East of England
Local Government Association

Improving the East

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**Purpose**
This document gives EELGA's response to the Industrial Strategy Green Paper "Invest 2035" based on consultation with partners across the region, and on the findings and recommendations of our latest report, "Opportunity East".

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## Sector Methodology

### 1. How should the UK government identify the most important subsectors for delivering our objectives?

1.1 "Opportunity East" is EELGA's flagship report on the industrial strengths of the East, and was written in partnership with Metro Dynamics, Chambers East, the East of England All Party Parliamentary Group, and other important regional stakeholders such as the region's Subnational Transport Bodies and Freeports. Within this paper, we came to our conclusions on growth subsectors in our region by using the DataCity platform to generate Real Time Industrial Classifications. This makes use of machine learning to analyse business websites linked to Companies House and establish their industrial sector and subsector based on this learning. While this approach cannot provide complete coverage, it has been useful for us to establish which industries are especially prominent in the East of England.

1.2 Furthermore, consultation with local partners at the district, county, and regional levels was invaluable both for providing context for our work and for better understanding the individual sectors and subsectors of our economy. A successful approach from Government would likely take a similar approach and consult with local areas accordingly, and this is therefore what we recommend.

1.3 However, within our region, Opportunity East has already highlighted the important growth sectors and subsectors for the East of England and is therefore worth reading. The report can be found here: https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf. We go into more detail in Q4, but in summary:

- **Life Sciences Subsectors:** Omics, biology and biotech, pharma, biopharmaceutical, research, and life sciences manufacturing.
- **Clean Energy Generation Subsectors:** Wind, Nuclear, solar, renewable thermal, onshore wind.

- **Digital Technology Subsectors:** Sensors, wearables, and "quantified self" technology.
- **Advanced Manufacturing Subsectors:** Prototyping, cutting, and machining.
- **Creative Industry Subsectors:** Film, game and TV production.
- **Agritech Subsectors:** Precision farming, net-zero farming, food-tech, agtech, automation, management platforms, remote sensing, drone technology and vertical farming.
- **Logistics:** Containerised freight, sea-based trade, passenger flights.

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

2.1 As referred to in Q1, within our report Opportunity East we made use of the DataCity platform to generate Real Time Industrial Classifications. This made use of machine learning to analyse business websites linked to Companies House. This could then be used to establish their industrial sector and subsector. While this approach cannot provide complete coverage – it is estimated that only 30% of businesses have a website on average - it has been useful for us to establish which industries are especially prominent in the East of England. This approach is specifically useful at picking up emerging sectors, rather than traditional, and may be of service in any approach taken in the Government's Industrial Strategy. In Opportunity East, this was then augmented by discussing key sectors with local authorities and businesses in the East of England to build a better and clearer picture.

2.2 In line with the Government's identification that place is important when it comes to an Industrial Strategy, local authority business intelligence can play a part, particularly as the institutions with the closest relationship to each given place. While the Government has spoken at length of the ability of combined authorities to deliver this function, we are certain that two-tier authorities can start this process off. Therefore, we ask for two-tier authorities to be given the funding, capacity, and ability to start writing local growth plans should they wish, to ensure that those areas with earlier devolution deals don't receive an unfair advantage over areas that are still two-tier areas.

2.3 Much of the East of England is managed by two tier local authorities, and these authorities are responsible for vital functions related to growth. District councils handle planning, waste collection, and housing. Meanwhile, county councils handle education, transport, fire and public safety, waste management, and trading standards. Both often have a hand in economic development, especially county councils since their adoption of LEP responsibilities in areas without devolution deals, and therefore should be worked with regardless of whether they are part of a combined authority or not.

2.4 Through local authorities, a much better picture of businesses on the ground can be ascertained, either through local business questionnaires, or interactions with the planning system.

2.5 Opportunity East can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf.

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

3.1 N/A

**Sectors**

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

4.1 According to our research within Opportunity East the East of England enjoys a competitive advantage in the following subsectors:

