



Berkshire
Economic Strategy
2025 - 2035

Welcome

This Strategy represents an exciting opportunity to collaborate as six Unitary Authorities to deliver unparalleled growth for Berkshire by 2035.

We are well represented in the eight growth-driving sectors identified in *'Invest 2035 : the UK's Modern Industrial Strategy'*. We will capitalise on our sector strengths, and we will look to work with public and private partners to invest to support innovation and growth where it will have the greatest impact over the next decade.

Berkshire is already one of the UK's most successful economies - we are home to an enviable range of the UK's most innovative and knowledge-intensive businesses of all sizes; we have highly skilled, qualified and creative residents; and, with London and Heathrow Airport on our doorstep and our access to national and international markets, we are best placed to deliver the UK Government's international trade and investment ambitions.

But we want to make our economy even stronger and more inclusive. This strategy sets out how our six Unitary Authorities and our private sector businesses will work collaboratively to do this. Together, we will make Berkshire a national economic powerhouse, improving the lives of our residents and taking a leading role in implementing the Government's Growth Mission.

We aim to have the most productive and fastest growing local economy in the UK (outside London) by 2035. Our growth will be inclusive, delivering well-paid jobs and improving the living standards for all our residents. This means increasing growth, wages and living standards while boosting quality employment opportunities in Berkshire.

As you read through these pages, you'll learn how we aim to capitalise on our strengths and innovate to address current and emerging challenges in the next decade.

We are well placed to thrive as we move towards 2035. Of course, in this fast-changing world we cannot be complacent. This Strategy is built on a four-part model for growth and five transformational projects. These give us the best chance of achieving our ambitions for Berkshire, whilst contributing robustly to regional and national economic growth.

“As you read through these pages, you'll learn how we aim to capitalise on our strengths”

We have much to be proud of and there are many enablers for future success. The Berkshire Economic Strategy 2025-2035 gives us even more reason to feel optimistic about our future.

Cllr. Stephen Conway, Chair of the Prosperity Board

Berkshire Economic Strategy 2025-2035 – Executive Summary

Committed to working together to deliver exceptional productivity and employment growth, Berkshire's six Unitary Authorities have identified opportunities to significantly boost the benefit Berkshire provides to the UK economy by 2035.

This roadmap – the Berkshire Economic Strategy 2025-2035 – aims to ensure that Berkshire thrives in the face of future challenges. The strategy has two main aims: to provide a compelling case for investment in five transformational projects, and to define the set of collaborative actions that will deliver an ambitious vision for Berkshire.

Mitigating the impact of global trends at local level

Our plan is to capitalise on Berkshire's strengths while outlining actions to mitigate emerging and wider challenges. We benefit from a highly skilled workforce, an excellent national and global business location, and a rich range of businesses, from global giants to specialised SMEs.

In spite of our enviable position, we are, like other regions of the UK, vulnerable to global trends. We must ensure these do not prevent us from reaching our goals by 2035.

The mega trends shaping this Strategy

- **Weaker productivity growth in Europe** and accelerating growth in developing areas of the world.
- **Technological change** and the emergence of disruptive technologies.
- **The move to net zero** is creating new jobs and a green economy but risks increasing costs for businesses.
- **A growing and ageing population** together with a declining birth rate, reducing the size of the working-age population.

A collaborative and resilient strategy for growth

The Strategy sets out **four focus areas**. We will use these as a framework for analysing our competitive advantages and performance, managing delivery and measuring impact.

1. Economic Productivity
2. Business Performance
3. People, Work and Skills
4. Business Environment

Within each focus area, we set our evidence-based rationale for action, indicators and key metrics. Each of these focus areas has its own opportunities to develop, as well as barriers to overcome.

Underpinning the focus areas, we propose **five transformational projects** for investment.

- Innovate Berkshire
- Export Powerhouse Berkshire
- Berkshire's Productivity Heroes
- Creative Digital Skills Academy Berkshire
- Growing and transforming Berkshire together

These projects are designed to contribute towards achieving our vision for exceptional productivity and employment growth.

The Berkshire Economic Strategy represents an opportunity to not only put Berkshire in the spotlight by 2035, but also to deliver multiple benefits for the UK by supporting Invest 2035, the UK's Modern Industrial Strategy.

Our vision is that, by 2035, Berkshire will have the most productive and fastest growing local economy in the UK outside of London. Our strategic aim is to grow the Berkshire economy by 3% per annum in real terms from £52.5bn to £70.5bn and to increase employment by 6% from 601,000 to 637,000 between 2025 and 2035.

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Introduction

The Berkshire Economic Strategy 2025-2035 has been commissioned by the six Unitary Authorities. They are committed to working together to deliver exceptional productivity and employment growth over the next ten years and to maximise the benefit Berkshire provides to the UK economy.

Our aim in producing the Berkshire Economic Strategy 2025-2035 is twofold; firstly, to provide a compelling case for investment in our five transformational projects and, secondly, to define the set of collaborative actions that will deliver our ambitious vision for Berkshire.

This will not be growth at any price; we are dedicated to achieving ‘good growth’¹ that balances economic success with the best quality of life, health and wellbeing for our people, conserves our precious natural resources and respects the environment.

Ours is not an ‘everything’ strategy. It sets out a collaborative and targeted approach to achieving the maximum strategic impact within a clearly defined scope. This comprises economic and business performance and the specific workforce, skills and underpinning infrastructure that together will deliver exceptional productivity and employment growth. It emphasises inclusive and environmental sustainability, ensuring that everyone is able to contribute to and benefit from Berkshire’s future success.

This strategy sets the framework for our public, private and voluntary sectors to work together at the right spatial level to secure Berkshire’s future economic prosperity. This collaborative approach is crucial to designing and delivering effective support to grow our economy in an efficient, dynamic and well-informed way. It enables us to make a clear case for investment to government and investors.



Figure 1: Thames Valley Science Park

Our strategy directly complements the ‘*Invest 2035 : the UK’s Modern Industrial Strategy*’ which was published in October 2024. The UK’s Industrial Strategy primary objective is to “drive growth” by focusing on strategic growth sectors and places, and capturing a greater share of international investment. Its ‘pro-business’ environment includes policies directed towards people and skills, innovation, energy and infrastructure, the regulatory environment, crowding in investment, and international partnerships and trade. We recognise that, as one of the UK’s most dynamic and internationally-oriented economies, Berkshire has a particular responsibility to make the best use of its talents and assets to deliver national, as well as local ambitions.

¹ *Good growth for cities PWC 2023*

The Berkshire Economic Strategy (2025-2035) complements the district and borough's economic plans that have a more localised focus. It also supports other thematic plans and strategies, including the Local Skills Improvement Plan (LSIP), local transport plans and strategies and plans being developed by the Berkshire Local Visitor Economy Partnership (LVEP).

