Buckinghamshire Thames Valley LEP

Request for Quotation for Support for the production of the BTVLEP Local Industrial Strategy

RFQ Specification

April 2018



1.0 Purpose

- 1.1 The purpose of this assignment is to prepare a Local Industrial Strategy (LIS) for Buckinghamshire, to provide a framework for maximising the economic potential of the area by strengthening the capabilities of our businesses, science and technology orientated firms, world-class sectors and clusters.
- 1.2 Buckinghamshire is part of three national trailblazer areas and the LIS will take forward the ambitions set out in the Government's Industrial Strategy White Paper, launched in November 2017, and define the long term economic opportunities where Buckinghamshire can provide international leadership and drive UK productivity and economic growth.
- 1.3 BTVLEP is procuring consultancy support to help it to produce a Local Industrial Strategy which will take the form of a published document.
- 1.4 The Buckinghamshire LIS should be underpinned by an analysis of place focusing on productivity, industrial capabilities and trade flows; a consideration of the future impact of technology on Buckinghamshire's industrial structure; significant consultation with partners and stakeholders (particularly industry leaders, to test the technology scenario's developed); and some high-level cost/benefit analysis (to assess the likely impact of policy interventions on the economy).
- 1.5 The document will need to demonstrate a real understanding of the local economic reality across the area.
- 1.6 The Local Industrial Strategy for Buckinghamshire will form an integral part of one of the national trailblazing regional industrial strategies covering the Oxford to Cambridge growth corridor.

2.0 National Strategic Context

- 2.1 BTVLEP is looking to develop a Local Industrial Strategy, in response to the national Industrial Strategy White Paper: <u>Building a Britain Fit for the Future</u> and to help shape local, regional, national and international industrial policy. In this Industrial Strategy White Paper, the Government sets out;
 - Expectations that each area in England will produce a LIS and that government will work in partnership with places to develop them;
 - That these strategies will be "developed locally and agreed with the Government. They will help identify priorities to improve skills, increase innovation and enhance infrastructure and business growth. This will guide the use of local funding streams and any spending from national schemes";
 - That the first set of Local Industrial Strategies' will be agreed by March 2019;
 - Five foundations to align to the vision for a transformed economy:
 - Ideas: the world's most innovative economy
 - o People: good jobs and greater earning power for all
 - o Infrastructure: a major upgrade to the UK's infrastructure
 - o Business environment: the best place to start and grow a business
 - o Places: prosperous communities across the UK
 - Four Grand Challenges to put the UK at the forefront of the industries of the future.
 - Artificial intelligence
 - Clean growth
 - Mobility
 - Ageing society
- 2.2 We intend to use the Buckinghamshire Local Industrial Strategy to work with industry, academia and civil society over the years ahead to build on the UK's strengths, make more of our untapped potential and create a more productive economy that works for everyone across the UK.

3.0 Local Strategic Context

- 3.1 Buckinghamshire is a prosperous county at the heart of the Cambridge, Milton Keynes, Oxford Growth Corridor (CMKO), neighbouring London and the UK's international gateway at Heathrow. We have a dynamic and resilient employment base driven by a strong SME business community. Over the past 30 years many of the traditional county economies printing, furniture production and to a lesser degree agriculture have been replaced by new enterprises including digital services, film and TV production, life-sciences and high-performance engineering.
- 3.2 Productivity in the county remains strong, but by supporting the conditions for modern economic growth and in cultivating our leading business sectors and wider economic ecosystem, we have the potential to challenge the best in the world.
- 3.3 Buckinghamshire has a strong economy, worth around £15.5bn in Gross Value Added (GVA) in 2016-17, with over 31,800 businesses. At £55,000 per head, the economic output of the working age population is 12% higher than the UK average. We have high numbers of residents educated to degree level (48% relative to the Great Britain average of 38%); a high proportion of well-paid directors, senior managers and professionals (57% relative to 45% for the UK)¹; and high rates of economic activity (84% relative to 78% for the UK).
- 3.4 Buckinghamshire is also an entrepreneurial county; 91 businesses are started per 10,000 of population and the business survival rate is 62% for firms operating for three years or more.
- 3.5 Buckinghamshire's impact can already be seen across the globe. The films and screen content produced at **Pinewood Studios** are famous the world over; innovations driven by motorsport technology from the **Silverstone Technology Cluster** are being adopted by business sectors from mining to aerospace; and the pioneering work at Stoke Mandeville led to the **birth of the Paralympic** movement and a realisation of the limitless potential of human achievement.
- 3.6 Our location at the heart of the CMKO Corridor has traditionally been a place where great minds combine to create world changing innovations. This innovation and collaboration can be seen at the Buckinghamshire Enterprise Zone sites and in particular at Westcott Venture Park, which is home to the National Space Propulsion Centre, where world-leading rocket technologies are propelling British-built hardware and applications to lead the world.
- 3.7 Planned transport investments to better connect Oxford, Cambridge and London through the heart of Buckinghamshire will further enhance academic, technical and industrial collaboration.

