport and communications infrastructure on which we rely is simultaneously a local, national and international resource. It is very congested. This in turn is threatening to undermine our intrinsic growth potential.

NATIONAL PRIORITIES FOR CONNECTIVITY...

We are encouraged that this is recognised by government. In particular:

- » We welcome the observation from the Office of the Rail Regulator that £3bn (20% of the national total) will be invested on the Western route between 2014 and 2019. We have made the case consistently for investment in Western Rail Access to Heathrow (WRAtH) and have demonstrated that the short rail link (which needs 4km of new tunnel between Langley and Terminal 5) will deliver economic benefits of over £2 billion and create 42,000 new jobs. This project is one that Network Rail is required to deliver; and it is crucial to TVB's growth ambitions. Also important is the completion of Reading Station; the provision of Crossrail services to Maidenhead (and beyond); and the electrification of the Great Western Mainline beyond Newbury.
- » We welcome planned enhancements to the M4 motorway. These will derive from the Managed Motorway Scheme from London out to Junction 12 (Reading West and Theale). It is disappointing that this is not scheduled to start until after 2015; it must not slip further.





GOOD
CONNECTIVITY
IS NOT A STATIC
ASSUMPTION
BUT AN
ON-GOING
COMMITMENT

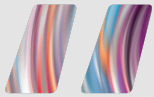
On a less positive note, current uncertainties in relation to the future of Heathrow Airport are profoundly unhelpful. This is particularly important in relation to our corporates, many of which are constantly weighing up competing global opportunities. Uncertainties around the future of the UK's only hub airport are therefore compromising our ability to secure the investment and re-investment that is so important for the UK as a whole.

Our Strategic Economic Plan is premised on TVB's connectivity. However, good connectivity is not a static assumption but an on-going commitment, and it needs investment. Over decades, we have demonstrated that we can provide a positive return to the UK Exchequer. This is the 'growth deal' to which we are committed in delivering our Strategic Economic Plan.





ONE VIEW ON THE FUTURE: BASELINE PROJECTIONS



WE ARE A
FUNDAMENTALLY
STRONG
ECONOMY...



...PATTERNS
OF PROJECTED
FUTURE
GROWTH ARE
REASONABLY
GOOD

ECONOMIC PROJECTIONS

As an input into our Strategic Economic Plan, Cambridge Econometrics (CE) prepared a set of baseline projections for TVB¹⁷. As modelled data – rather than a calibrated forecast – these should not be taken too far, but they are useful insofar as they provide one impartial view on economic prospects.

Consistent with much other evidence and analysis, CE's baseline projections are broadly positive. They highlight our underlying strengths: GVA per job (a key measure of productivity) is notably higher in TVB than across the South East and England, as is GVA per capita (an important measure of wealth). This is an important starting point in relation to our future projected economic growth.

Figure 4: Baseline projections for Thames Valley Berkshire (Source: Cambridge Econometrics)

Annual growth rates (% pa) – historic performance and baseline projection – for **Thames Valley Berkshire** (GVA at constant (2009) prices)

	1995-2000	2000-2005	2005-2010	2010-2015	2015-2020	2020-2025	2010-2020
GVA	5.1%	3.6%	1.6%	1.1%	2.5%	2.6%	1.8%
Employment	2.3%	-0.1%	0.7%	0.5%	0.4%	0.8%	0.5%
Population	0.6%	0.3%	1.1%	1.1%	1.0%	0.7%	1.1%
GVA/Employment	2.7%	3.7%	0.9%	0.6%	2.1%	1.8%	1.3%
GVA/Population	4.5%	3.3%	0.5%	0.0%	1.5%	1.9%	0.7%

Annual growth rates (% pa) – historic performance and baseline projection – for the **South East** (GVA at constant [2009] prices)

	1995-2000	2000-2005	2005-2010	2010-2015	2015-2020	2020-2025	2010-2020
GVA	4.4%	3.4%	1.0%	1.3%	2.3%	2.3%	1.8%
Employment	1.6%	0.9%	0.2%	0.5%	0.3%	0.6%	0.4%
Population	0.6%	0.5%	0.8%	1.0%	0.9%	0.7%	1.0%
GVA/Employment	2.7%	2.5%	0.9%	0.7%	2.0%	1.7%	1.3%
GVA/Population	3.8%	2.9%	0.2%	0.2%	1.4%	1.6%	0.8%

¹⁷ These were prepared in September 2013 and are consistent with CE's UK Regional Economic Forecasts, June 2013

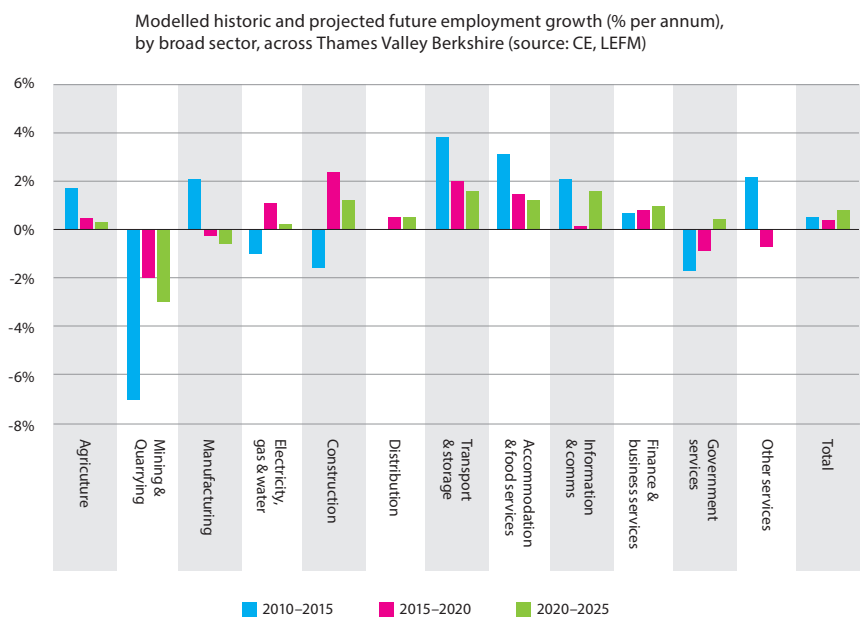
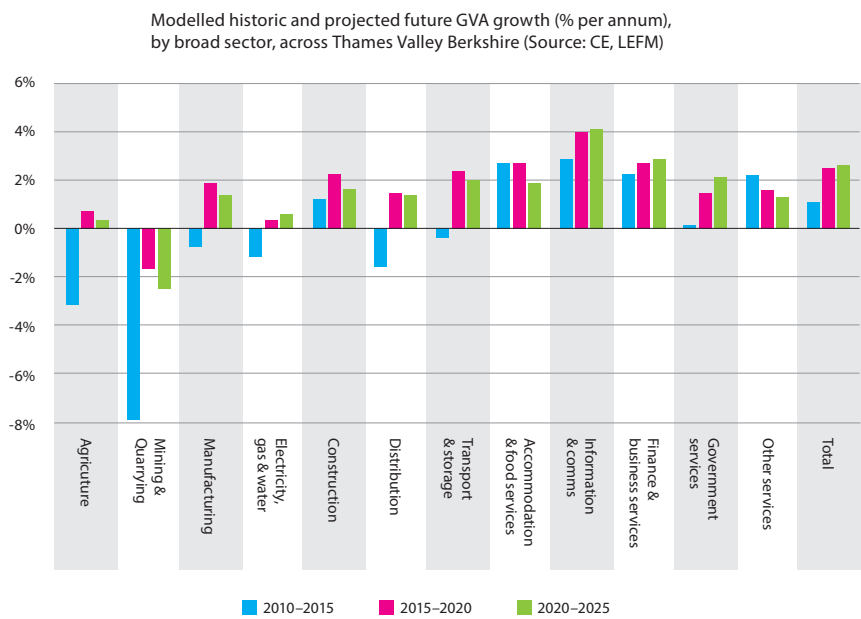


Looking ahead, steady growth is projected overall (see **Figure 4**). However:

- » projected rates of growth – particularly in GVA and productivity – are lower than those enjoyed by TVB historically
- » projected rates of growth in TVB are really quite similar to the average for the South East as a whole.

From the baseline projection it is also useful to consider how prospects vary by sector (whilst recognising that there are any number of ‘local’ factors that might, in practice, change the outcome).