The Berkshire Prosperity Board is responsible for the successful delivery of the strategy. The Berkshire Business Board has a crucial role in advising and guiding the Berkshire Prosperity Board, ensuring that we make targeted interventions at the right time in the right way that best benefit our businesses.

Berkshire's success story

Berkshire lies at the heart of the Thames Valley growth corridor. This area, to which Berkshire makes a leading contribution, has the highest productivity per job outside London. In 2022, 10.1% of the South East's businesses were located in Berkshire, providing 17.1% of the South East's GVA². Between 2018 and 2022, during the major economic challenges of the Covid 19 pandemic and the UK exit from the European Union, our growth in output averaged 5.5% per annum³, while the wages of Berkshire residents grew by 12.41% in the five years to 2023⁴.

Our location is undoubtedly a factor in our economic success. Our proximity to London, access to UK markets through excellent road and rail connections and to markets abroad through the UK's premier airport, Heathrow. These make Berkshire a leading location for world-class businesses. Global companies located in Berkshire include Vodafone, Three, Johnson and Johnson, Oracle, Reckitt Benckiser, Fujitsu, Syngenta and Honda, among many other household names.

² Source: ONS regional productivity statistics

³ Source: ONS regional productivity statistics

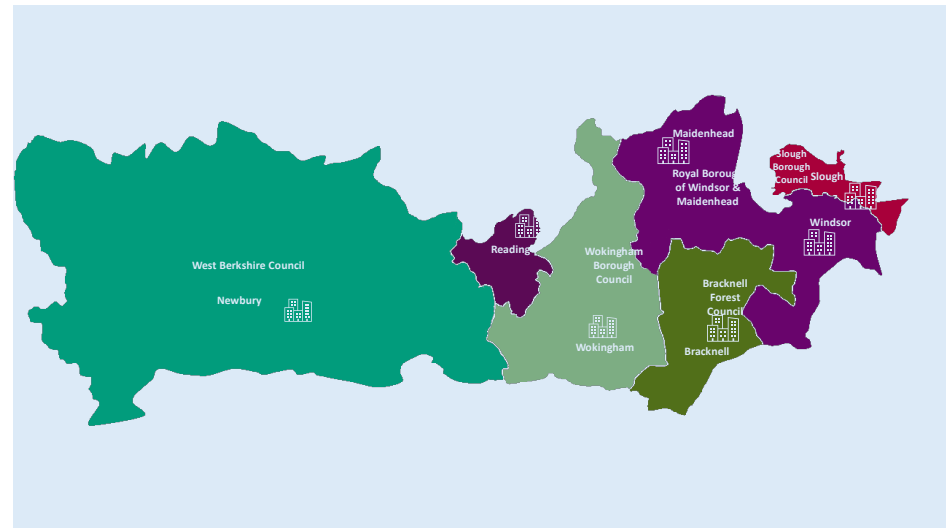


Figure 2: The six Unitary Authorities in Berkshire and main settlements

Our extensive base of large global companies creates high-value local employment opportunities and supports local supply chains which contribute to growth, productivity and the prosperity of our people. Our SMEs include many innovative, highly productive knowledge-based companies in more than 20 specialised sectors, adding to the diversity of our economic base.

⁴ Source: ONS Annual Survey of Hours and Earnings

Berkshire Economic Strategy 2025-2035

Ours is a technology and knowledge-intensive economy. The IT sector continues to be a major driver of Berkshire's economic growth and productivity but is rapidly diversifying into subsectors such as *Data Infrastructure*, *Software as a Service (SaaS)* and *Artificial Intelligence (AI)*. High-value specialisms such as *Life Sciences* and *Biopharmaceuticals*, *Media & Publishing*, *Medical Technology* and the *Screen Sector* make a rising contribution to our economy and the range of highly skilled employment on offer; these enhance Berkshire's identity as centre of innovation-based growth.

Our skilled and qualified workforce is a key advantage. Berkshire is an excellent place to live. It combines the benefits of fast rail connections to London and the west with the attractions of historic towns such as Windsor, Wokingham and Newbury, the vibrant urban life of Reading and Slough and the popular towns of Bracknell and Maidenhead. Our forward-looking approach means that substantial business and population growth has been achieved, while retaining large rural areas, green spaces and outdoor amenities. These assets continue to attract our highly skilled resident workforce and support our visitor economy.

Berkshire is one of the UK's most productive and internationalised economies. Our economic contribution stretches much wider than our administrative boundaries, benefitting the South East and the UK, as a whole. We know, therefore, that our location and our businesses will make a major contribution to the Government's ambitions to deliver its Modern Industrial Strategy. Together, we are ready to step up to the challenge to do this.

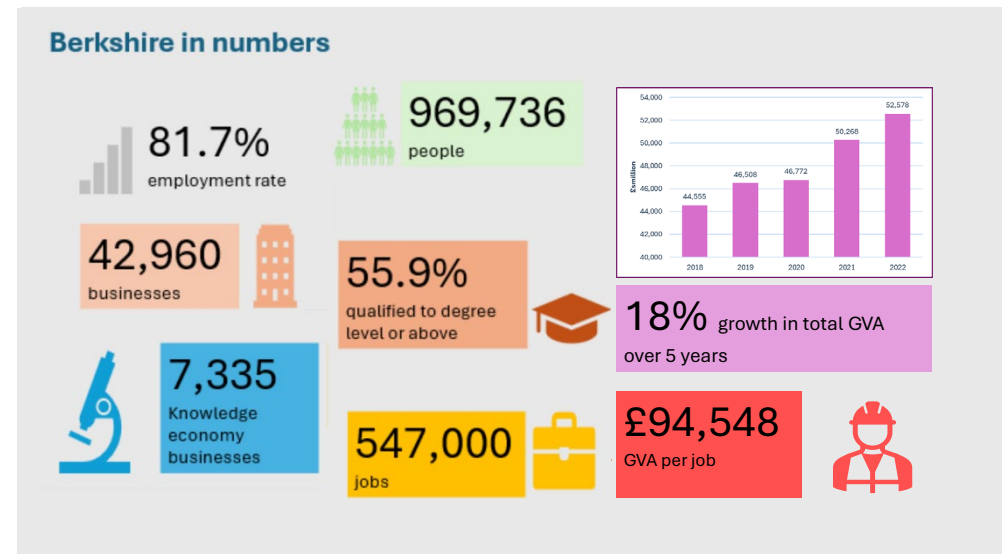


Figure 3: Infographic of key economic data

Future Berkshire

We cannot afford to stand still if we are to deliver our aim of exceptional productivity and employment growth over the next decade. Productivity growth is important – without growth, wages and living standards will not rise and we will not be able to address the social challenges that many of our residents still experience. Simultaneously, we intend to increase quality employment for our highly qualified workforce. Mega trends and macro level challenges that must be factored into our Economic Strategy are:

- **Global economic trends:** weaker productivity growth in Europe and accelerating growth in less developed areas of the world are profoundly influencing the flows of global business investment.
- **Technological change:** disruptive technologies such as Artificial Intelligence, Big Data, the Internet of Things and Quantum Computing are rapidly transforming not only the IT sector (the bedrock of Berkshire’s economy), they are also affecting all technology-intensive and technology-dependent businesses which make up a rapidly growing proportion of the whole economy.
- **Climate change:** sustainable economic growth is no longer an optional extra. While achieving net zero brings opportunities for green jobs and the green economy, it can increase costs for businesses and, at a macro level, is likely to weaken growth and increase inflation.
- **Population change:** Berkshire is not alone in facing a growing – and ageing – population together with a declining birthrate. This places pressure on public services and reduces the size of the working-age population.