4.0 About Buckinghamshire Thames Valley LEP

- 4.1 Buckinghamshire Thames Valley LEP (BTVLEP) is a public-private partnership that exists to strengthen and grow the economy of Buckinghamshire by supporting the delivery of a range of sustainable economic, social and environmental priorities.
- 4.2 The Board of BTVLEP is made up of the key political and business leaders of the area, along with representatives from both Higher and Further Education. The Partnership is focussed on driving sustainable economic growth in Buckinghamshire.
- 4.3 BTVLEP plays a key role in supporting the establishment and growth of businesses in the area. In addition to supporting the Local Growth Hub, BTVLEP has overseen the establishment of Aylesbury Vale Enterprise Zone and supported the creation a range of specialist incubation and innovation facilities, all of which are focussed on supporting the growth of key sectors.
- 4.4 More information on these investments can be found in;
 - The BTVLEP Strategic Economic Plan (SEP)
 - The BTVLEP European Structural and Investment (ESIF) Strategy
 - The Evidence base for the BTVLEP SEP & ESIF Strategies

¹ 1 Annual Population Survey, ONS 2017

- 4.5 The SEP and ESIF Strategy will continue to be used as documents to help shape and guide investment in the area, together with a range of other local strategies and plans.
- 4.6 In order to support the delivery of the BTVLEP Local Industrial Strategy, BTVLEP has established a public-private-academic steering group, comprising key players from the current innovation eco-system in the area.

5.0 About the Buckinghamshire Local Industrial Strategy (LIS)

- 5.1 As one of a number of LEPs across the Oxford-Cambridge Corridor, BTVLEP is working with central government and the other LEPs and Combined Authorities across the Corridor², as one of three 'Trailblazer Areas' to develop a Local Industrial Strategy (LIS) with the other areas being the West Midlands and Greater Manchester. The Industrial Strategy theme for the Oxford Cambridge Corridor Trailblazer area is "Industrial Ecosystem and Internationalism" and in particular looking to support export growth beyond the European Union in a post-Brexit economy.
- 5.2 Under these arrangements, there is broad agreement within government (and the LEPs across the Corridor) that the best way to proceed is for the individual LEPs to prepare their own industrial strategies in 2018, with the individual strategies then being aggregated into a Corridor-wide approach by March 2019.
- 5.3 This is a strategically important commission for BTVLEP, businesses in the area and the public-sector partners, because we envisage the Buckinghamshire LIS will;
 - Establish a robust governance structure to guide the development and delivery of the LIS and strengthen the regional innovation system in Buckinghamshire;
 - Establish collective agreement about the current and future industrial capabilities that are of national and international significance within the area;
 - Identify a range of potential transformative interventions to strengthen the capabilities of the business base to enhance productivity, stimulate more high-value jobs and help the UK make its way in the world, going forward;
 - Quantify the headline cost of those interventions and the likely return on investment to UK Plc. to be generated from them; and
 - Provide us with a framework to enable us to collaborate with LEPs across the Oxford-Cambridge Corridor to strengthen our collective offer to the outside world.
- 5.4 This Local Industrial Strategy will differ from a Strategic Economic Plan because it will predominantly focus on interventions which will directly strengthen our business base; support firms to improve their productivity, acquire sustainable sources of competitive advantage and help them to compete more effectively in a post-Brexit world.