- **Life Sciences Subsectors:** There are several subsectors within the life sciences sector that the East of England leads the rest of the country in. The omics subsector – defined as companies aiming at the collective characterisation and quantification of biological molecules that translate into the structure, function, and dynamics of an organism – is especially present in the East of England, with our research finding that 33.2% of Omics companies in the UK are based in the East. Other East of England strengths in life sciences include biology and biotech, pharma, biopharmaceutical, research, and life sciences manufacturing.
- **Clean Energy Generation Subsectors:** The East of England leads the rest of the UK in most areas of clean energy generation, and the region is predicted to have a large role in the country's energy future. In particular, offshore wind has been highlighted as a strength in the region, with 23.7% of companies specialised within this industry in the UK being based in the East. However, the East enjoys a disproportionate number of companies in most forms of clean energy generation, including solar, renewable thermal, nuclear and onshore wind.
- **Digital Technology Subsectors:** Within digital technology, the East of England leads in sensors, wearables, and "quantified self" technology, which enable individuals to develop insights on their own activities and health.
- **Advanced Manufacturing Subsectors:** Within advanced manufacturing, the East of England leads in prototyping, cutting, and machining.
- **Creative Industry Subsectors:** Within the creative industry, the East of England has a competitive advantage in publishing, both in the traditional sense through books, and digitally through software. These businesses range from 37% - 67% more highly concentrated than nationally, and link in with the Government's aspirations around digital infrastructure. Our region also has strong assets around film, game and TV production.
- **Agritech Subsectors:** While the agri-tech sector is not directly one of the industries mentioned in Invest 2035, it has close links to some of the key areas mentioned such as clean energy industries, advanced manufacturing, digital and

technologies and life sciences. It is also important strategically at a time of increasing geopolitical stability, as it enables food security. 20% of the Agri-tech industry is based in the East of England, and half of all precision farming industries in the UK. The region is also home to 34% of all agri-tech firms working on Net-zero solutions for the sector, and 26% of all the food-tech. Other strengths include agtech, automation, management platforms, remote sensing, drone technology and vertical farming.

- **Logistics:** Again, while not one of the key areas identified by Invest 2035, the green paper makes extensive reference to trade. The East of England is home to some of the largest and important dockyards in the country, including Freeport East and Thames Freeport, and several airports. The logistics sector that has grown around these key industries enables trade and shipping to and from the rest of the UK – 70% of containers coming through Felixstowe are delivered to the logistics golden triangle in the Midlands, and 50% of all containerised freight in the UK moves through the East of England. therefore, investment in these industries benefits not just the East, but the whole country. In terms of employment, the East of England accounts for 10% of UK employment, and 20% of cargo-handling employment and services related to water transport.

4.2 Opportunity East can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf.

**5. What are the UK's strengths and capabilities in these sub sectors?**

5.1 Within life sciences:

- The UK is home to the largest centre of medical research and health sciences in Europe, the Cambridge Biomedical Campus. Cambridge is also home to critical research initiatives such as the Babraham Research Campus, Wellcome Genome Campus, and Cancer Research UK. The global R&D headquarters of AstraZeneca is also based there, along with Amgen and Oxford Nanopore Technologies.
- Stevenage is home to the UK's largest cell and gene therapy cluster with plans for a £900m life science campus. The wider Hertfordshire Cluster also includes the BPL group's headquarters, a firm specialising in plasma-based medicine which is based in Elstree. Meanwhile, their manufacturing, quality, R&D, finance, and commercial operations are based in South Mimms.
- Industries within the University of Essex's Knowledge Gateway have expertise in molecular biology and plant physiology. Other parts of Essex also have a crucial role to play in life sciences, including Harlow as the host of the UK Health Security Agency's National Science Hub, and Braintree's Cell and Gene Therapy Catapult Manufacturing Innovation centre.
- Several world-leading research institutes are based in Norwich, including:
    - The John Innes Centre focussed on plant and microbial science.
    - The Sainsbury Laboratory focussed on food and plant health.
    - The Quadram Institute focussed on food, microbiome, and health research.

- The Earlham Institute focussed on genomics, bioinformatics, and molecular biology.
- The Norfolk Clinical Research Facility focussed on experimental medicine and translational research.

5.2 Within clean energy generation:

- It is expected that the equivalent of 90% of all the homes in the UK will be powered by sustainable homes in the East by 2035.
- The East of England is a region with experience in nuclear, hydrogen, solar, wind, and gas, making it a home for nearly all forms of energy generation.
- The North Sea enjoys shallow waters and high wind speeds, making it ideal for wind farms.
- The Government is poised to agree to Sizewell C on the coast of Suffolk, which will help in providing the nuclear-powered baseload energy the UK needs.
- ScottishPower aims to transform East Anglia into a world leader with the development of four offshore wind farms, expected to deliver a combined capacity of more than 3.6GW.

5.3 Within digital technology:

- Adastral Park, BT's global R&D headquarters, is located just outside of Ipswich, and is leading research on quantum computing and cybersecurity. It is also the largest patent filer in the UK for AI research. The park's high-tech cluster is a mix of SMEs, start-ups, and global organisations like Cisco and Nokia.
- Cranfield University leads on "AI-as-a-service" in 6G, green AI, and transportation/satellite systems.
- Hertfordshire hosts the headquarters of market leaders such as EE, Imagination Technologies, and Bank Machines Ltd.