Figure 5: Patterns of GVA (in constant (2009) prices) and employment growth on the baseline projection, by broad sector (Source: Cambridge Econometrics)





ALTHOUGH OUR POPULATION IS PROJECTED TO GROW, THE NUMBER OF YOUNGER ADULTS IN TVB IS LIKELY TO GROW SLOWLY – THIS WILL AFFECT OUR BUSINESSES



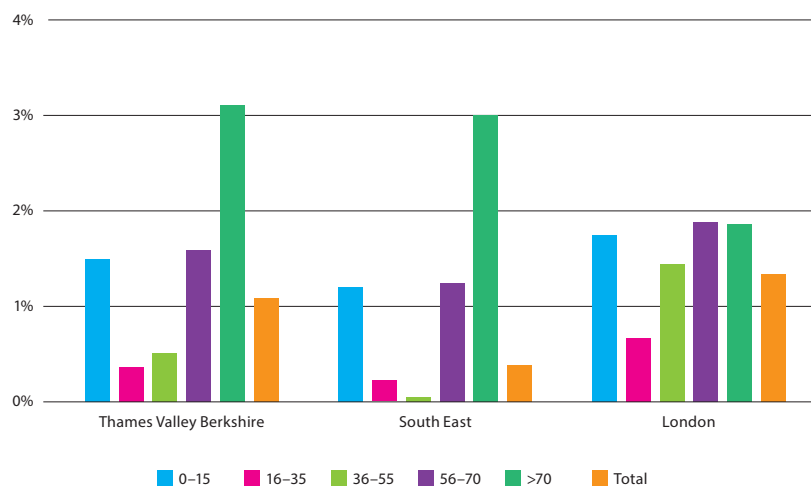
WE ALREADY STRUGGLE TO RETAIN OUR YOUNG PEOPLE – AND LOOKING AHEAD, LONDON IS SET TO GROW FURTHER

From **Figure 5**, it is apparent that projected rates of employment and GVA growth vary significantly by sector. Moreover, some sectors which are projected to see relatively rapid rates of GVA growth (e.g. information and communications) have relatively modest projected rates of employment growth (and *vice versa*). Given the tightness of our labour market, this observation is important. At a more granular level, the apparent significance of IT services in relation to future GVA growth (but not so much to employment growth) is also quite striking.

DEMOGRAPHIC PROJECTIONS

Alongside the economic projections, we have also reflected on projections relating to population growth (see **Figure 6**). Again these are modelled numbers that have not been calibrated locally and they need to be treated with some caution.

Figure 6: Projected population growth (percentage per annum) by age group, 2011-2021
(Source: ONS Interim 2011-based sub-national population projections)



Two important observations however need to be drawn from these data.

- » First, within Thames Valley Berkshire's working age population, the number of younger adults is projected to grow relatively slowly. The implication is that the workforce available to our businesses and other employers will age between 2011 and 2021; this has clear implications in terms of priorities for skills and workforce development
- » Second, rates of population growth in TVB are lower than those projected in London across every age group other than those aged 70 or more. Already, we struggle to retain our young people, and further relative growth in London is projected.



THE SPATIAL FRAMEWORK FOR ECONOMIC GROWTH

Three 'givens' underpin the spatial framework for economic growth across TVB:

- » First, as **Figure 7** (on page 23) indicates, TVB is highly constrained in development terms. Much of the west of TVB is a protected landscape (North Wessex Downs Area of Outstanding Natural Beauty) while the Metropolitan Green Belt features strongly in the east.
- » Second, TVB is, genuinely, polycentric. A number of different towns play important roles locally, and connectivity between these places is crucial in relation to the functioning of the local economy
- » Third, administrative boundaries – both within and beyond TVB – have little relationship to 'how the economy works' currently. In some respects, it is helpful to think of TVB in terms of three functional economic areas: to the west is the predominantly rural area around Newbury; in the centre are the highly interconnected urban areas of Reading, Wokingham and Bracknell; and in the east are Slough, Windsor and Maidenhead with close links both to each other and to adjacent areas in west London (including Heathrow Airport). Within each of these areas, planning for housing and employment growth must occur across administrative boundaries, facilitated by local authorities' Duty to Co-operate

Five of our six unitary authorities have adopted Core Strategies within their Local Plans. Initially, these will provide the spatial framework for growth over the lifetime of the Strategic Economic Plan.

LOCATIONS FOR GROWTH

Consistent with national planning policy, all of the adopted Core Strategies focus plans for physical regeneration and growth in, or close to, the principal urban settlements:

- » provision is made for a number of ambitious, mixed use, town centre regeneration schemes, some of which are substantially underway; examples include those for Bracknell, the Heart of Slough and Wokingham
- » sites are identified for both housing and employment growth on the edge of the larger settlements (e.g. sites to the north of Bracknell and urban extensions to the east and south of Newbury).
- » provision is made for housing development at a number of other locations; in particular, the Core Strategy for Wokingham identifies four Strategic Development Locations each of which includes provision for between 1,500 and 3,500 new dwellings.



OUR ECONOMIC GEOGRAPHY IS DEFINED AROUND A NETWORK OF TOWNS – AND CONNECTIVITY BETWEEN THEM IS CRUCIAL



WE MUST
 DELIVER THE
 HOUSING FOR
 WHICH WE HAVE
 ALREADY MADE
 PROVISION

Table 1 shows agreed housing targets (which in the main have been rolled forward from the (now revoked) South East Plan). It also shows progress in achieving them. Over recent years, the rate of housing delivery has been ahead of target in parts of TVB, notably Reading and Slough.

Table 1: Planned housing provision and achieved housing delivery

Unitary Authority area	Date of Adoption of Local Plan Core Strategy	Total planned housing provision 2006-2026	Total number of dwellings delivered 2006-2012	Achieved annual housing delivery 2006-2012	Target annual housing delivery 2006-2012
Bracknell Forest	2008	11,139	2,118	353	557
Reading	2008	10,420	3,582	597	521
Slough	2008	6,300	2,623	437	315
West Berkshire	2012	10,500	2,882	480	525
Windsor and Maidenhead	Est 2015	7,515	1,999	333	333
Wokingham	2010	13,230	2,593	432	600
Thames Valley Berkshire		59,104	15,797	2,632	2,851

Source: Review of Local Plan Core Strategies and AMRs

Over the five years of the Strategic Economic Plan, our immediate priority must be to deliver planned provision, noting that this includes some major (and complex) schemes which require up-front investment in infrastructure.

The forecasts created for the now-revoked South East Plan (which are largely reflected in the adopted Local Plans) are, however, fast becoming out of date. Government guidance is that plans, particularly housing requirements, should be based on up-to-date population projections provided by the Department of Communities and Local Government. These projections may have to be adjusted where there is evidence that housing affordability is significantly worse than in adjoining areas (defined in relation to Local Plans); this is a particular concern in TVB.