6.0 What do we mean by Industrial Capabilities?

- 6.1 The history of industrial development is characterised by technological advances, business reorganisation and the development of new skills.
- 6.2 Business capabilities are organisational developments that take time and teamwork to achieve. Capabilities are the ability to reconfigure, redirect, transform, reshape and combine existing competences with external resources, strategic and complementary assets to meet the challenges of a rapidly changing and increasingly competitive world.
- 6.3 Capability improvement combines both the hard aspects of technology and the softer aspects (such as the skills and processes that enable its effective application).
- 6.4 The reason 'place' is important in any discussion about capability is because organisational capabilities within specific firms in a particular area can combine to provide a region with capabilities. For example, the present industrial capabilities of Buckinghamshire (or the industrial composition of innovation activities and growth) reflects past technological accumulation by firms in the region.

² Buckinghamshire, Oxfordshire, South East Midlands and Greater Cambridge and Peterborough

- 6.5 Technology is a unique and specific form of organisational capability (differing from production capabilities and business capabilities). Technological capabilities are inherently dynamic: they are continuously reshaped as new technologies emerge and market opportunities appear. Sometimes, technological developments within industries are characterised by a change to a 'next generation technology'; other times it involves the integration or reintegration of two or more technologies as part of new product development. Technology capabilities are unique, insofar that they enable the creation of distinctive industrial signatures.
- The evolution of technology is regionally path dependent. Regional core competence is about distinctive regional technological capabilities that have been cumulatively and collectively developed across enterprises over time. Successful regions, like successful firms, have core competences or distinctive capabilities that impart competitive advantage. Like all capabilities, the regional variant takes time and teamwork to develop, is not easily imitated, and cannot be purchased in the marketplace. Such regional technological capabilities are embedded in the production processes and deep craft skills of a region's inhabitants, and are manifest in distinctive industrial sectors, or technology-based clusters.
- 6.7 A regional innovation system successfully builds on and leverages an area's distinctive technological capabilities. The very real challenge for regions is how best to audit and characterise technological capabilities.

7.0 Requirements for proposal

- 7.1 We envisage that the process for developing the Buckinghamshire LIS will require a strong engagement with the BTVLEP Executive, the BTVLEP Board, local and sub-regional partners (Steering Group) and national Government Departments in a process of co-creation. There is a strong commitment from HMG to work collaboratively with Buckinghamshire and providing support and facilitation in building the Local Industrial Strategy. Close working between the consultancy team and the commissioning group and its partners, therefore, will be critical and tenders should set out in its methodology how this will be managed.
- 7.2 The breadth of partners with whom the process will need to engage will be wide and varied ranging from local bodies such as local authorities and Universities to employers and business bodies to national agencies including Catapults, Innovate UK and the Smart Specialisation Hub. Tenders will need to demonstrate how the consultancy team would approach this task and set out innovative ways of capturing input and generating value to the LIS and its ambitions, ensuring that the final outputs are shared and owned across local, regional and national stakeholders.
- 7.3 It is also important that the production of the Local Industrial Strategy adheres to the following principles;
 - a. That it is succinct (the master document should be less than 50 pages in length);
 - b. That it embraces Government policy, particularly the contents of the Industrial Strategy White Paper and current/future Sector Deals/Science & Innovation Audits;
 - c. That it demonstrates a deep understanding of the local/regional industrial base;
 - d. That it develops a robust set of interventions to improve productivity and 'up-shift' the capabilities of the industrial base in the area, particularly (but not exclusively) through the greater adoption and deployment of technology; and
 - e. That it communicates tangible outcomes.
 - f. That it considers the sub-regional context within which Buckinghamshire sits, to support integration with neighbouring strategies.
- 7.4 The LIS will include a clear articulation of the priorities and types of interventions that are necessary to achieve higher growth and productivity in the short term (to 2025) and define an action plan for the sustainable growth of the region in the long term up to 2050.
- 7.5 The successful supplier(s) will need to demonstrate a range of specialist skills, and we would expect the methodology to include the following elements as a minimum;
 - Phase 1: Evidence Base Production to develop a clear understanding of the current 'industrial' capability of Buckinghamshire & establish priorities for future investment;

- Phase 2: Stakeholder Engagement, Organisation of Workshops & Technical Facilitation to bring together businesses, the public sector & the knowledge base to test a number of potential investment hypothesis;
- Phase 3: Outline Business Case Development & Strategy Writing to write up the potential investment cases and draw these together into a final, local industrial strategy.
- 7.6 These requirements are set out in more detail in the next sections of this specification.