5.4 Within advanced manufacturing:

- Peterborough has one of the most dense collections of cutting-edge manufacturers in the UK.
- Cranfield University in Bedfordshire ranks amongst the top UK universities for research impact from engineering.
- Essex is home to one of the largest advanced manufacturing and engineering clusters in the country, with companies such as BAE Systems, Ford Motor Company, CNH, Gardner Aerospace, Raytheon, and Teledyne based here.
- Stevenage is home to Airbus, putting the town at the centre of the UK space industry. It contributes to the building of a quarter of the world's telecommunication satellites. It's also home to MBDA, a global leader in defence and the manufacture of missiles and missile systems.

5.5 Within agri-tech:

- Five of the eight national BBSRC research institutions, leading research in food and plant science and microbiology.
- Cranfield University in Bedford is a specialist postgraduate institution and is one of the leading UK universities in research impact in agriculture, food and veterinary science.

- £317m is being invested into Norwich Research Park to fund the development of a plant and microbial science and innovation hub, which also aims to become a net-zero carbon laboratory.
- £7.5m is being invested in the Eastern Agri-Food Innovation Launchpad, in partnership between Cambridgeshire and Peterborough Combined Authority, and what used to be the New Anglia LEP, Greater Lincolnshire LEP and Innovate UK.
- Within precision farming, the region is home to businesses such as Hutchinsons, Agri-tech services, NIAB and Agrii.
- Colworth Park, just outside Bedford, is home to global leaders such as Unilever, Fermenich, Symrise and Kerry Ingredients.

5.6 Within the creative sector:

- Cambridgeshire has become a major hub for the gaming industry, with local businesses having worked for Microsoft, Sony and Sega. Ninja Theory, a BAFTA award-winning UK developer studio, is also based in this county.
- The Raspberry Pi Foundation, a UK-based charity with the mission to enable young people to realise their full potential through cheap computing, is based in Cambridgeshire.
- Hertfordshire is home to both Warner Bros Studios and Elstree Studios, with sector looking to expand in the area in various places.
- Suffolk and Norfolk have dedicated regional services promoting the counties as destinations for filming, generating millions for the economy.
- Ipswich is the home to Dance East, a hub for culture in the town, and Brighten the Corners, project celebrating the ability of music and creativity to change lives, that runs a festival in the town each year.
- Universal Studies have plans for a new UK theme park in Bedford.

5.7 Within the Logistics sector:

- The region plays host to considerable amount of containerised freight, primarily from Felixstowe. 50% of all containerised freight in the UK moves through the East of England, and 70% of containers coming through Felixstowe are delivered to the logistics golden triangle in the Midlands.
- The East of England is the only region in the UK with two freeports: Freeport East and Thames Freeport. Freeport East is working on a Green Hydrogen hub, to use green hydrogen to power future transport and decarbonise shipping, while Thames Freeport is a logistics hub for construction, automotive, and food and drink.
- The East is also home to four national airports – Stanstead, Luton, London Southend and Norwich International. Together, they account for 16% of total UK airport passengers.

5.8 More information can be found within Opportunity East, which can be found online at: https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf.

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

6.1 Skills England has identified some core skills barriers to growth in life sciences that we are broadly supportive of. This includes a key requirement for certain vocations including specialist science/research occupations, digital and data roles, medicine manufacturing talent, and commercialisation talent. The outline view taken by Skills England is promising, but we need more information to understand the exact mechanism by how this could boost the desired skills in our area.

6.2 Within agri-tech, a key barrier to growth is the risk of flooding caused by climate change – with 60% of England's most productive land already sitting in the Environment Agency's flood zone three. Therefore, key mitigations and adaptations for climate change need to be considered to both limit the extent of global temperature increases and to plan for the extreme weather they are more likely to bring. Furthermore, increases in sea-levels will need to be accounted for, and better flood protections will be required to protect low-lying areas of our region.

6.3 The logistics sector is threatened by excess costs associated with delays and congestion, with these costs passing through to businesses across the UK. Key infrastructure projects such as Ely and Haughley junction, East West Rail, and key road upgrades are necessary to boost the UK's potential and meet the Government's 2050 freight targets. Other barriers include freight facilities and how freight is considered within long-term planning.

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

7.1 Much of the information in this section comes from our landmark report, "Opportunity East". This report can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf. Please refer to this for further citations, references or sources.

7.2 The list of barriers is as follows:

<u>Lack of infrastructure investment in water resilience</u>

7.3 The East of England is the driest part of the UK, and this lack of water is constraining business growth in certain parts of our region. The Met Office predicts that by 2040 rainfall in the region will average 2.14mm per day – significantly below the national average of 2.85mm – and the region is set to be hotter than the average too. Accordingly, Anglian Water estimates that there will be 38% less water to supply to customers in their service area by 2050, while Water Resources East estimates that unless action is taken, there will be water shortages of 800m litres a day by 2050 across Bedfordshire, Cambridgeshire, Essex, Norfolk and Suffolk – the equivalent of a third of the current water use in the region.