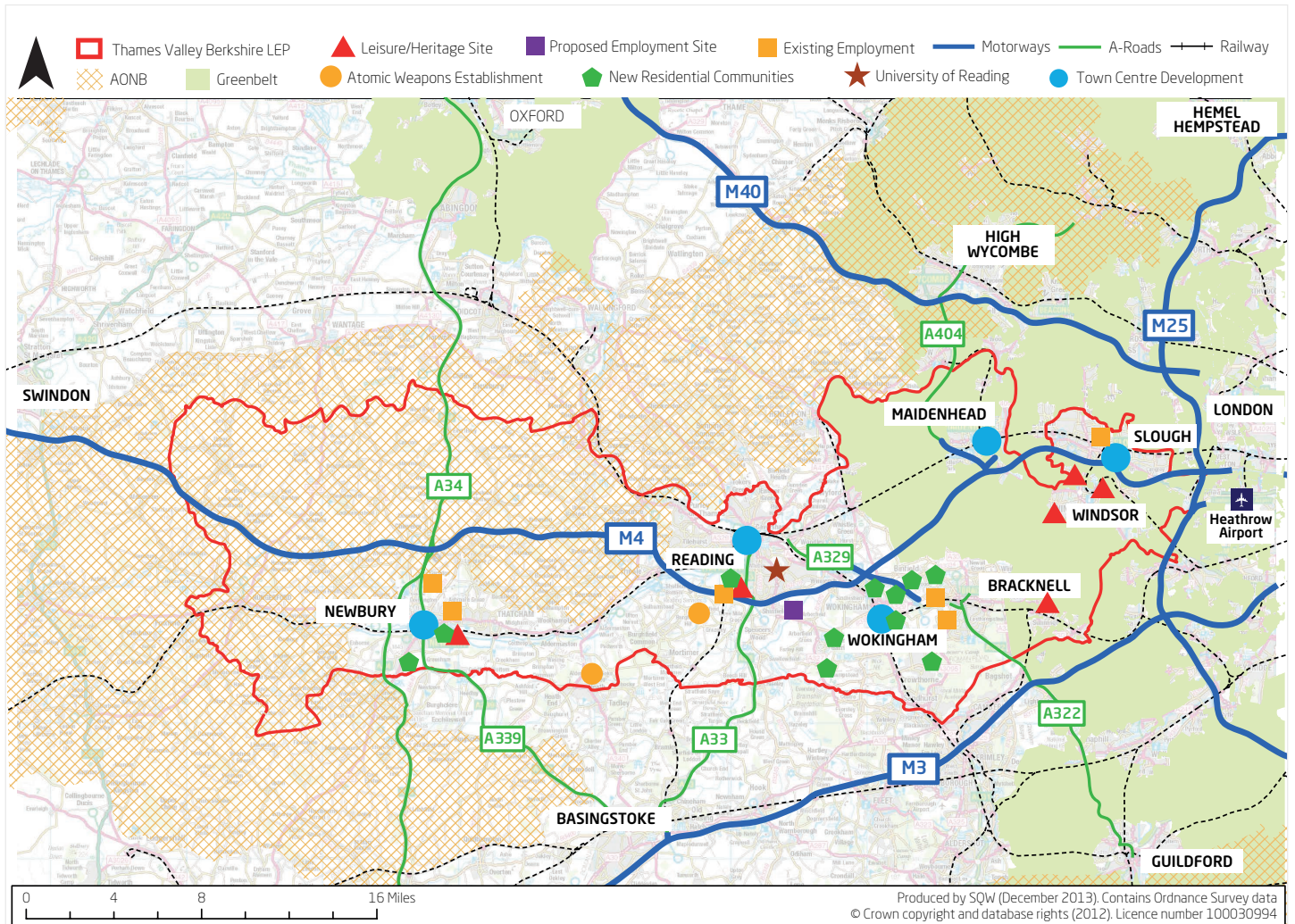
There is an established statutory planning process for local authorities to review their housing targets. Most of our local authorities have already committed to a joint Strategic Housing Market Area Assessment. This is an essential precursor to any revision of planned housing targets.



IN THE FUTURE, WE WILL NEED TO CONSIDER WHETHER PLANNED HOUSING PROVISION IS SUFFICIENT

Looking ahead, it is crucial that housing availability and affordability do not become serious constraints on the future growth of our economy. We are therefore keen to ensure that a review of housing targets is carried out expeditiously, reflecting the ambitions set out in our Strategic Economic Plan, and that any necessary changes are implemented as soon as practicable and with the active co-operation of all those involved.

Figure 7: Spatial Framework for growth across Thames Valley Berkshire





OUR VISION AND OVERARCHING PRIORITY

Our Vision:

By 2021, the vibrancy of our business community will be internationally envied. The ambition and creativity of our established businesses will be energised through strong, knowledge-rich, networks. Our workforce will be the lifeblood of our economy: young people will be inspired and older workers valued. Our infrastructure will match the scale of our ambition and potential. And people will choose Thames Valley Berkshire as the place to live and work.

In striving towards our Vision, there are three challenges that we must resolve:

- » Within TVB, there are **world class businesses** (large and small), but many of these – particularly those in tech-based sectors – are **struggling to recruit and retain the staff that they need**. Businesses struggle to grow their workforce for two reasons: national skills shortages (particularly in relation to science, technology, engineering and mathematics), and the ability of TVB to ‘hold onto’ those individuals that do have the requisite skills
- » Looking ahead, TVB’s population of world class businesses must be reinvented constantly, recognising the strength of global competition. Whilst TVB has a high incidence of employment in tech-based businesses, relatively few of these firms focus their R&D in the area. Hence there are **concerns about the pipeline of ‘next generation’ tech-based businesses from within TVB**. Linked to this, the ‘soft networks’ that help mitigate the risks linked to intrinsically ‘high risk’ activities (e.g. starting new tech-based businesses) are underdeveloped locally, and again, this limits the pipeline. These ‘soft networks’ have a strong spatial dimension and they are often linked to particular places (although they also have global components too)
- » TVB is a dynamic economy and employment rates are generally high, but many jobs have limited prospects and – in the context of high living (and particularly housing) costs – ‘in-work poverty’ is an increasing concern. Some young people struggle to enter the workforce. However, many others walk into jobs at the age of 17 but are no further



forward at 27 or 37 and by then, their options are much reduced. Meanwhile, the paradox is that businesses are struggling to recruit and retain the workforce they need.

In response to these challenges, we have identified one overarching priority. This defines the basis for our Strategic Economic Plan:

Our overarching priority is to secure better access to talented people and bright ideas, and to use both more effectively





OUR OBJECTIVES

In securing better access to talented people and bright ideas, and using both more effectively, we have identified six key objectives. The first three relate to 'people' and the remainder focus strongly on 'ideas'. It is in response to these objectives that we will focus future investment linked to transport/communications, skills, housing, enterprise and innovation, and other infrastructure.

PEOPLE

1: Use better those who are already in the workforce

Although there are localised challenges – particularly in Reading and Slough – in general, employment and activity rates within TVB are already high. This means that over the period of the Strategic Economic Plan, our existing workforce has a pivotal role to play in achieving our overall Vision.

We need to equip our already-employed people to play this role as well as possible, recognising that learning and training must occur throughout an individual's working life: in an internationally connected economy, there is an ongoing need for better skills. We also need to recognise the value of older workers; demographic projections suggest that these will comprise an increasing proportion of the working population and many more will be willing and able to work for longer than in previous generations.

In up-skilling the existing workforce, account must be taken of the skills that businesses are seeking, now and in the future. They should also provide some basis for progression, creating a route out of the 'in work poverty' which affects many people, given the very high living (and especially housing) costs within TVB.

2: Inspire the next generation and build aspirations and ambition

We must focus on the next generation, particularly the young people who will enter the labour market over the next decade. We need to encourage a new generation of entrepreneurs and business leaders, and we need to explain far better the opportunities that exist within TVB.

In order to retain them, we need to recognise and understand the specific aspirations of young people – particularly in relation to the types of environment in which they want to live and work. We need to respond more fully to these aspirations, acknowledging that as both a place and an internationally connected economy, TVB itself needs to evolve.

3: Ensure that economic potential is not restricted by labour supply issues

If our ambitions for economic growth are not to be stifled, we must grow our overall labour supply.





Where particular skills are in very short supply, businesses need to be able to find solutions, recognising that this might sometimes require international migration. Many of our businesses are internationally mobile, and we need to ensure that they can find the people they need.

In relation to labour supply, it is imperative that we deliver our planned housing provision. Working with the local planning authorities – and over the longer term – we will also need to ensure that the scale of planned housing growth is sufficient, and the mix appropriate, given the area’s substantial economic potential and the body of evidence suggesting both labour/skills shortages and housing market stress.

IDEAS

4: Ensure that knowledge is effectively commercialised and grown within Thames Valley Berkshire

We need to take steps to ensure that growing numbers of businesses in TVB are operating at – or close to – the source of the ‘knowledge supply chain’.

There are substantial knowledge-based resources in – or physically close to – TVB and we must use these more effectively and creatively. Our intention is to build knowledge content both as a basis for creating new businesses and as a means of embedding existing ones more firmly within TVB.

In pursuing this aspiration, we want to encourage disruptive technologies, recognising that these are likely to play creative havoc with existing sectoral specialisms. In the future, boundaries need to dissolve within and between the business and research communities. In anticipation, TVB must put in place the hard and soft infrastructures needed to encourage this process.

5: Strengthen networks and invest in the ‘soft wiring’ to use ideas better

Our polycentric settlement structure means that economic life does not gravitate towards one urban centre and it is, instead, dispersed. This in turn means that networks are disparate: many are in any case global, but within TVB itself there is a lack of critical mass despite the strength, size and diversity of our business community, and across corporates and small and medium sized enterprises alike.