Our response to mega trends and challenges

Challenges bring opportunities as well as threats. While we cannot influence global forces at Berkshire level, we can take actions to capitalise on the opportunities they provide and foster adaptability and resilience in our businesses and workforce. These mitigating actions are woven throughout our strategy.

Mega trends	Challenge	Strategic Response
Global Economic Trends	Global locational shift of business investment	Large company retention and support for high growth SMEs
Population Change	Shrinking working age population	Encourage workforce retention and returners to the labour market
Climate Change	Net Zero pressures cause viability challenges for SMEs	Support new green economy businesses, skills & jobs; and help SMEs to adapt
Technological Change AI, Big Data, IoT etc	“Traditional” IT globals downsize or disinvest	Support new technology specialist companies and build SME and workforce resilience

Figure 4: Megatrends, challenges and our strategic response

Our competitive advantages

Using an extensive range of metrics⁵, we have assessed our performance against three comparators with similar economic and demographic characteristics: Utrecht in the Netherlands, Buckinghamshire and Oxfordshire⁶. All the comparators have highly educated populations, a high quality of life, knowledge-intensive economies and are relatively specialised.

Utrecht has a particularly strong *Life Sciences* sector, as well as *Digital Media* and a large *Environmental Sustainability* industry or green economy. The population is highly educated and quality of life is high. Like Berkshire, Utrecht forms part of the hinterland of the national capital and has rural as well as densely populated areas. Transport times to Amsterdam are similar to those from Berkshire to London.

Oxfordshire is an aspirational comparator for Berkshire in relation to higher-level skills, intellectual property (patents), innovation and research and development as well as employment in *Science, Technology & Engineering*⁷.

Buckinghamshire leads among the comparators on the *Creative Content* sector, has a high concentration of *Screen Sector* businesses and performs particularly well on exports, running a trade surplus, one of the few areas outside London to do so.

Key metric/ rank	1st	2nd	3rd	4th
GVA per job 2022	Utrecht £95,249	Berkshire £94,548	Oxfordshire £64,638	Bucks £64,564
Growth in GVA per job 2018-2022	Berkshire 11.09%	Utrecht 10.52%	Oxfordshire 7.07%	Bucks 1.81%
Employment growth 2018-2022	Berkshire 6.42%	Oxfordshire 6.03%	Buckinghamshire 5.53%	Utrecht 4.46%
Employment rate 16-64 in Dec 2023	Oxfordshire 83.8%	Berkshire 81.7%	Buckinghamshire 81.2%	Utrecht 78.1%
Workforce qualifications RQF4 +	Oxfordshire 60.5%	Utrecht 56.4%	Berkshire 55.9%	Bucks 54.5%

Table 1: Performance on key economic metrics, Berkshire and the comparators

Going forward, we will set targets and measure our progress against the five key metrics in Table 1 and their related targets, as well as the secondary targets and indicators, in our strategy and action plan. To date, Berkshire is ranked first among the comparators on growth in GVA per job and employment growth. We intend to build on this performance and create exceptional productivity and employment growth over the next ten years.

⁵ See accompanying Technical Annexe for full evidence base

⁶ See accompanying Methodology Annex for details

⁷ Source: UK Competitiveness Index 2023

Our analysis⁸ shows that Berkshire’s top eight competitive advantages underpin our growth and productivity performance. These are:

1. **A super-productivity, large ICT sector:** we have the highest concentration of ICT companies among the comparators in terms of both percentage share and numbers. 17% of the ICT businesses in the South East are located here – over 6,000 companies in 2023, contributing 29% of Berkshire’s output and 14% of our employment.
2. **An impressively strong knowledge economy:** Berkshire has the highest percentage of knowledge economy businesses among our highly knowledge-intensive comparators, making up 17.08% of Berkshire’s total businesses in 2023.
3. **A highly specialised economy:** we have mapped over 20 high-value specialisms with an estimated combined turnover of at least £1bn. These include, for example, a growing *Creative Content* cluster (including *Screen Sector* and *Media & Publishing* specialisms), *Life Sciences & Biopharmaceuticals*, *Medical Technology*, *Physical Sciences & Engineering* as well as a range of technology sector specialisms such as *Artificial Intelligence*.
4. **A highly internationalised business base** with elevated levels of foreign investment Berkshire’s foreign-owned companies make a disproportionately large contribution to output and employment.
An innovative business population with high expenditure on R&D by large companies, and, among SMEs, a high number of ‘**productivity heroes**’ who achieve both employment and productivity growth.

6. **A notably entrepreneurial culture** with high rates of business start-up and self-employment in relation to our comparators, particularly in the growth hot spots of Reading and Slough.
7. **A highly qualified and skilled workforce** supported by an extensive range of learning providers, including the world-class University of Reading⁹, Henley Business School, excellent FE colleges and a range of public and private sector organisations.
8. **A growth-augmenting business environment** including excellent infrastructure (rail, road and ICT connectivity), successful large-scale developments in retail, office and employment space and a positive record on housing to meet our growing population.



Figure 5: Berkshire’s comparative advantages are all drivers of productivity and growth

⁸ Data and sources can be found in the main chapters of this strategy and the Technical Annex

⁹ QS World University Rankings 2025: Ranked 172nd globally and 25th in the UK

Metrics on which we could do even better are:

- **Business population:** there has been a 5.1% decline in the business population during the five years to 2023, compared to a small growth in Buckinghamshire and Oxfordshire. The losses have been mainly among smaller businesses in the IT sector although we have lost some larger businesses as well.
- **GVA growth at local level:** this has ranged from a growth in GVA per job of 32% in West Berkshire to a decline of 12% in Windsor & Maidenhead between 2018 and 2022. If the below-average areas did as well as Berkshire as a whole, GVA per job would be £110,136 p.a. instead of £94,548 – an increase of 5.1%.
- **Knowledge Economy:** although Berkshire retains its lead among the comparators, the Knowledge Economy share of total businesses has declined by 3.82% since 2019.
- **Exports:** our exports have not yet recovered to their 2017 levels and we run a trade deficit. Buckinghamshire achieves a trade surplus, possibly due to larger and more productive manufacturing and other sectors.
- **Scale-ups:** our percentages of high-growth companies achieving 20% turnover growth per annum is high but not as high as Oxfordshire. Neighbouring Buckinghamshire has increased its share of companies in the £50m+ bracket by 24% while Berkshire’s share has increased by just 2%.
- **Workforce qualifications:** while all the comparators have highly qualified working-age populations, Oxfordshire’s is the most highly qualified with 60.45% of the working-age population holding a qualification at degree level or above. The figure for Berkshire is 55.9%; there are disparities at local level and we aspire to match the performance of Oxfordshire in all areas.