7.4 Between climate change, population growth, and the Government's ambitious targets on housing, the water stress in the region is only set to intensify further. For example, businesses in Cambridgeshire and parts of Suffolk are being told that they cannot be

connected to the water mains, or that they cannot increase their water usage, because water must be prioritised for new households. Unless something is done about this, the ambitions for growth in this region will be stymied by this lack of water for industry.

Lack of infrastructure investment in roads

7.5 The region covers a large geography with multiple economic centres creating highly dispersed travel patterns. Furthermore, many journeys are difficult to take via modes other than car, due to the large rural areas within the region. This leads to additional congestion and delays in our region. The Transport East Strategy highlighted that the average delay for vehicles on the Strategic Road Network in the East was 20% higher than the national average (11.3s per vehicle mile Vs. 9.5s). Furthermore, the baseline connectivity of our road network according to the National Infrastructure Commission's Second National Infrastructure Assessment was 0.72 – the lowest of any region besides London, and indicative of a real travel speed of less than 50km/h to all other places.

7.6 This lack of connectivity creates inadequate access to services, education, training, and employment. Therefore, investment in our roads would not only help connect training providers to students, increasing opportunity for our residents, but it would also increase growth by increasing the total skilled workforce available.

7.7 In addition, our region suffers from poor east-to-west connectivity. Journeys are reliant on a mix of single and dual-carriageway A-roads that intersect with a motorway network designed to serve London. Much of our region, particularly the East Anglian core towns of Colchester, Ipswich, and Norwich, lack any motorway connectivity at all, limiting connectivity with London and the rest of the country. Furthermore, the road network of the East of England takes a large amount of freight traffic due to our exceptionally active ports – the Port of Felixstowe is the most active container port in the UK, and much of that freight is moved to the Midlands by road. The road network in the east is sparse with few alternative routes, creating serious issues with network resilience and journey-time reliability.

Lack of infrastructure investment in rail

7.8 There are significant issues with our rail links outside of the core London routes. In particular, East to West rail suffers from poor connectivity, and is served by only two branch lines. The Ipswich-Cambridge route runs hourly, has low line speeds, and is limited to a single track for much of the route. Meanwhile, the Norwich-Cambridge line also only runs hourly due to capacity issues in particular locations, and the Ipswich to Peterborough route runs only 2-hourly.

7.9 In a polycentric region like the East of England, where there is no one main hub, it can be difficult to move around by train. This is made more difficult because some of our key local centres, such as Haverhill and Wisbech, lack train stations.

7.10 Rail links to London are currently often at capacity and are heavily crowded during peak times. However, some key improvements would make a big difference, such as infrastructure improvement sot enable the level-crossing at Grays High Street.

7.11 Better connectivity between our local centres would support the growth potential of these towns and cities and development along key corridors such as the Norwich-Cambridge Tech Corridor. It would also improve connectivity with wider UK economic centres, particularly in combination with the Government's recently confirmed investment into the East West Rail Mainline.

7.12 To reach the 75% 2050 rail freight target, the biggest uplift in freight will be intermodal freight (containers). However, there are currently key constraints on the network. For example, Ely & Haughley junctions limit freight coming from Felixstowe to Nuneaton and further no North. In addition, constraints on the North London line impact ports to the south. However, Ely and Haughley is only the start of measures; freight connectivity increases further with doubling the rail line between Soham to Ely and putting in a new east-north chord to the west of Cambridge. Electrification is another key enabler for increasing freight capacity

Lack of investment in buses

7.13 We welcome the current administration's focus on buses, and we note the announcement of the Buses Bill and recent funding announcements for 2025/26. However, the frequency of bus services has dropped by a considerable margin. In particular, East Cambridgeshire saw a cut in bus service frequency by 60%. One reason for this is that the net support paid by central and local government for local bus services declined by 22% between 2010 and 2023. A new approach is needed for rural buses to ensure people can access education, jobs and services.

Disjointed national-level planning around energy

7.14 The East of England is predicted to become the power plant of England, generating enough energy to power the equivalent of 90% of homes in the UK by 2035. However, despite this massive increase in generation, the East of England struggles with energy infrastructure for itself. While large projects are being built to funnel that power to other parts of the UK, there are businesses in the East of England that are being denied connections to the grid due to a lack of power in local areas. This has impacted on inward investment.

Lack of infrastructure investment in gigabit and mobile connectivity

7.15 The deployment of digital connectivity is a crucial building block underpinning higher productivity, with UKRI suggesting that the 5G rollout could boost the economy by £43bn by 2030. However, 5G rates in the East of England are poor in some areas, particularly Suffolk, Norfolk, and parts of Cambridgeshire. The same is true with regard to gigabit connections, with connectivity rates following a similar pattern. This lack of investment in digital connectivity makes it difficult for our region to capitalise on its leading clusters and restricts growth within our region.