Through our Strategic Economic Plan, we need to build and strengthen these networks across our rural areas as well as our towns so that ‘the whole’ can genuinely exceed the sum of its component parts.



WE NEED TO
MAKE SURE
THAT MORE OF
OUR JOBS ARE
BETTER JOBS,
PARTICULARLY
FOR OUR YOUNG
PEOPLE



6: Make Thames Valley Berkshire's towns genuine hubs in the ideas economy

Finally, it is essential that Reading, Slough, Wokingham, Newbury, Thatcham, Bracknell, Maidenhead and Windsor all function well as towns. They need to have clear and distinctive roles that allow them to complement – rather than compete with – each other. This can be achieved through collaboration. In all cases, they need also to be vibrant centres.

In addition, their out- (or edge-) of town business parks – and the new urban extensions that many are proposing – need to be part of the mix, both functionally and emotionally.

Our towns should be places where ideas can flourish and where these ideas can, in time, lead to a new generation of businesses which will drive the economy of Thames Valley Berkshire forward.

Investment in transport infrastructure, like the new Reading Station, is essential for Thames Valley Berkshire (and in this case the South West and Wales as well)





THAMES VALLEY BERKSHIRE STRATEGIC ECONOMIC PLAN: IN SUMMARY

Our vision:

By 2021, the vibrancy of our business community will be internationally envied. The ambition and creativity of our established businesses will be energised through strong, knowledge-rich, networks. Our workforce will be the lifeblood of our economy: young people will be inspired and older workers valued. Our infrastructure will match the scale of our ambition and potential. And people will choose Thames Valley Berkshire as the place to live and work.

Our **overarching priority** is to **secure better access to talented people and bright ideas, and to use both more effectively**

PEOPLE

1. Use better those who are already in the workforce
2. Inspire the next generation and build aspirations and ambition
3. Ensure that economic potential is not restricted by labour supply

IDEAS

4. Ensure that knowledge is effectively commercialised and grown within Thames Valley Berkshire
5. Strengthen networks and invest in the 'soft wiring' to use ideas better
6. Make Thames Valley Berkshire's towns genuine hubs in the ideas economy



High level Programmes within our Implementation Plan

A: Promotion and international positioning of TVB

B: Enterprise, innovation and business growth

C: Skills, education and employment

D: Infrastructure – transport, communications and place-shaping



IMPLEMENTING OUR STRATEGIC ECONOMIC PLAN

The process of implementation will rely on four main mechanisms ('the how'), each of which will play an important and distinctive role. Substantively, it will focus on four high level programmes ('the what').

Our expectation is that the **Local Growth Deal** we negotiate with government will reflect these different elements: four high level programmes and four critical implementation mechanisms.

MECHANISMS FOR IMPLEMENTATION ('THE HOW')

Securing private sector investment

Fundamentally, our Vision is premised on continued investment in Thames Valley Berkshire by the business community – both small and medium sized enterprises and the corporate sector. We are fortunate in having an outstanding track record in these terms. We have a long history of successful inward investment and we will continue to promote TVB internationally to encourage investment – and, crucially, re-investment – of this nature. We recognise that to be successful, our 'offer' must be globally competitive; and we believe that through the implementation of our Strategic Economic Plan, the case for TVB is compelling.

Within TVB, we also benefit from a vibrant private sector-led development process. Some of our major physical projects of recent years – for example, the redevelopment of Newbury and Bracknell town centres – have had little public subsidy. This is not to suggest that they couldn't be accelerated with public sector support; but it is to convey that private sector developers are fundamentally interested in Thames Valley Berkshire. In this context, the judicious use of modest public sector funds should unlock a very strong investment process which in turn will be the catalyst for rapid economic growth.

Influencing central government mechanisms and levers

In implementing our Strategic Economic Plan, we will forge an equally strong working relationship with central government. This will include a number of different strands.

- » First, major uncertainties in government policy will need to be resolved quickly. We have flagged already to government that the biggest issue is Heathrow Airport¹⁸.



BUSINESS INVESTMENT IS CRUCIAL FOR TVB



WE WILL WORK WITH CENTRAL GOVERNMENT TO DELIVER OUR STRATEGY

¹⁸ In this context, we co-sponsored an assessment of the impact of Heathrow Airport which has been submitted as evidence to the Davies Commission



Future investment by many firms in TVB is dependent on a positive decision about Heathrow expansion, but for many more, it is critical to get clarity about the airport's future, rather than further debate.

- » Second, it will be important that central government follows through on the commitments it has already made – including, for example, in relation to Western Rail Access to Heathrow and improvements to the M4 motorway.
- » Third, it will be crucial that centrally determined spending decisions are cognisant of local ambition and potential, as set out in our Strategic Economic Plan, and the scale of return on investment to the UK Exchequer. Currently, patterns of alignment are some way adrift. It is telling, for example, that between 2007/08 and 2011/12, central government spending on science and technology increased from £48 to £50 per capita in the South East (+4%) while in London it rose from £55 to £62 (+13%)¹⁹.
- » Fourth, we will work with central government to ensure that the fiscal and regulatory environment is aligned with the ambitions set out in our Strategic Economic Plan. Within the South East, higher rate income tax payers comprise over 15% of the total²⁰, and tax breaks – aimed for example to incentivise investment in new technology-based enterprises – could have a major impact. Equally, in terms of the regulatory environment, a more flexible and streamlined approach to visas and work permits could have a significant bearing on growth prospects, particularly in relation to the corporates.

Issues of this nature cannot be fixed within TVB, yet they will have a disproportionate influence on our ability to deliver our Strategic Economic Plan and achieve our Vision. A strong working relationship with central government will be necessary in order to make progress.

Using local resources better

In delivering our Strategic Economic Plan, we will flex the resources that exist across the wider Thames Valley Berkshire Local Enterprise Partnership.

Local Authorities

These resources include, but are not limited to, those that are controlled by our six Unitary Authorities. Although small by national standards, individually, they have already sought to maximise the use of their assets to deliver growth, especially in town centres. They can already provide examples of innovative Local Asset Backed Vehicles, public/private joint ventures and the use of prudential borrowing to forward fund infrastructure to unlock housing delivery.

Collectively they have a history of collaboration in forward planning through the joint preparation of Strategic Housing Market Area Assessments, and through the work of the Berkshire Strategic Transport Forum and the Berkshire Leaders' Group.



WE WILL USE OUR
OWN RESOURCES
BETTER

¹⁹ Public Expenditure Statistical Analyses, 2013 – Table 9.8. Note that data are not publically available at more granular spatial scales

²⁰ See <http://www.hmrc.gov.uk/statistics/tax-statistics/table2-2.pdf>



They also have a track record of collaboration in delivery. For example, Slough Borough Council is leading in delivering Western Rail Access to Heathrow on behalf of all six TVB authorities. Three authorities joined together in relation to the Local Sustainable Transport Fund while our proposals for the Local Growth Fund include several cross-boundary projects.

There is a general recognition that more collaboration and joint working will be essential in future to reduce costs, maximise efficiency and to create a critical mass to enable financial investment in the future of TVB.

Other partners

Other key members of Thames Valley Berkshire Local Enterprise Partnership have also indicated their commitment to using their own resources better in seeking to support the delivery of our Strategic Economic Plan.

The response of the University of Reading is especially important in this regard. The University owns substantial land suitable for development, and it therefore has an important influence over the amount of housing and commercial space that can be delivered. It is committed to an orderly process of bringing this land forward for development over the next 10 years.

Bidding for - and using - grant/loan-based funding

The final element of our approach to the implementation of our Strategic Economic Plan concerns the use of grant/loan-based funding over which TVB LEP has more direct influence and control. This includes the EU Structural and Investment Funds; Growing Places Fund; and future rounds of Regional Growth Fund. It also includes our bid for resources from the Local Growth Fund. In relation to all of these different funding pots, our intention is that:

- » we will not 'chase money' unless it is capable of being used in a catalytic way to deliver our Strategic Economic Plan
- » all the resources we have secured to date – and those which we will bid for in the future – will be channelled to the Strategic Economic Plan's delivery. This includes, most immediately, our bid to government for resources from the Local Growth Fund.