Challenge	Cause	Solutions
Decline in business population	Less resilience in smaller tech businesses and large company relocations	Support businesses in key sectors and work with large companies to minimise relocations
Range in GVA growth at local level	Sectoral structure and lower skilled employment	Work with underperforming sectors to increase productivity and skills
Knowledge economy decline	Mainly IT restructuring and losses in smaller tech companies	See above
Trade deficit	Lower levels of exporting among Berkshire SMEs	Export push targeting companies and sectors with high export propensity
Scale-ups – many good growth companies but more are needed for us to achieve our aims	The causes are not clear but work with growth companies has achieved good results	Productivity Heroes and growth company support
Workforce qualifications	Possible low skills equilibrium in some areas.	Work with companies to raise ambition and drive up demand for skills as well as supporting skills improvement e.g. LSIP

Table 2: Headline areas for improvement and solutions (set out in more detail in the strategy and action plan)

Our strategy

We have developed a four-part model for growth as the basis for the Berkshire Economic Strategy 2025-2035. Our four focus areas form the structure of the strategy and provide a framework for analysing our competitive advantages and performance, managing delivery and measuring impact.

The primary focus of the Berkshire Economic Strategy 2025-2035 is the **growth and productivity performance of the economy** driven by factors such as innovation and the presence of highly productive sectors, clusters and specialisms as well as contributory, interrelated factors: **business competitiveness, people, work & skills and the underpinning business environment, including place, infrastructure and connectivity.**

These align closely with the priority areas and policy focus of the Invest 2035, the UK's Modern Industrial Strategy. Our strategy is inclusive and sustainable, ensuring that everyone is able to contribute to and benefit from Berkshire's future success over the long term.

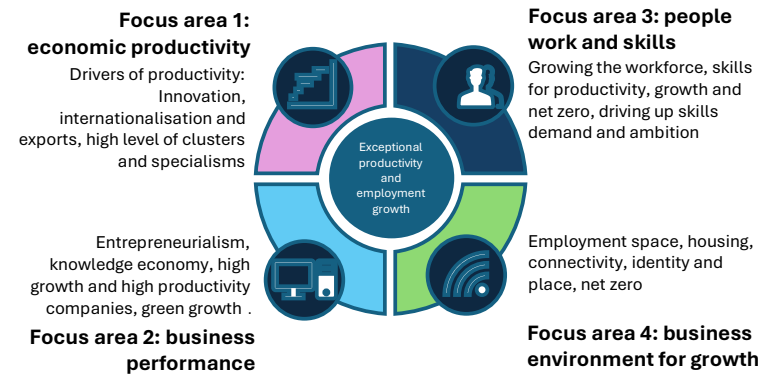
Based on the evidence¹⁰, the following sections set out for each focus area:

- context and rationale for the priority areas for action
- indicators
- key metrics

¹⁰ N.B. Data included in the Economic Strategy are used to illustrate specific points and do not include the full range of data in the Technical Annex which accompanies this Economic Strategy as supporting evidence

We recognise that the direction of the wider economy will be influenced by factors that are often beyond our control. Our indicators and performance measures are set within this context.

In addition to the priority areas for action, we also identify **five transformational projects** for investment which will have a major impact on the achievement of our vision for exceptional productivity and employment growth.



The Berkshire Prosperity Board is responsible for the successful delivery of the strategy. It will be supported by the Berkshire Business Board, which will ensure that the interventions and support reflect real business needs and ambitions. In the action plan to accompany this strategy, each focus area will outline the objectives, priorities for action, milestones, one-year and five-year targets and timescales, as well as the lead organisation and partners.

Our vision

By 2035, Berkshire will have the most productive and fastest growing local economy in the UK (outside London) by creating:

- A business base with superior growth potential that is resilient, nationally and internationally connected and globally competitive.
- An increasing supply of rewarding jobs as well as the skilled and productive people to benefit from them.
- World class, 21st-century infrastructure that drives growth and productivity forward.
- A Berkshire identity that focuses on the future and celebrates pride in our place.

Our strategic aim is to grow the Berkshire Economy by 3% per annum in real terms from £52.5bn to £70.5bn and to increase employment by 6% from 601,000 to 637,000 between 2025 and 2035¹¹.