8.0 Phase 1: Evidence Base Production

- 8.1 An Evidence Base should be constructed using currently available reports and newly sourced data to produce a comprehensive profile of the current industrial base of the area, the wider knowledge base and identify some of the potential future interventions required to maintain/up-shift these capabilities.
- 8.2 This Evidence Base should add value to what we already know about the 'Industrial' capabilities of the BTVLEP Area/Corridor and go beyond a simple presentation of data. Ideally, we would expect this Evidence Base to create the potential investment framework for the LIS by identifying a number of potential investment scenario's that we will test in the next phase of the process.
- 8.3 In order for this element of the process to achieve these goals, we envisage the chosen supplier will need to identify the industrial capabilities of the area; identify the relevant knowledge base capabilities of the area (and beyond); identify potential linkages between different players in BTVLEPs innovation eco-system; develop a number of future investment scenario's; identify potential market growth opportunities; and establish the datasets needed to feed a business engagement process.
- 8.4 As such, we envisage the entire process will consist of a number of phases, covering;
 - **Secondary Data Collection and Assessment** to draw together the existing 'known-knowns' and establish some high-level investment hypothesis;
 - **Primary Data Acquisition & Analysis** to develop a deeper understanding of the current capabilities of the Buckinghamshire Area & establish possible scenarios for future investment;
 - **Knowledge Base Mapping** to identify particular sources of national and international research excellence to link to local capability to strengthen competitive advantage; and
 - Evidence Base Production to write up the findings of the work.
- 8.5 As far as Secondary Data Collection and Assessment is concerned, we envisage this process will be aided by the in-house expertise that already exists in Buckinghamshire, in the form of;
 - A Research Manager which is shared between BTVLEP/Buckinghamshire Business First and Buckinghamshire County Council; and
 - The cross-cutting LIS Steering Group (made up of representatives from business, business representative organisations, knowledge base organisations, local authorities etc.), many of whom will be able to provide the chosen supplier with intelligence on some of Buckinghamshire's key capabilities;
- 8.6 We envisage this material will help draw together the existing intelligence and start to shape some initial high-level investment propositions.
- 8.7 As far as Primary Data Acquisition & Analysis is concerned, we are particularly keen to ensure that any potential investment propositions that are developed in the LIS are underpinned by a robust evidence base that is capable of quantifying the scale of productivity improvement and business benefit likely to accrue from any planned future investments.
- 8.8 In addition to considering the direct and indirect benefits likely to accrue from large scale collaborative investments, because of the SME dominance in the area, we are also keen to see if suppliers can drill down into the economic performance of Buckinghamshire in more detail to try and identify;
 - Concentrations of particular capabilities/specialisms across the area that are worth building
 on/need strengthening, to identify the potential agglomeration opportunities and quantify the
 potential scale of opportunity/risk;

- Labour productivity and output growth rates in these key capability areas (compared to international benchmarks) to try and understand where there may be opportunities to achieve significant additional productivity growth and quantify the potential scale of impact;
- International Trade Flows in the area to potentially identify relative supply chain competencies, gaps in value chains and potential onshoring/reshoring opportunities; and
- **Technology investment trends and opportunities,** to potentially identify opportunities to encourage large scale investment in technology to support the process of capability improvement.
- 8.9 In addition, we are also keen to gain a greater understanding about **Buckinghamshire's particular** strengths in the following key high-value sectors (to identify any potential opportunities for future growth and improve the alignment of local delivery structures to the emerging sector deals);
 - Digital, Creative (particularly Film, TV & Games);
 - Advanced Engineering (particularly High-Performance-Technologies & Motorsport);
 - Aerospace & Space (particularly Space Propulsion);
 - Lifesciences and Med-Tech;
 - Construction;
 - Low Carbon, Environmental Goods and Services;
 - Transport & Future Mobility; and
 - Financial & Business Services.
- 8.10 We would also like our nominated supplier to explore the potential impact posed by the four 'Grand Challenges' of **Artificial intelligence**, **Clean growth**, **Future Mobility** and the **Ageing society**, and develop a range of viable policy responses to address these potential opportunities.
- 8.11 Having completed the above work, we would believe there is value in our supplier revisiting existing strategies (**skills, infrastructure, business support** etc.) to identify any obvious potential gaps/opportunities for future investment;
- 8.12 We are genuinely open to innovative approaches, but are looking for a refined methodology which is aligned to and recognises the distinctive business capabilities of Buckinghamshire; categorises national and local 'industrial' value chains in more detail to identify where we have particular capability strengths; takes account of international and national market growth rates in key sub-sectors; identifies potential gaps in the UKs value chain (where on-shoring/re-shoring may be desirable to achieve growth/sustain resilience); and potentially identifying technologies that are worthy of further investment.