Lack of investment in Economic Development teams at the place level

7.16 Especially with the consolidation of Local Enterprise Partnerships into local authorities in areas without devolution, local government has a key role to play in the stimulation of local economies. Local authorities are often the first port of call for local businesses eager for more information and are aware of developing trends in their areas.

7.17 A lack of investment in economic development teams in local government can lead to a situation where businesses find it difficult to access support and assistance, which can hamper development. For example, in skills, businesses would appreciate more guidance and assistance to understand the complex skills environment – and this is assistance that needs local government economic development teams to step in. Likewise, a strong relationship between local government and business can help both parties – with business delivering a strong economy with jobs and investment, while local government shares information and enables planning.

7.18 We are aware that the Government intends to publish its plans with regard to local growth funding alongside Phase 2 of the Spending Review. We look forward to seeing further details.

<u>Lack of investment in adult education</u>

7.19 The East of England as a region has the lowest participation rate in further education and skills at 4,337 per 100,000 residents – 19% below the national average. Apprenticeship participation is also 19% below the English average with 313 per 100,00 residents. The geographic implications of this are to be found in the pockets of skills deprivation that exist in the East of England's more rural and coastal areas.

7.20 From a business perspective, the Local Skills Improvement Plans (LSIP) in our area make it clear that there is a need to better align the needs of our employers with education and training provision. This is particularly the case in emerging growth sectors such as life sciences, advanced manufacturing, agri-tech, and digital. Digital and green skills, in particular, need more targeted training programmes, on subjects such as genomics in life sciences, software development in IT, and innovative farming techniques in agri-tech.

7.21 Other barriers to adequate skills provision include the following:

- A lack of business engagement with the post-16 workforce limits opportunities for practical skills development and apprenticeships.
- An underutilisation of the skills and experience of over-50s professionals.
- Insufficient emphasis on retraining and lifelong learning.
- The lack of transport infrastructure has been highlighted above, but it is important to note the impact that this can have on skills training, especially in rural areas where it can be difficult to line up skill provision with local need.
- Digital connectivity is important – not only to better link employers with employees, and because working from home can be better for the environment, but also because many businesses use online training, making it essential for the skills agenda.

- For large infrastructure projects, businesses are finding that the time between obtaining the contract and construction is too small to train their staff effectively. Therefore, a longer lead-in time would be appreciated to enable this kind of responsive training.
- The skills environment is incredibly complex, and this makes it very difficult for businesses to meaningfully engage with skills providers.

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

8.1 We suggest the following policy interventions:

- Better marketing around further education is essential, as currently there are concerns that prospective candidates and employers are not aware of the options. We have read that this is the Government's intention with regards to Skills England and hope the Government proceeds on this matter.
- The further education sector has been marked with some quite considerable changes over the last administration, such as the announcement of T-levels and the defunding of other courses. It is important therefore that once change is enacted, it is allowed to bed in. This will give businesses, students, and qualification providers stability, and will help build trust.
- Course viability for niche skills is hard to maintain. Therefore, courses that are required by the economy that have a low overall size may require a subsidy.
- Funding simplification is important, as skills funding can come from many different sources, all requiring time and resource to acquire.
- With regards to skills, there are issues that the key sectors highlighted in the industrial strategy come into other high priority areas of skill/employment need. For example, Skill England highlights the need to recruit more care workers and provide qualifications for this cohort. However, this is not a key sector for the Industrial plan. Clarity will be needed around how the priorities in this area will be shaped.
- Investment into transport solutions will indirectly boost skills provision in our largely rural region, as currently, residents can struggle to access local skills providers due to poor connectivity. The same can be said about increasing digital connectivity.

8.2 In our report, Opportunity East, we make the following conclusions:

- There is a need to further devolve skills funding for all post-16 skills, including apprenticeship funding and the Apprenticeship Levy Transfer (and its imminent replacement). This should go alongside an increase in the adult education budget – including the delivery of at least one more institute of technology in the region.
- There is a need to address the lack of funding for transport to industry placements and training – and to provide the costs of travel to first jobs.

- Local Skills Improvement Plans should continue beyond March 2025, perhaps through Skills England, to maintain a relationship with employers.