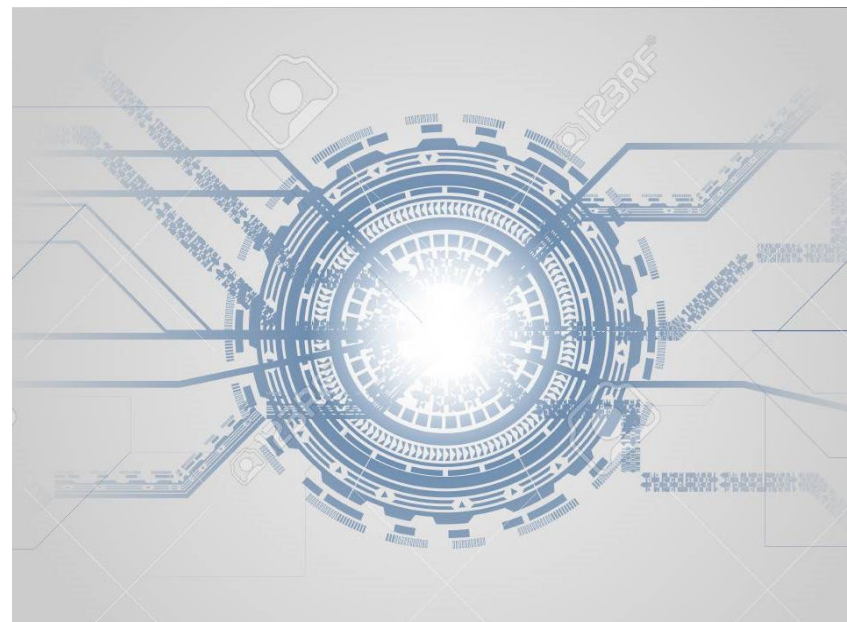
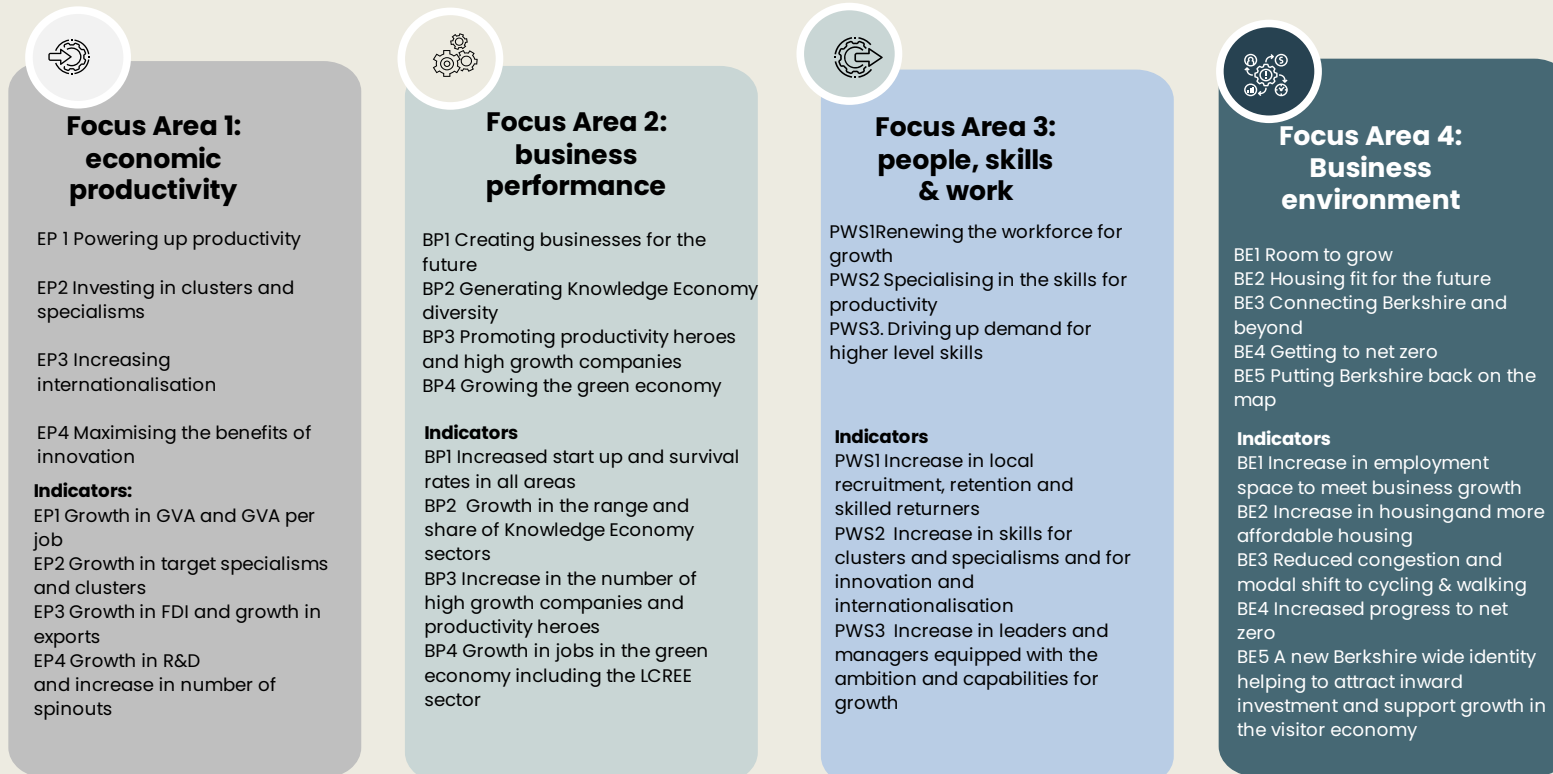


Figure 7: Vision graphic

¹¹ SMART objectives for each focus area will be included in the Action Plan

Our Strategy: focus areas, priorities for action and indicators



Our five transformational projects

Figure 8: Summary of the Berkshire Economic Strategy, focus areas, priorities for action and indicators

Our five transformational projects

These five transformational projects will be underpinned by a renewed approach to inward investment, built on a Berkshire wide proposition that promotes its assets to government and investors.

1. Innovate Berkshire

This will build on [London Higher](#), the corridor linking the Higher Education sector between Berkshire and London, by driving up innovation in our key sectors and specialisms. It will build on research organisations (including Reading University) and work with Government. This will benefit the wider area and not just Berkshire. **Innovate Berkshire** will work with our many R&D-focused large companies to increase innovation diffusion, including exploring opportunities associated with AWE's innovation and expansion plans. Simultaneously, we will develop absorption capacity in SMEs.

Impact: Increase in spinouts. Increase in innovation and innovation diffusion in SMEs

Focus area 1: Economic Productivity

UK Invest 2035 Policy Area: Innovation

2. Export Powerhouse Berkshire

Businesses that export have higher productivity and are more likely to grow¹². In 2021, Berkshire's combined goods and services exports were worth £15.5bn. Given our locational and other advantages – including a range of highly exportable, high value services – we believe this can be substantially increased by targeting businesses in our key sectors with a high export propensity to create a positive trade balance in three years. Through **Export Powerhouse** we will work with Government services, including GREAT and the Business Growth Service, as well as Thames Valley Chamber of Commerce, to develop a pan-Berkshire programme.

Impact: Minimum 10% increase in export value per annum, doubling exports over seven years

Focus area 1: Economic Productivity

UK Invest 2035 Policy Area: International Partnerships and Trade

3. Berkshire's Productivity Heroes

The Enterprise Research Centre (ERC) has pinpointed a national set of 'Productivity Heroes' – businesses that deliver growth in turnover and employment but increase their revenues at a faster rate, hence increasing productivity and making a substantial difference to output. Using the ERC research, we have identified our own growing cohort of **Productivity Heroes**. By identifying barriers, streamlining processes, and fostering a culture of continuous innovation and improvement, we can grow more Productivity Heroes and help local companies maximise their potential, attract investment, and create more high-quality jobs. **Innovate Berkshire** would also deliver our **Productivity Heroes** initiative.

Impact: Increase in Productivity Heroes and performance in SMEs in target sectors

Focus area 2: Business Performance

UK Invest 2035 Policy Areas: Innovation, Regulatory Environment, People & Skills, Energy & Infrastructure

¹² See: [UK trade in goods and productivity: new findings](#)
ONS

4. Creative Digital Skills Academy Berkshire

With studios such as Shinfield and Bray Studios located in Berkshire, as well as the presence of a growing number of *Creative Content* businesses, we have a clear opportunity to address the skills shortages facing the film industry and the wider *Creative Digital* sector. It will create a healthy and thriving creative ecosystem in one of our leading growth sectors. This has the potential to be rolled out to cover shortages in non-technical skills such as strategy development and leadership, which have been identified in our other target sector specialisms.