PROGRAMME PRIORITIES ('THE WHAT')

In order to deliver our Strategic Economic Plan, we have defined four high level investment programmes:

- » Programme A: Promotion and international positioning of TVB
- » Programme B: Enterprise, innovation and business growth
- » Programme C: Skills, education and employment
- » Programme D: Infrastructure – transport, communications and place-shaping.



WE WILL NOT
'CHASE FUNDING'



WE HAVE
DEVELOPED
FOUR HIGH LEVEL
INVESTMENT
PROGRAMMES



Each investment programme includes between one and six packages. Some packages are relatively simple and are built up around time-limited 'projects'. Others are longer term ventures in which all four of the implementation mechanisms outlined above are implicated.

The **Local Growth Deal** we negotiate with government will reflect these different elements: four high level programmes and four implementation mechanisms.

Our four programmes – and the principal packages within them – are outlined in the sections that follow.





PROGRAMME A: PROMOTION AND INTERNATIONAL POSITIONING OF THAMES VALLEY BERKSHIRE

Delivering our Vision:

The vibrancy of our business community will be internationally envied...



WE MUST
CONTINUE
TO ATTRACT
INVESTMENT
AND
REINVESTMENT...

PACKAGE A-I: PROMOTING TVB AS A BUSINESS HUB AND COMMUNICATING THAT IT IS OPEN FOR INTERNATIONAL BUSINESS

It is crucial to the future growth of the TVB economy that the area continues to attract new investment, and re-investment, by internationally mobile businesses, and that local businesses trade internationally. Our research indicates that TVB is competitive internationally as well as nationally, and has been successful in attracting investment from new as well as traditional sources. But we must maintain that competitiveness through investment in people, ideas, places and communications.

TVB LEP needs to work closely with others, particularly UKTI, to attract new international investment and to encourage existing firms to develop export markets further. This will include: undertaking and publishing research into TVB's strengths compared to its main competitors elsewhere in Europe; joining overseas missions where appropriate to raise the profile of TVB and support development of B2B relationships; and working with the University of Reading to exploit the business and investment potential of the University's international alumni network, and to make links between foreign students at the University (including its overseas campuses) and firms in TVB.

Table 2: FDI successes, 2012/13

	Total FDI successes	Total new jobs	Total safe jobs
TV Berkshire LEP	56	1,523	942
Rank among 38 LEPs (excluding London)	1	4	12

Source: UKTI National Inward Investment Pipeline



...AND WE MUST ENSURE THAT TVB CONTINUES TO BE A GREAT PLACE IN WHICH TO LIVE AND WORK

Through our Strategic Economic Plan, we will encourage foreign businesses already in the area to reinvest and grow in TVB. This will require regular surveys of, and seminars for, these businesses. We will use these to familiarise the businesses with new initiatives and opportunities in TVB, and to deepen our understanding of the factors which will be crucial to future investment decisions, and how to influence them.

In addition – within the wider visitor economy²¹ – we will actively encourage international business tourism, recognising that this has both direct and indirect economic impacts²².

Other programme areas will all contribute to achieving the conditions necessary to support new investment and re-investment. For example, the incubator space already available in TVB is used by new inward investors as a 'landing pad', from which they can expand, as well as by new local firms. Potentially, it is also available to spin-outs emerging from nearby research-based institutions. The availability of serviced office space at short notice and on fully flexible terms and with related support to access networks is important to enable new investors to settle and take root in the area quickly.

More generally, it will be important that TVB continues to be a place in which people want to live and work. This means that our communities must flourish, our schools must perform well and the quality of our natural environment must be sustained.

Outcomes: An increase of 50% in the number of FDI successes and of new jobs over 2012/13 (based on UKTI data – see **Table 2**); at least two substantial successes in persuading foreign owned corporates in TVB to reinvest locally rather than overseas; significant growth in TVB (and elsewhere in UK) of recent inward investors.

²¹ A recent report suggested that, driven by international visitors, the gross domestic product associated with tourism is set to grow at 3.8% per annum to 2025 (see *Tourism: Jobs and Growth – the economic contribution of the tourism economy in the UK*. Report commissioned by VisitBritain and completed by Deloitte and Oxford Economics, November 2013)

²² Data published by VisitEngland suggest that business visitors spend an average of £178 per day, over 50% more than the average spent by leisure visitor. However, since 2006, the volume and value of business tourism in has fallen by more than 25% for inbound overseas business trips and 6% for UK business trips



PROGRAMME B: ENTERPRISE, INNOVATION AND BUSINESS GROWTH

Delivering our Vision:

The ambition and creativity of our established businesses will be energised through strong, knowledge-rich, networks...



BY 2016, THE FIRST PHASE OF THE UNIVERSITY OF READING SCIENCE PARK WILL BE UNDERWAY

PACKAGE B-I: SCIENCE PARKS IN TVB

TVB has never had a science park – a surprising omission given the exceptional concentration of tech businesses in the area. This gap will be filled by 2016, when the first phase of the University of Reading Science Park will be well underway, and proposals at the Atomic Weapons Establishment will have crystallised.

Computer generated image of the University of Reading Science Park





University of Reading Science Park

The University has two existing incubator facilities on the Whiteknights campus, providing a total of 8,000 sq m of fully occupied space. It has secured planning permission for 20,000 sq m of R&D space on its own land at Shinfield, as the first phase of an 80,000 sq m science park development. A new bridge across the M4, to provide access for the Science Park, will be funded by adjacent housing development in the South of M4 Strategic Development Location.

The University of Reading Science Park will provide a mix of offices and laboratories for corporate R&D and early stage businesses, combined with specialist services and networks into the University and more widely. Commercialisation of technologies generated in and around TVB (at the University, Harwell, Oxford, Imperial College, etc.), for example relating to satellite imaging and climate change, will complement research, design and development in TVB's more traditional technology areas of ICT, biotech, etc.

Longer term potential linked to AWE

AWE has two sites in the TVB area, at Aldermaston and Burghfield. These AWE facilities offer a world class science capability, an award winning Apprentice Academy and strong links to seven of the UK's leading universities. The current programme of estate consolidation within the AWE sites in West Berkshire could make available surplus land to the MoD, government or other similar institutions or organisations, in order to further these achievements. Potentially this could involve the development of a science park facility.

Outcomes: completion of the first two phases of the University of Reading Science Park, providing approximately 4,000 sq m of new business space within the timeframe of this strategy, accommodating 300–400 new jobs in R&D, and the commercialisation of significant new technologies developed within and close to TVB. Firm plans and timescale for AWE Aldermaston Science Park.

PACKAGE B-II: INVESTING IN INCUBATOR AND CO-WORKING SPACE

To complement the science park developments, an interconnected network of business incubators and co-working space will be established, extending across and beyond TVB, to support the formation and growth of innovative start-ups developing and applying disruptive technologies.

The co-working space (i.e. open plan area with a mix of semi-partitioned spaces, and business and social spaces that encourage interaction) will be modelled on ICT incubators in central London supported by the likes of Google, Cisco and Telefonica. The more traditional incubation space will be modelled on existing successful incubators in TVB, such as those run by the University of Reading and Oxford Innovation.

The provision of co-working space will be complemented by mentoring and start-up funding, which would cover the first 6–12 months of entrepreneurs' premises and living costs. After that they can move into the incubation space on a commercial basis, or move on.



WE WANT TO
ENCOURAGE
DISRUPTIVE
TECHNOLOGIES IN
THAMES VALLEY
BERKSHIRE



The traditional incubator can be operated commercially. The co-working space, together with the business and financial support, will require sponsorship by one or more major corporates which are based in TVB and have a vested interest in promoting the local formation and growth of innovative new businesses.

Outcomes: Four incubators providing 10,000 sq m of incubation space within the next five years, accommodating 1,000 entrepreneurs and generating around 100 new businesses per year. Engagement of four corporates to sponsor the co-working space alongside commercial operation of the incubators.

PACKAGE B-III: IMPROVING ACCESS TO EARLY STAGE FUNDING

TVB LEP has already committed £7.3m of its Growing Places Fund to create a Funding Escalator across three loan schemes managed by the FSE Group: a commercialisation loan scheme providing up to £50k for early stage SMEs; an expansion loan scheme providing up to £200k for established SMEs to invest in growth; and the growth loan scheme providing up to £150k with some equity rights. The scheme has been live since 1 February 2013. To date, £1.8m of approved loans have been awarded to 14 small and medium-sized enterprises.