8.3 Opportunity East can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf.

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

9.1 The following issues are being faced by businesses regarding investment into training:

- It can sometimes be hard to take the productivity damage short term to invest in qualifications for staff. For an apprenticeship, for example, 20% of on-the-job time is earmarked for learning. Furthermore, there are some jobs where the presence of the staff is essential for the work to take place. It is therefore difficult to release those staff to go to an educational institution. Agency staff could be used in some cases, but that is extremely expensive and adds to the cost of education.
- An increasingly fluid labour market has led businesses to fear investment in human capital, as there is a perceived risk that employees will move to another firm once they have received training.
- Current business conditions are considered relatively difficult, with large increases in supply and labour costs. Therefore, a stable economic period may lead to more investment in skills. Furthermore, if certain qualifications were made mandatory for certain sectors for accreditation purposes, there may be increased demand.
- Businesses await the planned reforms to the Apprenticeship Levy.
- It was both businesses and local authorities see a role in the future for brokerage between providers, employers and employees. Regrettably, local authorities often lack the funding to provide these services, but given the complexity of the skills field, some kind of brokerage/centre of information is required for businesses to feel confident investing.

**Business Environment - Innovation**

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

10.1 N/A

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

11.1 N/A

**Business Environment – Data**

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

12.1 As referred to in Q1, within our report Opportunity East we made use of the DataCity platform to generate Real Time Industrial Classifications. This made use of machine learning to analyse business websites linked to Companies House. This could then be used to establish their industrial sector and subsector. While this approach cannot provide complete coverage – it is estimated that only 30% of businesses have a website on average - it has been useful for us to establish which industries are especially prominent in the East of England. This approach is specifically useful at picking up emerging sectors rather than traditional and may be of service in any approach taken in the Government's Industrial Strategy, which is focussed on these emerging high-value sectors.

12.2 In Opportunity East, this was then augmented by discussing key sectors with local authorities and businesses in the East of England to build a better and clearer picture. Likewise, it may be that local authorities may find this data useful, and therefore it could be very insightful if this kind of emerging data were regularly shared with local government to better enable our own local economic development.

12.3 Opportunity East can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf.

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

13.1 N/A

**Business Environment - Infrastructure**

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

14.1 Much of the information in this section can be found in our landmark report "Opportunity East". This report can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf.

Transport infrastructure

14.2 In addition to this, on the subject of transport the following policy solutions have been identified in consultation with actors across the East of England:

- Confirm commitment to major rail transport schemes such as East West Rail (including the development funding for extension element between Cambridge and Norwich/Ipswich), Ely Junction, and Haughley Junction. The announcement about East West Rail central section in the Budget is welcome.

- Extension of the Bus Service Improvement Plan, along with new funding to support bus networks, particularly in rural areas. The funding for 25-26 is a good start, and it is appreciated that it moves away from competitive bidding. However, there is a need for multi-year settlements to effectively plan and deliver better services in partnership with operators, and integrated with wider transport networks.
- Simpler, long-term funding mechanisms to facilitate stable regional transport investment pipelines supporting priorities set out in the strategies of the region's two STBs.
- Increase maintenance budgets to support necessary repairs to our existing essential road and rail networks.
- Commitment to work in partnership with local councils to facilitate an acceleration in the roll-out of the infrastructure needed for electric vehicles.
- Enhance the role and powers of the STB partnerships, to better integrate strategic transport planning across the East to improve outcomes and achieve cost efficiencies.

14.3 An upgrade to the Ely and Haughley junctions is considered essential within the region to enable growth and trade. Not only is it predicted to generate a large amount of economic return on its own, but it will assist with the development of other, knock-on projects that will further spur growth; not only in the East, but in the rest of the UK too. The region's sub-national transport bodies (STBs) have put together a document going into much greater detail about the scheme, its potential benefits, and the extent of its support across the country. It can be found here: https://www.englandseconomicheartland.com/news/mps-urge-government-commitment-to-ely-as-eeh-publishes-updated-keeping-trade-on-track-document/

14.4 In summary, the upgrade to Ely Junction has a 5:1 predicted return on investment and will take 98,000 lorry journeys off the road every year bound for the North and Midlands. This will reduce congestion by 5.6m hours per year and reduce carbon emissions by 1.7mn tonnes over 60 years.

14.5 Investment in key economic corridors in the East of England will unlock growth. In our report Opportunity East, we identify nine key transport corridors in the East of England. Suggested rail and road infrastructure improvements for these nine areas are listed below:

- **Midlands – North Norfolk - Great Yarmouth:** A47 junction improvementsA10 West Winch, Norwich Western Link, and the A17 Pullover.
- **London – Colchester - Norwich and Suffolk Coast:** Great Eastern Rail Mainline, Haughley Rail Junction, Trowse Bridge, A12/A14 Copdock interchange, A12 J19-25A12 North, and the interface with M25.
- **Norfolk and Suffolk – Cambridge – Midlands:** East West Rail including the Eastern Section, Ely Junction, Orwell Bridge resilience, A11 Fiveways junctions, , A14/A12 Copdock Interchange,

- **London – Thurrock – Southend-on-Sea:** interface with M25 (junction 30 in particular), and the A127 corridor.
- **Stansted – Colchester – Harwich:** A120 and A12.
- **King's Lynn – Cambridge – London:** West Anglia Mainline, key M11 Junctions, and the A10.
- **London – Stevenage – Peterborough:** Midland Mainline, A1.
- **Chelmsford – Watford – Buckinghamshire:** A414, HERT rapid transit.
- **Watford – Bedfordshire – Northamptonshire:** M1, A6.