Impact: Growth in Creative Digital Sector

Focus area 3: People, Work and Skills

**UK Invest 2035 Policy Areas: People & Skills;
Sector Focus: Creative Industries**

5. Growing and transforming Berkshire together

This will be a collaborative project by the six Unitary Authorities with a ruthless focus on the drivers of productivity and growth, including world-class infrastructure. By addressing key challenges and opportunities through a pan-Berkshire lens, rather than individual viewpoints based on local geography, we will drive and deliver change. As a first step, we will bring together our work on housing, employment space, transport town centres, net zero and connectivity infrastructure to develop a strategic view. This will identify the areas for collaborative gain and work across boundaries, including with other contiguous areas such as West London and wider Travel to Work Areas (TTWAs).

A second step will be to identify and assess the feasibility of pan-Berkshire initiatives, such as the Thames Valley Life Sciences corridor.

Impact: Connected and integrated strategy for employment space, housing and infrastructure

Focus area 4: Business Environment

UK Invest 2035 Policy Areas: Working in Partnership with National & Regional Leaders



Figure 9: lab worker testing crops
Source: Syngenta

Focus area 1: Berkshire’s Economic Productivity

Drivers of productivity growth

Productivity growth is concentrated in relatively few sectors, firms and places.

Sectors: Some sectors are much more productive than others; since 1990, productivity has more than doubled in the *Information & Communications* sector but increased by just 0.7% in *Food & Accommodation*.

Specialisms and clusters: specialisms in high-growth, knowledge-intensive clusters make a disproportionately large contribution to productivity, 25% above average¹³.

Internationalisation and exports: Exporters – meaning not only those companies trading abroad but also those trading outside their local markets – make an above-average contribution to productivity and productivity growth. By selling goods elsewhere, exporters bring money into local economies and create growth locally through multiplier effects.

Conversely, local services or firms in the ‘everyday economy’ do not offer much scope for productivity improvements e.g. hairdressers, cafes, dry cleaners.

Innovation: R&D investment has a strong positive effect on productivity, especially in high-tech manufacturing industries and knowledge-intensive services sectors¹⁴.

Skills, business environment and infrastructure also have a major effect on productivity and are covered in the sections covering focus areas 3 and 4 respectively.

Our Economic Productivity indicators

EP1: Growth in GVA and GVA per job

EP2: Growth in target clusters and specialisms

EP3: Increase in Foreign Direct Investment (FDI) and growth in exports

EP4: Growth in R&D expenditure and spin outs

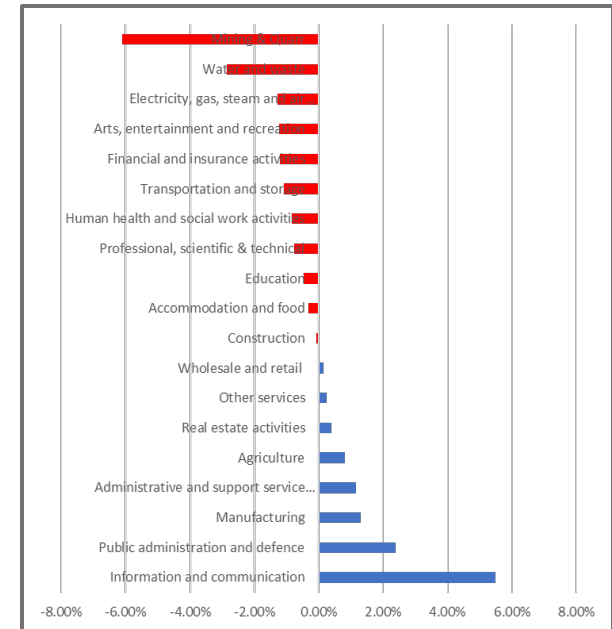


Figure 10: Labour productivity growth/decline by sector 2008 to 2019

Source: *Economica: Diagnosing the UK productivity slowdown V90 Issue 359 pp 707-1088 July 2023 Coyle D. Mei, J-C*

¹³ *European Panorama of Clusters. EU 2019*

¹⁴ *From ideas to growth. BEIS research paper no: 2021/41 NIESR*

Economic Productivity dashboard

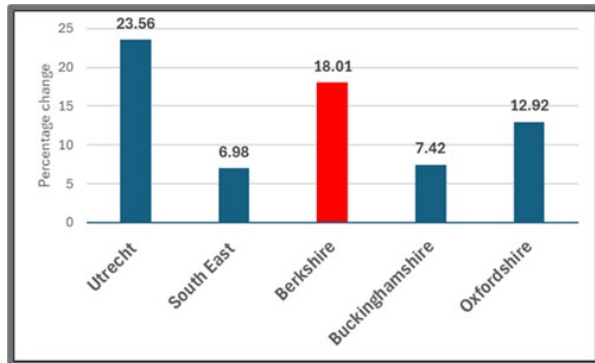


Figure 11: GVA percentage growth in Berkshire and the comparators 2018-2022. Chained Volume Measure (CVM)
Source: ONS regional productivity data and CBS Netherlands

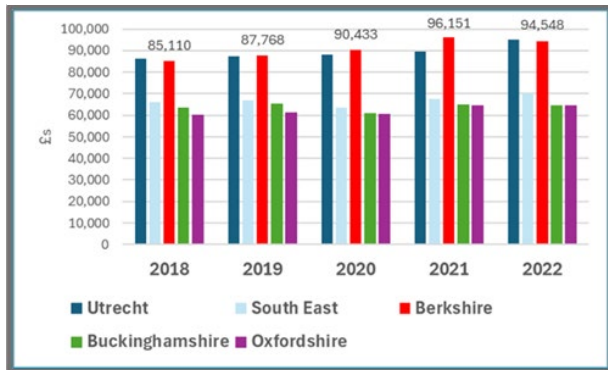


Figure 12: GVA per job in Berkshire and the comparators 2018 to 2022 Chained Volume Measure (CVM)
Source: ONS regional productivity data

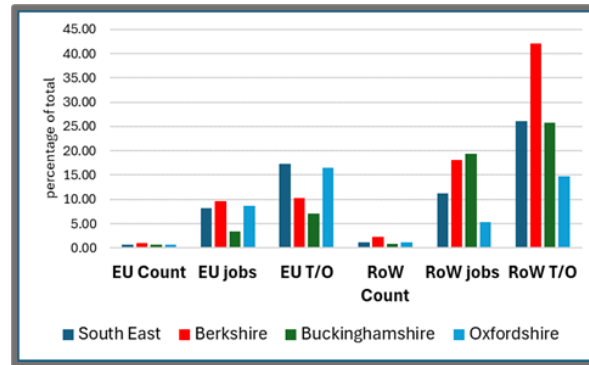


Figure 13: Percentage of enterprises, employment and turnover by UK, EU and Rest of World-owned companies in Berkshire and the comparators
Source: ONS Foreign ownership of enterprises 2023