There is also a business angels network in the Thames Valley, run by Oxford Innovation (Thames Valley Investment Network – TVIN), and the area is close to the source of the vast majority of venture capital in the UK, London.

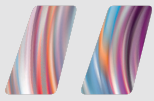
However the challenges of accessing funding remain, particularly (although not exclusively) for early stage businesses. Three initiatives are proposed:

- » design of a proof of concept fund, to support very early stage product/service development – to bridge the gap between business propositions emerging from research and the formation of a company to commercialise the proposals (which potentially could access the commercialisation loan scheme)
- » revitalise TVIN to increase deal flow and secure additional investment funding
- » explore the feasibility of establishing a Regional Bank with the intention of defining a clearer 'reinvestment cycle' within TVB. If it is feasible, an entity of this nature should also make a material contribution to the development of business networks (as described under Project B-iv)

Outcomes: establishment and operation of a proof of concept fund; a revitalised TVIN with greatly increased deal flow – 10–15 deals per year worth £2m; and an assessment of the feasibility of forming a Regional Bank.



OUR
BUSINESSES
STRUGGLE TO
SECURE THE
FINANCE THEY
NEED TO GROW



WE NEED TO
DEVELOP OUR
NETWORKS
SO THAT OUR
BUSINESSES
GROW
STRONGER
ROOTS IN
THAMES VALLEY
BERKSHIRE

PACKAGE B-IV: PROVIDING BETTER SUPPORT TO BUSINESSES, AND BUILDING VIBRANT BUSINESS NETWORKS

Strong business networks are an important part of a successful local economy. They greatly improve the flow of information between firms, encourage innovation and reduce risk. Well networked places typically have a plethora of formal and informal, long term and ephemeral, physical and virtual networks, formed for a wide variety of purposes. Typically network structures are 'messy', with multiple access points, new networks emerging and old ones dying.

TVB already has a variety of networks, ranging from well-established local chambers to the social gathering of financial and business service professionals in and around Reading's Forbury Square. If these networks could be deepened and extended, the local economy would function in a more integrated way and firms – particularly the large corporates – would 'grow stronger roots'.

Three things are needed: better meeting places (one business said of one of the TVB town centres – 'no bars, no restaurants, no buzz'); amateurs within key sectors whose (part time) job it is to stimulate the formation and deepening of networks; and on-going commitment from lead firms to make the networks work.

More generally, there is a need to improve the support – formal and informal – that is available to businesses in TVB with the aspiration and potential to grow (including through the development of export markets). To this end, TVB LEP has already secured funding for a Growth Hub and the delivery of this project will be a core element of this Package.

Outcomes: a 50% increase in the number of active business networks across TVB, 50% increase in membership of existing networks, 100% increase in events stimulated by networks, more town centre places in active use by TVB's professional communities for informal social gatherings.





PROGRAMME C: SKILLS, EDUCATION AND EMPLOYMENT

Delivering our Vision:

**Our workforce will be the lifeblood of our economy:
young people will be inspired and older workers
valued...**



BUSINESSES ARE
TELLING US THAT
THEY NEED TO BE
ABLE TO RECRUIT
MORE QUALIFIED
SCIENTISTS AND
ENGINEERS



OUR BUSINESSES
ALSO NEED
TO BE ABLE
TO TAP INTO
INTERNATIONAL
LABOUR
MARKETS

PACKAGE C-I: INCREASING SIGNIFICANTLY THE SUPPLY OF PEOPLE WITH STEM EXPERTISE

Among the businesses that contributed directly to the development of this Strategic Economic Plan, the availability of potential recruits with expertise in science, technology, engineering and mathematics (STEM) featured among the most frequently aired concerns. For some, the issues are acute: the challenge of both recruitment and retention is such that some businesses are opting to channel future growth to international locations which in turn means that growth is foregone for both TVB and the UK.

The shortage of STEM-related skills is not unique to TVB. Central government has developed a range of strategic responses and the voluntary/charitable sector is also very active; Gatsby, for example, has funded the formation of STEMNET, which creates opportunities to inspire young people in STEM via its 24,000+ STEM Ambassadors, the STEM Clubs network, and projects including brokering enhancement and enrichment activities between schools and business. It will be important that ventures of this type are actively encouraged and promoted within TVB.

Locally, there are examples of businesses within TVB taking a lead directly. Telefonica's Talentum programme recruits interns, graduates and apprentices to work across the company, and many of these young people are based in TVB. In addition, Cisco, Microsoft, PBA and Network Rail are co-sponsoring the Reading University Technical College with a particular focus on computer science and engineering. Our intention is to build on this good practice and publicise and disseminate the lessons that can be learned from it.

However, the supply side deficit is acute. A good number of businesses within TVB are therefore seeking to tap into international labour markets and yet many are thwarted by



WE NEED TO
WORK WITH
GOVERNMENT
TO CHANGE THE
RULES AROUND
THE FUNDING OF
APPRENTICESHIPS



EMPLOYERS'
EXPECTATIONS
ARE NOT ALWAYS
MET WHEN THEY
RECRUIT YOUNG
PEOPLE

the challenges of visas and work permits. Looking ahead, we want to work with government – and its relevant national agencies – to streamline this process and help ensure that businesses in TVB can find the skilled people that they need.

Outcomes: increase in the number of STEM-skilled people available to work in TVB; reduced numbers of businesses frustrated by the challenges of recruiting and retaining staff with STEM-related specialisms.

PACKAGE C-II: INTRODUCING HIGHER APPRENTICESHIPS FOR 'OLDER YOUNG PEOPLE'

Higher Apprenticeships (HAs) could in principle be a key route to up-skilling the workforce across TVB. In the six Unitary Authority areas within TVB, over 300 people have embarked on HAs, with dominant subjects including accounting, care leadership and management, management, and IT web and telecoms (all offering up to Level 4 and some Level 5 qualifications – i.e. certificates of HE/foundation degree, higher diplomas).

However the structure of funding linked to apprenticeships is problematic. Only young people aged 16–18 are eligible for fully funded apprenticeships. Those aged 19–23 need 50% of the funding to be matched by firms, while young people aged 24+ need to be funded through a combination of private sector and individual loan funds. It is this latter group that really lends itself to HAs, but the lack of public funding constrains provision.

We will work with government – and the relevant agencies – to try and effect a change in the rules. Beyond this, we will attempt to develop local responses to the funding gap that exists currently around HAs. Our belief is that these could potentially contribute much to the prospects of 'older young people' who might have found employment relatively easily at the age of 17 but a decade later discover they are 'stuck' with few formal training opportunities and limited prospects for progression.

Outcomes: increase in the number of Higher Apprentices from among the resident population of TVB that provide the skills and competencies that are in demand by employers.

PACKAGE C-III: BUILDING MUCH BETTER LINKS BETWEEN BUSINESS AND EDUCATION (SCHOOL, FE, HE) TO INFORM AND MOTIVATE

In 2011, the Berkshire Education Business Partnership Organisation (BEBPO) completed a study to assess the work readiness of young entrants to the labour market. This included a survey of 182 employers (including large corporates, SMEs, public sector employers, and a small number of third sector organisations) that either had recent experience of taking on school-age students from work placement schemes, or had expressed an interest in the subject of young people in the workplace. The survey found a substantial gap between employers' expectations of young people and their actual experience of employing them with the greatest mismatch appearing across core literacy and numeracy skills. The study concluded that there is a need for enhanced dialogue and understanding between schools and employers, with significant efforts demanded from both to improve the readiness for work of students. These findings have informed the



WE WANT OUR
YOUNG PEOPLE
TO MAKE GOOD
CHOICES



WE NEED TO
INVEST IN THE
SKILLS OF OUR
OLDER WORKERS

development of the *'Berkshire Blueprint for Education'*; this sets out priorities for ensuring that young people are better equipped for the world of work when they leave full time education and training.

Within this overall context, this Package will include a range of measures to improve the links between the business community and the education sector in TVB (defined to include FE Colleges and the area's higher education institutions, as well as schools). The aim will be to raise the aspirations of pupils/students (and their families), and to ensure that the education sector equips young people better for work while businesses are more articulate – and engaged – in expressing their requirements in relation to young people entering the workforce.