We recognise the Lower Thames Crossing as a nationally significant infrastructure project and acknowledge the economic importance of the scheme.

Digital Connectivity

14.6 Regarding digital connectivity, we have found that the region requires the following:

- Follow through with the previous administration's Wireless Infrastructure Strategy to boost the reliability of mobile and internet connectivity reporting measures.
- Hold both providers and regulators to account, in part by ensuring that measurements of connectivity reporting are accurate.
- Provide more funding for the Gigabit voucher scheme for rural communities.
- Undertake a risk assessment of the "Big Switch Off" of copper lines and G mobile connections to ensure businesses and residents are protected from any adverse effects.
- Provide an up-to-date roadmap for the Shared Rural Network for the East of England.

Energy

14.7 With regard to energy the following policy solutions were raised by partners within the region:

- Ensure sufficient grid reinforcements take place to allow for clean energy developments.
- Consideration for alternatives to current National Grid overhead lines and pylon proposals such as offshore solutions.
- Collaborate with National Grid and Distribution network Operators to explore innovative power solutions for constrained areas.
- Ensure that our communities benefit from energy infrastructure investments.
- Investment in hydrogen network opportunities to maximise the potential of green hydrogen.

Water

14.8 With regard to water the following policy solutions were raised by partners within the region:

- Provide stability in light of troubles faced by Thames Water.
- Take urgent action at a national level to reduce water pollution, both directly with providers and ensuring sufficient resourcing for regulators.
- Assure the delivery of a major new reservoir in Fenland, which is expected to supply 250,000 households a year. A new Lincolnshire reservoir will also be relevant for our region.
- Provide an Interim solution to transfer water from Grafham Water to Cambridge to help alleviate pressures on sensitive chalk rivers before the Fens Reservoir comes into supply.
- A smaller winter storage reservoir in North Suffolk by 2040 at the very latest along with water reuse schemes at Colchester and Lowestoft.
- Greater investment in network leakage identification and mitigation.
- More national support for businesses and domestic water efficiency – including smart metering.
- Investing ahead of need to support growth – including in desalinisation.

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

15.1 Many of the barriers to inward investment identified above are related to infrastructure – and therefore, the construction and maintenance of roads and rail, the rationalisation of the grid network, investment into digital connectivity and investment into water resilience all play a part directly in creating an enabling environment for businesses.

15.2 However, there are other ways that infrastructure investment can impact the industrial strategy. It can provide training and jobs in key sectors, enabling a local workforce to upskill while also creating an economic stimulus for the given area.

15.3 Furthermore, investment in infrastructure for the East of England can also benefit the whole country. For example, the construction and management of windfarms in, and of the coast of, Lowestoft has led to millions of pounds of factory investment in Hull where the turbines will be built.

**Business Environment - Energy**

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

16.1 N/A

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

17.1 N/A

**Business Environment - Competition**

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

18.1 N/A

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

19.1 N/A

**Business Environment - Regulation**

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

20.1 N/A

**Business Environment – Crowding in Investment**

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

21.1 N/A

**Business Environment – Mobilising Capital**

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

22.1 N/A

**23. The UK government currently seeks to support growth through a range of financial instruments including grants, loans, guarantees and equity. Are there additional instruments of which you have experience in other jurisdictions, which could encourage strategic investment?**

23.1 N/A

**Business Environment – Trade and International Partnerships**

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

24.1 N/A

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

25.1 N/A

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

26.1 Based on the characterisation of clusters identified, there are several key clusters in the East of England that would fit within the remit of the Industrial Strategy. For example, the Cambridge life sciences cluster has already been mentioned – however, there are life sciences clusters to be found across the East of England, including Norwich, Stevenage, Watford, and equine veterinary clusters around Newmarket to name a few.

26.2 However, it is worth noting that our region possesses quite large effective work catchments due to its rural nature. Therefore, many clusters in our area can be geographically diverse, and good transport connectivity can be more important than actual physical location. Our life sciences industry, for example, may be geographically clustered around particular urban hubs, but it will extend outwards along key transport routes. Within Opportunity East, there are maps based on data found from Data-City, and one can see the outline of the road network when looking at the density of industry – the A14 between Ipswich and Cambridge is particularly evident in terms of the net zero industry and life sciences.