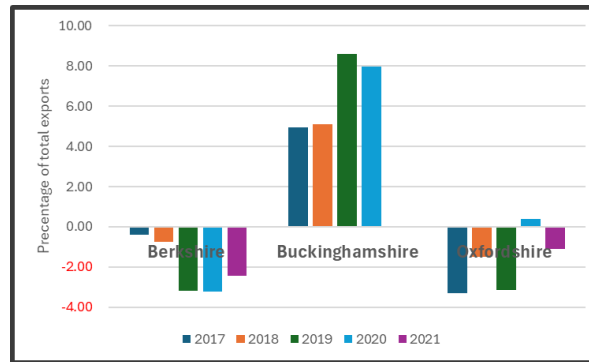


Figure 14: Balance as a percentage of exports in Berkshire and the local comparators 2017-2021
Source: ONS International Trade

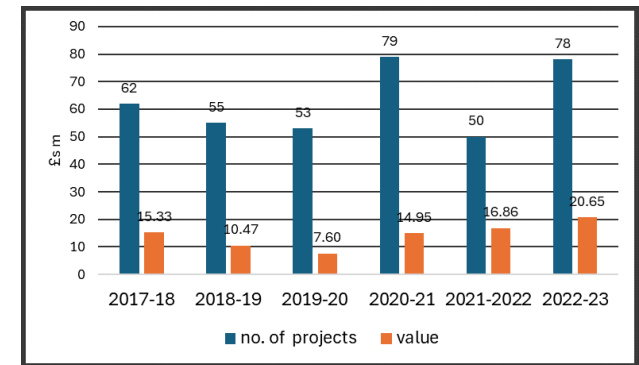


Figure 15: No. and value of Innovate UK projects in Berkshire 2017 to 2023
Source: Innovate UK

Economic Productivity – Berkshire headlines

- With the exception of Utrecht, Berkshire outperforms all the comparators on GVA per job and GVA growth.
- Berkshire is heavily internationalised, with a major contribution in employment and turnover from foreign-owned companies.
- Our exports are worth £15.6bn however Berkshire runs a trade deficit while Buckinghamshire runs a surplus.
- Berkshire performs well on Innovate UK projects and on large company R&D expenditure. However, we could do better on SME R&D.

Powering up productivity

Berkshire's economy is already highly productive. Despite the challenges posed by the Covid 19 pandemic and the UK's departure from the EU, growth in total Gross Value Added (GVA)¹⁵ has averaged 5.5% over the 2019-2022 reference period. This is higher than all the comparator areas except Utrecht. The performance of the *Information & Communication* (ICT) sector, which is very strongly represented in Berkshire, has been a key factor, accounting for 28.5% or £15.03bn of Berkshire's total GVA in 2022.

Using GVA per job, which is a better indicator of productivity, Berkshire outperforms all the comparators except Utrecht. Berkshire has a total GVA per job at £94,548 in 2022.

In Berkshire, our aim is not to maintain but to increase our high rate of GVA growth. Not all the factors are in our sphere of influence however we can target interventions in the areas that will have an impact.

Links to Invest 2035: Promoting productivity is central to the UK Government's Growth Mission, built around eight of the UK's high productivity sectors: Advanced Manufacturing, Clean Energy Industries, Creative Industries, Defence, Digital & Technologies, Financial Services, Life Sciences, and Professional Services. Our strategy focuses on the high growth sectors where we have competitive advantages and opportunities.

Challenges: at local level, both Bracknell Forest and Windsor & Maidenhead have seen declines in total GVA, GVA per head and GVA per job. We think that one reason is that, in both, *ICT* accounts for a smaller

percentage of GVA and *Wholesale and Retail* accounts for the largest percentage of total GVA.



Figure 16: Vodafone HQ Newbury

Our competitive advantages and opportunities: Our historically high growth is a major competitive advantage. We can capitalise on Berkshire's record as a leader of growth in the South East by focusing on the drivers we can influence and that have a large impact: i.e. supporting key clusters and specialisms, inward investment, internationalisation and innovation.

Indicator EP1: Growth in GVA and GVA per job

¹⁵ Gross value added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services. Chained Volume Measure (CVM) adjusts for the

effects of inflation and is sometimes called 'real terms'. The 'current basic prices' measure does not adjust for inflation and is not used in this report.

Investing in clusters and specialisms

Berkshire has a highly specialised economy with impressive strengths in *Information & Communications*: 17% of all the South East’s *ICT* businesses are located here, including global corporations such as Vodafone UK whose 2022 turnover alone accounted for over £5bn. Berkshire has several sub-sectoral specialisms which are growing in importance: e.g. *AI, Cybersecurity, Data Infrastructure* and *Software Development*.

Berkshire is part of one of only eight high-growth *Biopharmaceutical* clusters out of a total of 60 identified by the European Union. This cluster extends across Berkshire, Buckinghamshire and Oxfordshire¹⁶.

The Department for Science, Industry and Technology’s (DSIT) cluster map highlights more than 20 Berkshire specialisms, including *Finance, Research & Consulting in Physical Sciences & Engineering, Data Infrastructure, Medtech, Life Sciences, and Software as a Service (SaaS)*. Berkshire also contains part of the growing *Screen Sector* located to the west of London while *Advanced Manufacturing including Electronics* is also expanding. The growth and proliferation of these specialisms demonstrate business confidence in Berkshire as a location for high skills, high value industries.

Links to Invest 2035: The UK Government will focus its “place-based” approach on areas that have existing and high-potential clusters, giving local areas the tools to support their growth and enabling them to achieve their full potential.

Our Challenges: Berkshire’s historical reliance on *ICT* and large, foreign-owned *ICT* companies could make Berkshire vulnerable to global changes in *FDI* as well as *ICT* industry restructuring.

¹⁶ *European Panorama of Clusters. EU 2019*

Cluster	Location	Stage	Jobs	No. of co.s	T/O £sbn
Life Sciences/ Biopharmaceuticals	Berks, Bucks & Oxon	Established	28,873	630	5.81
Physical Sciences and Engineering	Bray, Reading Thatcham	Established	23,136	255	5.04
Media and Publishing	Newbury, Reading	Mature	12,217	690	4.82
Data Infrastructure	Berkshire	Young	16,349	235	4.53
Software as a Service (SAAS)	Maidenhead Reading	Young	14,993	234	3.48
Medtech	Newbury Reading	Established	11,767	77	3.14
Software development	Berkshire	Established	4,710	323	1.05
Advanced manufacturing including electronics	Berkshire	Mature	10,895	374	3.43
Artificial Intelligence	Newbury Reading	Young	9,781	123	2.31
Screen Sector	Berkshire.	Established	7,600	600	TBC

Table 3: Top 10 clusters and specialisms in Berkshire

Source: DSIT /Data City/ONS/REDA

Our competitive advantages and opportunities: Berkshire has a rich variety of knowledge-intensive specialisms and clusters, providing quarter of a million jobs, on which to build a sustainable growth economy for the future. We also have the acclaimed, research-based University of Reading with strengths in many related areas. A strategic approach to fostering and developing Berkshire’s specialisms, and embedding clusters, meeting specific needs and collaborating across borders will pay dividends.