Knowledge Base Mapping

- In this phase of the process, we are looking for the chosen provider to analyse the existing research partnerships that exist within the BTVLEP area and identify potential future partnerships which may be created/built upon to strengthen the industrial capabilities of the area.
- 8.14 The purpose of this exercise is to identify the key local and national knowledge base players that can help us to shift the industrial capabilities of the area. We would envisage this would include developing a more detailed knowledge of the specialisms of the anchor institutions in the area/on our borders and those further afield with particular sectoral specialisms that are of relevance to us.
- 8.15 We would envisage much of this mapping work would be desk-based, but it may also require some direct conversations with some of the research specialists in some of the larger corporate firms in the area.

Evidence Base Production

- 8.16 We would envisage this process culminating with the production of an evidence base, which creates the potential investment framework for the LIS by identifying a number of potential investment scenario's that we will test in the next phase of the process.
- 9.0 Phase 2: Stakeholder Engagement, Workshop Organisation and Technical Facilitation
- 9.1 In this phase of the project, we would envisage our nominated supplier undertaking a range of work to;

- Identify technologies likely to impact on the industrial base of Buckinghamshire, test a number of future technology scenarios on key business representatives; and identify the interventions needed to 'shift' the industrial capability of key firms in the area;
- Test business views of some of the investment propositions developed during the research phase;
- Test stakeholders appetite for creating 'collaborative' mechanisms for delivering some of these investment propositions.
- 9.2 The development of the LIS requires close partnership working with the business community and we envisage our ability to secure investment for the area will be advantaged if we can evidence business demand and potential co-investment for any proposed future developments.
- 9.3 Because of this, we would like the chosen supplier to undertake significant industry consultation through face to face meetings and workshops. By involving Steering Group members closely in this process, we envisage responsibilities for delivering this engagement can be shared between the supplier, the BTVLEP and Growth Hub team and local partners.

10.0 Phase 3: Outline Business Case Development & Strategy Writing

- 10.1 We would envisage the final stages of this process being focussed on drawing together all the material produced into a single Buckinghamshire LIS document, with supporting annexes.
- 10.2 Ideally this document should capture a number of investment cases, service developments and planned partnership activities into a single strategy for strengthening Buckinghamshire's 'Industrial' Base. It should also attempt to quantify the potential impact of these potential investments and make the investment cases 'come to life' through the additional data acquired and the business engagement work.
- 10.3 We would envisage there being an overt alignment between the Buckinghamshire LIS and the Government's Industrial Strategy White Paper. The LIS must also pay heed to other relevant Government policy both in place and emerging. This would include Brexit, regional/devolution policy and so forth.
- 10.4 BTVLEP plans to take the LIS to the BTVLEP Board for sign off. The final document will need to be delivered by November 2018.

11.0 Additional Information for Suppliers

- 11.1 The chosen supplier will work closely with the BTVLEP contract manager and nominated members of the BTVLEP team to co-ordinate meetings and consultations with partners and provide progress reports to the client at a frequency not greater than of every two weeks.
- 11.2 The chosen supplier must be able to evidence the following core skills:
 - Knowledge and understanding of LEPs nationally;
 - Previous experience of working with LEPs and/or sponsoring Government departments;
 - Specialist knowledge of some or all of the industrial sectors within the BTVLEP area;
 - Proof of providing a similar product in the past and of having produced an economic evidence base;
 - Extensive relationship management experience;
 - Proven abilities to coordinate a successful single piece of work using a plethora of inputs and handling a myriad of stakeholders; and
 - Political astuteness, both locally and nationally.
- 11.3 As indicated, we would also expect a demonstration as to how the proposal utilises 'non-traditional' data sources to help us to evidence the current capabilities of the BTVLEP Industrial Base and to forecast/quantify future impacts of industrial change.