26.3 This is why the East of England tends to look at a more corridor-orientated approach to clusters, looking at the connective tissue between areas to identify where clusters may spread. Within Opportunity East, we highlight two such important Corridors:

- Cambridge-Norwich Tech Corridor: Loosely following the route of the A11 and A14.
- UK Innovation Corridor: Starting in central London, and working its way out northwards, loosely following the M11, A14, and A1(M) to Peterborough.

26.4 Opportunity East can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf.

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

27.1 As mentioned in Q26, Opportunity East found that many clusters in the East of England extend outwards from a core urban cluster based on the strength of transport connectivity, following roads and rail outwards. Therefore, if we wish to boost inward investment and productivity, it will be important to improve these corridors to both make our clusters accessible and enable the benefits of our important clusters to impact as much of the region as possible.

27.2 Furthermore, there is an urgent need to develop energy and water resilience within the region if we are to enable inward investment. Otherwise, there will be no scope for connecting new businesses to the grid or water supply, and they will go elsewhere.

27.3 Opportunity East can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf.

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

28.1 Local authorities can play an important role in the development of industry at the local level, and EELGA sees Local Growth Plans as a recognition of the vital role our members play in economic affairs. However, our region is largely lacking in mayoral combined authorities (MCA), with only Cambridgeshire and Peterborough forming such an authority. We are also largely rural, which means that there are few identifiable cities in our area. There is a risk that the other parts of the region will be left behind areas that are already established as MCAs, as the remaining two-tier authorities look to address both devolution and local government reorganisation. It is therefore crucial that, as a stopgap, both upper and lower tier authorities, where they co-exist, are given permission, encouraged, and receive funding to proceed with their own local growth plans.

28.2 While we appreciate the devolution white paper is due to be released very shortly, clarity around the Government's plans and direction would be greatly appreciated.

**29. How should the Industrial Strategy align with devolved government economic strategies and support the sectoral strengths of Scotland, Wales, and Northern Ireland?**

29.1 N/A

**Partnerships and Institutions**

**30. How can the industrial Strategy Council best support the UK government to deliver and monitor the strategy.**

30.1 Regular engagement with local authorities would be extremely useful in assisting them in sharing intelligence. If the Industrial Strategy Council can share long-term strategic direction regarding economic focus, this will give local authorities the steer they need to know what best to invest in, and what to pay attention to with regards to their reporting and intelligence-gathering. In order to save time and resource within local authorities, it may be worth approaching local authorities on a region-by-region basis through regional convening bodies like the East of England Local Government Association.

**31. How should the Industrial Strategy Council interact with key non-government institutions and organisations**

31.1 In order to keep the interface between actors within the region and government as clean and clear as possible, EELGA would be willing to help where possible to bring together the East of England, as we have links to the area's Chambers of Commerce, sub-national transport bodies, local public sector organisations and local government. We are also closely tied to advocacy groups in the East, including the UK Innovation Corridor.

**32. How can we improve the interface between the Industrial Strategy Council and government, business, local leaders and trade unions?**

32.1 Certainty of direction and clear steer would be appreciated. Therefore, regular meetings and invitations for business intelligence would be useful – this would give local government the opportunity to actively feed into the Industrial Strategy, and likewise, to develop local policy in line with national objectives.

32.2 As referred to in Q31, EELGA would be willing to assist where possible in bringing people together, as we have links to the area's Chambers of Commerce, sub-national transport bodies, local public sector organisations and local government. We are also closely tied to advocacy groups in the East, including the UK Innovation Corridor, and as a regional employer we maintain regular communication with trade unions.

**Theory of Change**

**33. How could the analytical framework (E.G. identifying intermediate outcomes) for the Industrial Strategy be strengthened?**

33.1 N/A.

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

34.1 N/A.

**35. How would you monitor and evaluate the Industrial Strategy, including metrics?**

35.1 It is understandable that the Government wants to ensure that a rigorous monitoring and evaluation framework is put into place. However, it is important that a robust baseline is established so that divergences from that baseline can be observed. Within Opportunity East, we ask for a full economic analysis of the region, and of the infrastructure that the region needs to obtain its full potential and contribute fully to the Industrial Strategy.

35.2 The report can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf

**36. Is there any additional information you would like to provide?**

36.1 Through Opportunity East – link provided below – the private and public sectors in the East of England have come together to set out the scope and scale of existing industrial strength in our region, and the enormous potential for further economic growth and productivity throughout the UK which can be unlocked through further investment in the East. The report also explores in how potential barriers to growth can be overcome. Our partners in this work include our 50 member local authorities, the Mayoral Combined Authority of Cambridgeshire and Peterborough, the sub-national transport bodies in the East of England, the Chambers of Commerce in Cambridge, Norfolk, Suffolk, and Essex, Freeport East, and the East of England All Party Parliamentary Group.

36.2 The report can be found online at https://www.eelga.gov.uk/app/uploads/2024/07/Opportunity-East-Report.pdf