Digital Learning Centres will play a role. It will also be essential that vital investment is made in the education estate. More generally, our intention is to effect far greater co-ordination across the skills landscape and to find ways of greatly improving the careers advice and guidance provided to young people as they enter the workforce. Specifically, building on our City Deal, we want to equip young people to be genuinely 'informed customers' and to be more aware of the wide range of opportunities that are potentially available to them across TVB.

Outcomes: improved employer satisfaction in relation to the quality of their younger workforce; improved satisfaction amongst young people as to the opportunities available to them; reduced levels of unemployment amongst 18–24 year olds and a reduced incidence of 16 and 17 year olds not in employment, education or learning.

PACKAGE C-IV: RAISING THE SKILLS OF RESIDENTS

As one of the UK's major centres for business, TVB supports a diverse workforce and provides a wide range of employment opportunities. However, some residents across TVB struggle to compete in TVB's labour market, and find themselves under- or unemployed, or working outside of TVB in low skilled employment. Elements of our European Structural and Investment Funds will therefore be used to enhance basic skills.

It is apparent that for some residents in TVB, employment brings with it limited career progression or the training opportunities that are needed to permanently move people away from 'low-pay – no-pay' cycles. Further – and informed by the population projections presented on page 20 – it is clear that TVB must invest in its existing workforce, particularly by refreshing the skills of older workers. We need to work with businesses in this context and there is also a key role to be played by organisations from the voluntary and community sectors. We recognise the importance of older workers who will form an increasing part of the workforce in the years ahead.

In regard to our younger residents, we will support the implementation of our City Deal. Steps will be taken to (i) ensure that TVB residents are given the opportunity and preparatory support to compete for TVB vacancies, (ii) demonstrate to employers the value of having a strong local workforce, and (iii) engage with businesses to support investment in, and evidence the bottom-line impacts of, workforce development and career progression.

Outcomes: increase in the number of people who are retrained and able to command higher wages; and an increase in the propensity of TVB businesses to employ local people.



PROGRAMME D: INFRASTRUCTURE – TRANSPORT, COMMUNICATIONS AND PLACE-SHAPING

Delivering our Vision:

Our infrastructure will match the scale of our ambition and potential. And people will choose Thames Valley Berkshire as the place to live and work...

PACKAGE D-I: ENHANCING THE STRATEGIC TRANSPORT NETWORK

Rail

The government, through DfT and Network Rail, is committed to major investments in the Western Route; as explained on page 16, they amount to 20% of the UK's national investment programme for Control Period 5 (£3bn) including electrification, new trains, Crossrail, Reading Station, and Western Rail Access to Heathrow (WRAtH). These investments are of major importance to sustaining and improving the local, national and international connectivity of TVB, and we value very highly our continued partnership with the railway industry. Our challenge is in designing and delivering local links and interchanges at the key stations.

The Western Route is not the only significant railway serving our area: the Reading to London Waterloo and Reading to Gatwick lines are also important, and in need of continued investment. This includes the emerging possibility of a Southern Rail Access to Heathrow. We will continue to work with rail and aviation industry colleagues to compile the evidence to support further investment in these strategic links.

Road

The strategic road network through TVB, and linking us to neighbouring economies, is increasingly constrained; there is little scope for new roads, so the challenge is to maximise existing capacity and to tackle known 'pinch-points'. The M4 Managed Motorway scheme must be delivered as early as possible and bottlenecks on the A34 in Oxfordshire and at the M3 junction (in neighbouring LEP areas) must be addressed.



WE NEED TO
WORK WITH
GOVERNMENT TO
MAKE SURE THAT
COMMITMENTS
TO IMPROVE
THE STRATEGIC
TRANSPORT
NETWORK COME
TO FRUITION



The strength of the strategic network is the east-west motorways: the M4 in our area, and the M3 and M40 to the north and south. The weakness is the links between these routes. The Highways Agency manages only the A34, the A404 (which does not link to the M3) and the M25. All the other M3/M4/M40 links are dual-purpose strategic and local roads. We will continue to analyse the traffic demands in these key corridors, and bring forward proposals for improving the capacity and journey time reliability on these significant routes.

Outcomes: delivery of the station improvements to complement major rail investment; coherent investment plans for Reading–Waterloo, Reading–Gatwick and Southern Rail Access to Heathrow; improved east-west road capacity on M4 corridor; improved road connections between M3/M4/M40.

PACKAGE D-II: UNLOCKING HOUSING DEVELOPMENT

Housing delivery targets will be met with the delivery of the planned Strategic Development Locations (SDLs), and the continued intensification of housing in established urban areas. The biggest challenges are the four Wokingham SDLs which amount to 10,000 dwellings, plus significant employment uses. One of them involves the redevelopment of a redundant Ministry of Defence facility at Arborfield Garrison.

These SDLs are only 3–4 miles apart and the concentration of development is placing a significant strain on local infrastructure, particularly the road network, and all are being planned to include a range of facilities including schools and community facilities. To mitigate the traffic impacts, Wokingham Borough Council has planned four local distributor roads, one associated with each SDL, to take the additional traffic. The estimated cost in total is about £100m which is more than one unitary authority could expect to fund by itself. Wokingham Borough Council has already arranged a solution for the South of M4 SDL in collaboration with DCLG, the Homes and Communities Agency and the University of Reading, but the other three SDLs will need more resources. These roads will be part-funded by developer contributions over time, but will require a mixture of grant and forward funding – in the shape of prudential borrowing or other public sector loans.

There are non-SDL housing developments elsewhere, mainly in town centres. Many of these schemes are coming to the market through the normal operation of development processes. We have used the Growing Places Fund to enable three schemes (in Bracknell, Maidenhead and Wokingham) to be brought forward, and we continue to value the support and co-operation of the Homes and Communities Agency in identifying and resolving blockages.

Outcomes: delivery of a minimum of 15,200 dwellings between 2015/16 and 2020/21.



WE NEED TO
INVEST IN
TRANSPORT TO
UNLOCK SOME
MAJOR HOUSING
DEVELOPMENTS



WE NEED TO
IMPROVE THE
CONNECTIVITY
BETWEEN OUR
TOWNS



WE WILL
EXPLORE
OPTIONS FOR
INVESTMENT IN
TOWN CENTRES

PACKAGE D-III: ENHANCING URBAN CONNECTIVITY

Since the Second World War, TVB's expansion has been largely car-based and relatively low density. From the 1980s onwards, TVB led the way in developing out-of-town business parks. However, there has been no major new road capacity since the completion of the Newbury Bypass in the 1990s. Inevitably, there has been a continuing need for capacity enhancements to the existing network at pinch-points to cope with increases in traffic volumes.

However, almost unnoticed, the urban areas have grown to a point where this strategy is no longer enough by itself. The three Unitary Authorities of Reading, Wokingham and Bracknell Forest have a combined population of 425,000 making it one of the largest urban areas in England.

Slough – close to the M25, Heathrow and the employment areas of West London – is coping with traffic volumes beyond anything a town of its size would normally generate, including conflicting peak hour flows of inward and outward commuting patterns.

For both urban areas, a mass rapid transit solution is proposed, using dedicated rather than shared highway space for guided and conventional buses. These systems will use smart technology as it becomes available at reasonable cost, and will be developed in phases as resources permit. A key objective is linking residential areas to, mainline railway stations, employment, leisure, learning and retail centres. The early stages of these networks will form part of our Local Growth Fund submission.

We are also promoting active transport and encouraging more sustainable transport (e.g. through car sharing) to ease pressures on the transport network. These connectivity improvements are prioritised through the Local Transport Body.

Outcomes: the delivery of the schemes prioritised by the Local Transport Body, including corridor improvements and mass rapid transit schemes.

PACKAGE D-IV: ENCOURAGING VIBRANT TOWN CENTRES

TVB has a strong track record of attracting town centre investment even in the recent downturn. Town centres are also providing a focus for significant housing development.

There are major public/private town centre investments underway in Bracknell, Maidenhead, Newbury, Reading, Slough, and Wokingham, involving the use of public sector assets and combining retail with residential and other uses. These are all 'live' projects which have been brought forward since the economic crisis and the combined investment value is over £1.5bn. These investments include some transport improvements, most of which are already planned and committed. The major exception, included in our Local Growth Fund submission, is the reconfiguration of the station access arrangements at Maidenhead in response to the projected growth in use by Crossrail passengers.