Budget

11.4 Bids beyond the range of £80,000 - £100,000 (excluding VAT) will not be considered. Bids should include any expected levels of disbursements to be charged.

Indicative Timescales, Milestones & Outputs

- 11.5 The indicative timetable for completing this work is as follows;
 - RFQ released: 27th April 2018
 - Clarifications: 27th April to 4th May 2018
 - RFQ response returned: 18th May 2018 no later than 12 noon
 - Evaluation panel: Wed 23rd May 2018
 - Panel Presentations: Friday 25th May 2018
 - Award decision and notification: Friday 25th May 2018

PHASE ONE: EVIDENCE BASE & ANALYSIS (June – July 2018)

- Inception Meeting & Contract commencement: Tue 29th May 2018
- Draft Evidence Base circulated to Steering Group & BTVLEP Board: 16th July 2018
- Evidence Base Presentation to the BTVLEP Board & Steering Group: 24th July 2018

PHASE TWO: VISION & EXECUTIVE SUMMARY (August – Sept 2018)

- Draft LIS Vision circulated to Steering Group & BTVLEP Board: w/c 24th September 2018
- LIS Vision Presentation to the BTVLEP Board & Steering Group: 5th October 2018

PHASE THREE: PRODUCTION OF FINAL LIS (October – November 2018)

- Draft Final LIS circulated to the BTVLEP Board & Steering Group: w/c 23rd November 2018
- Draft Final LIS presentation to BTVLEP Board & Steering Group: December 2018/January 2019 (Date TBC)
- 11.6 Given the interdependency with LEPs across the corridor area, the date for the final delivery of the Local Industrial Strategy is fixed and not capable of being moved.
- 11.7 As far as outputs and deliverables are concerned, we envisage the following key deliverables;

• Phase 1:

- o Detailed inception meeting to frame deliverables for each stage of LIS development
- o Analysis of evidence and supporting material, strategies and documentation
- Alignment with Industrial Strategy Foundations of Productivity and Grand Challenges
- Evidence Base and analysis
- o Presentation of findings to Steering Group and BTVLEP Board

• Phase 2

- o Identification of key capabilities, strengths, clusters and opportunity areas
- o Statement identifying the potential for ambitious economically led growth
- Formulation of ambitious, high-level vision for Buckinghamshire and its relationship to the Corridor, which provides the framework and direction for engagement of further detailed work with Government
- o Various stakeholder workshops to test the emerging strategy and propositions
- o Interim Report Vision
- Presentation to Steering Group and the BTVLEP Board

Phase 3

- Final report and strategy which relates to the key principles detailed in the brief and the ambitions of the White Paper
- A high-level Delivery Plan identifying projects, lead delivery partners, timetable and budgets required to support further negotiation with government
- o Presentation of final Buckinghamshire LIS to Steering Group and the BTVLEP Board

Core Outputs

- A freestanding report comprising the evidence base and data analysis which supports the LIS, which can be interrogated and used for dialogue with Government;
- An Interim report setting out key findings from the evidence exercise and the preferred options for the LIS, its focus and objectives
- A final report setting out the vision, strategy potential of the Corridor which sets out opportunity for investment in thematic and sectoral areas of strength for Buckinghamshire
- Powerpoint and pdf slidepack summarising data analysis, evidence base, vision and the strategic case for the LIS for use and briefings across stakeholders and Government
- High level delivery plan setting out investment opportunities and funding options in the ecosystem, sectors and clusters
- Final report to be produced in Word and PDF format including the provision of 100 copies in hard copy, high resolution print format for partner briefings
- Digital material, infographics and collateral which can be used on social media, online and digital platforms
- 11.8 Shortlisted suppliers will be notified by Wednesday 23rd May and be invited to a panel interview at the BTVLEP offices in Saunderton on Friday 25th May 2019. All tenders should clearly state the key point of contact for the supplier and their contact details.

12.0 Further information

12.1 For any further information, please contact;

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