The current investments are mainly a mix of employment, retail and housing. We will work collaboratively to understand the scope for delivering more housing in town centres and to understand what other combinations of uses would help to attract high value new businesses and their employees.

Outcomes: delivery of the town centre development aspirations set out in the respective local plan documents.



WE NEED
BETTER DIGITAL
CONNECTIVITY
FOR OUR MOST
DEMANDING
USERS – BUT
ALSO FOR THOSE
WHO ARE STILL
FEELING THEIR
WAY

PACKAGE D-V: POSITIONING TVB FOR A DIGITAL FUTURE

TVB has a twin track strategy of 'raising the floor' and 'raising the ceiling' for the digital future. The demands on firms to manage data are increasing exponentially, and TVB has to be internationally competitive in its provision. This includes high capacity broadband, 5G mobile and fibre to cabinet connectivity.

We are already on track to achieve up to 24 Mbps broadband availability to 91% of the population. We have done this through a £8.06 million contract with BT, funded by TVB LEP/local authorities and BDUK (25% each) and 50% by BT. The remaining 10% of the population will also have access to basic 2Mbps broadband by 2015.

BT is expanding its fibre to cabinet provision and also its fibre to premises offer in some areas, providing up to 330Mbps. This needs to be extended to all areas.

As TVB contains a high concentration of tech businesses, there is an opportunity not just to use communications technology as it becomes widely available but to take the lead in developing suitable applications for it.

In addition, across the wider Thames Valley, consensus has developed on aligning resources behind 5G Technologies that are under development at the University of Surrey. These will:

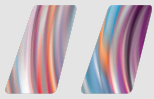
- » give the UK leadership in mobile broadband technologies in 5G and beyond
- » build on the unique strengths of universities across the Greater Thames Valley, establishing this area as THE place for business to invest in Mobile Broadband and aligned technologies
- » boost UK inward investment, support UK exports, create a new generation of UK technology companies making the UK a technology leader in an area that is growing rapidly

The aim is to improve the efficiency of both private and public sector investment around this world-class technology so that it has a wide impact on the local and national economy, creating new jobs and generating prosperity for UK Plc.

The Greater Thames Valley 6 LEPs will also work together to connect the developing 5G cluster to other areas of smart specialisation. This could mean:

- » working with mobile applications, computer games, video and music content providers in the digital content cluster to plug them early to the 5G-technology cluster
- » working to promote early involvement to world leading companies in the digital media sector to develop potential content supply chain opportunities around 5G.

Outcomes: Over 90% coverage for high speed broadband; TVB (and the wider Thames Valley) as a pioneer in 5G roll out; major increase in fibre to cabinet connectivity and capacity.



WE WILL
WORK WITH
GOVERNMENT TO
CHANGE ENERGY
POLICY

PACKAGE D-VI: UTILITIES PROVISION

TVB LEP commissioned an infrastructure capacity report from Peter Brett Associates which concluded that the main identified constraints within Thames Valley Berkshire are localised and concerned with waste water treatment and the associated infrastructure. These constraints mainly affect a few of the SDLs where additional Sewage Water Treatment (SWT) may be required. If Thames Water analysis identifies significant restrictions to expansion in the SWTs that require further assessments, there may be an opportunity to investigate Inset agreements²³ with private water companies. These can provide, own and operate local SWTs within developments and then overcome the potential investment required to upgrade existing sewers to connect to the SWTs.

With regards to energy, there is a need to work with government to improve the capacity and security of future supply. More specifically in the renewable energy sector, the agreement of an area-wide strategic energy framework would enable investment security for both developers and community groups looking to establish energy projects and allow energy infrastructure to support the wider growth of TVB by reducing carbon emissions in line with Government targets, reducing social inequalities, retaining business and attracting new investment.

There are some local capacity shortages. However, the report concludes that the utility provision for gas, electricity and potable water is in a generally excellent position and TVB is superbly located to sustain economic growth into the long term.

Outcomes: resolution of local utilities constraints to enable housing development and quality and capacity of supply to businesses.

The new bus station in Slough town centre



²³ Essentially the provision of a self-contained treatment works by another operator



THE CONTRIBUTION WE INTEND TO MAKE TO NATIONAL ECONOMIC GROWTH – AND HOW WE WILL MONITOR PROGRESS

OUR CONTRIBUTION TO THE NATIONAL ECONOMY

Our baseline projections suggest that on 'business as usual' assumptions, the economy of Thames Valley Berkshire is set to grow steadily – but not dramatically – over the years ahead (see **Figure 4**, above). Through the implementation of our Strategic Economic Plan, our firm intention is that we should see above-trend growth, particularly in the key metrics of economic output (GVA) and productivity (GVA/job).

Estimating the scale of net impact is not, however, straightforward:

- » First of all, it depends, crucially, on the extent to which all four of the implementation mechanisms described above can, in practice, be brought to bear. There are clear delivery risks in relation to each, some of which are in our gift to determine whilst others, quite clearly, are not
- » Second, it depends on a raft of macro-economic and geo-political factors, none of which we can control. Our economy is internationally focused and – compared to other LEP area economies – it means that the risks (both upside and downside) are greater
- » Third, it depends on the timescales under consideration. This Strategic Economic Plan is concerned – effectively – with probing the 'genetic make-up' of Thames Valley Berkshire's economy. It is seeking, fundamentally, to re-purpose our outstanding locational advantages so that they are attuned fully with the risks – and possibilities – of 21st Century competition in the knowledge-based economy as defined on a global stage. None of this is easy or quick but it is, we believe, crucial: TVB made a substantial contribution to the well-being of the UK economy in the second half of the 20th Century and we intend to do likewise in the 21st, but the 'ground rules' are changing and TVB – as both an economy and as a place – will need to adapt, all of which takes time.

Our baseline projection points to GVA growth of 2.5% per annum over the period 2015–20. Through the implementation of our Strategic Economic Plan, we want to increase this by at least half a percentage point, to 3.0% per annum. Our aim is to achieve this primarily through productivity improvements.



WE WILL ACHIEVE ABOVE-TREND ECONOMIC GROWTH THROUGH THE IMPLEMENTATION OF OUR STRATEGY



WE WILL
MONITOR THE
PROGRESS OF
OUR STRATEGY IN
IMPLEMENTATION

If we are successful, we will:

- » increase TVB's economic output by about £700m compared to the baseline projection. By 2020, our GVA is currently projected to be £31.7bn. As a result of our Strategic Economic Plan, we want to see that figure rise to £32.4bn (at constant, 2009, prices)
- » increase GVA/job by about £1,300 compared to the baseline projection. By 2020, GVA/job is projected to be £56.4k. As a result of our Strategic Economic Plan, we want to increase this figure to around £57.7k (again at constant, 2009, prices).

In turn, these changes will mean that:

- » more of our residents will pay higher rates of income tax
- » our business base will increase and more of these businesses will be more profitable; the corporation tax take from TVB should therefore increase substantially.

In addition, if we can increase effective labour supply – beyond that which is currently projected – we are confident that the GVA impacts linked to the delivery of our Strategic Economic Plan will be greater again.

HOW WE WILL MONITOR PROGRESS

Our high level contribution to the UK's economy will be monitored as our Strategic Economic Plan is implemented.

In addition, however, we intend to chart progress in relation to a series of intermediate outcomes. These are more immediate, and less susceptible to external influences that we cannot control. The key intermediate outcomes on which we will establish a baseline and then monitor progress include²⁴:

- » the number and type of new inward investment projects within TVB; and the value of reinvestment by foreign firms already in TVB
- » the rate of new business formation and survival
- » the physical provision of incubator/science park space
- » the value of exports generated by businesses in TVB
- » the number of businesses reporting intractable skills shortages/gaps
- » the number of research collaborations involving businesses in TVB and research organisations, whether these are based inside or outside of the area
- » the rate of new housing delivery
- » the vibrancy of town centres – measured through number and size of business networks; number of new bars, restaurants, etc. opening in key town centres; footfall; and rents in town centres
- » the leverage of public spend over private investment.

²⁴ Note that where appropriate, we will ensure that these outcome indicators map onto those we monitor for the purposes of the EU Structural and Investment Funds Strategy



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