Indicator EP2: Growth in targeted clusters and specialisms

Increasing internationalisation

FDI: Berkshire is highly successful in attracting foreign direct investment (FDI) and has the highest percentage of foreign-owned companies among our comparators. Foreign-owned companies contribute to Berkshire's total employment and turnover far in excess of their share of the business population. Rest of the World-owned (RoW) companies account for 46% of Berkshire's total turnover and provide 28% of Berkshire's jobs, testament to our attractiveness as a business location and the skills of our people.

Trade: There is a positive link between trade, openness and growth. The Organisation for Economic Co-operation and Development (OECD) analysis suggests a 10% increase in openness is associated with a 4% increase in income per head¹⁷ and exporting firms show notably greater levels of productivity¹⁸. Berkshire has a good record on exports which were worth £15.4bn in 2021, in spite of the challenges of the Covid 19 pandemic.

Links to Invest 2035: The Government's Industrial Strategy is "international from the start". One of its key goals is to capture a greater share of international mobile capital, whilst removing trade barriers and improving customs and border processes and developing international partnerships are crucial to growth.

Our challenges: The competition for FDI is intensifying due to global changes in FDI patterns; trends are towards increased investment in developing economies and a corresponding downturn in Western Europe, fewer, more capital-intensive projects and reshoring due to the COVID-19 pandemic which highlighted supply chain vulnerabilities¹⁹. We must

¹⁷ *Trade and Employment in a Fast-Changing World*, Newfarmer, R. and Sztajerowska M, OECD

increase our efforts to continue to attract and, particularly, retain FDI. In terms of trade, our exports have not recovered to their 2017 level and we have a trade deficit. Buckinghamshire, next door, runs a trade surplus.

Our competitive advantages and opportunities: Berkshire remains a highly attractive destination for FDI and we will improve and promote our offer and increase support for those companies who are already here.

Our locational advantages and strengths in tradeable goods and services and in sectors with a high export propensity means that we can increase exports and the numbers of exporting firms.

If we increase exports by 10% per year, we will double their value in seven years to £30.8bn.

Because export growth has such a high potential contribution to make to economic growth, we have highlighted **Export Powerhouse Berkshire** as a **Transformational Project**.



Figure 17: Export shipment

Indicator EP3: Increase in Foreign Direct Investment (FDI) and growth in exports

¹⁸ See: *UK trade in goods and productivity: new findings* ONS

¹⁹ *The great industrial migration* FDI Intelligence

Maximising the benefits of innovation

Innovation, i.e. the development, application and spread of modern technologies, products and services. is one of the main drivers of productivity and wider economic growth²⁰. Research and development (R&D) activity is often used as a measure of innovation and Berkshire performs well on company expenditure on R&D²¹; Berkshire's businesses spent an estimated minimum of £3.1bn in 2022 although the real figure is likely to be higher²². Companies in Berkshire with the highest expenditure on R&D include Reckitt Benckiser, Lqvia, Mars, HP, and Oracle. AWE is planning a major expansion and will be increasing their already high R&D expenditure.

Berkshire organisations are also successful in obtaining Innovate UK funding, securing 377 UK projects between 2017 and 2023 with a value of £85.66m. Half went to large companies, academic and other institutions and the remainder to SMEs.

Links to Invest 2035: The Government aims to build on the UK's world-class research base by improving the adoption and diffusion of the country's innovation expertise, ensuring that it translates better to domestically produced commercial goods and services.

Our challenge: Ensuring that our SMEs and smaller companies in key sectors benefit from R&D diffusion is a challenge for future productivity and growth. Numbers of spin outs are small in relation to comparators. Our comparators, particularly Oxfordshire, have very high expenditure on R&D and actively compete for Innovate UK projects.

²⁰ *Productivity, innovation and R&D* The Productivity Institute

²¹ R&D expenditure data is not available at local level but indicative figures from Beauhurst indicate a minimum expenditure of £3.1bn in 2022

Our competitive advantages and opportunities: Berkshire is home to many large companies with high expenditure on R&D which is likely to be a contributory factor in our outstanding productivity record. As well as the University of Reading, a highly ranked, research-intensive university, we have the Thames Valley Science Park which aims to spark innovation by providing research and innovation space. The opportunity is to spread the benefits of large company R&D activity, by supporting diffusion, absorptive capacity and take-up in SMEs, as well as supporting SMEs themselves to innovate and to encourage more spinouts.

Because innovation is a key driver of productivity and many Berkshire companies are innovation leaders, we have highlighted **Innovate Berkshire** as a Transformational **Project**.

Indicator EP4: Growth in R&D investment and increase in number of spin outs



Figure 18: Lab scientist

²² The data are drawn from companies tracked by Beauhurst which includes the majority of large multinationals but a minority of the SMEs population. Nevertheless, it is useful for observing trends.

Berkshire’s Economic Productivity: summary of priorities

Priority area for action	Our competitive advantages and opportunities:	Indicator	Solutions
Powering up productivity	Our historically high growth is a major competitive advantage We can capitalise on Berkshire’s record as a leader of growth in the South East by focusing on the drivers we can influence, i.e. supporting key clusters and specialisms, inward investment, internationalisation and innovation.	Indicator EP1: Growth in GVA and GVA per job	See EPs 2, 3 & 4.
Investing in clusters and specialisms	<p>Berkshire has a rich variety of knowledge-intensive specialisms and clusters, providing nearly quarter of a million jobs, on which to build a sustainable growth economy for the future.</p> <p>We also have the acclaimed, research-based University of Reading with strengths in many related areas. A strategic approach to fostering and developing Berkshire’s specialisms, meeting specific sector needs and collaborating across borders will pay dividends.</p>	Indicator EP2: Growth in target clusters and specialisms	<p>Agree top three clusters for support and map in detail including across borders.</p> <p>Work with University of Reading, Growth Hub, and research organisations to understand support needs e.g. premises for Life Sciences, sector specific skills.</p> <p>Draw up cluster strategy to embed and develop clusters and implement</p>
Increasing internationalisation	<p>Berkshire remains a highly attractive destination for FDI and we have an opportunity to re-articulate our offer and increase support for those companies who are here.</p> <p>Our locational advantages and strengths in tradeable goods and services mean that we have an opportunity to increase exports and numbers of exporting firms. If we help to increase exports by 10% per year we will double their value in 7 years to £30.8bn.</p> <p>Transformational project: Export Powerhouse Berkshire</p>	Indicator EP3: Increase in Foreign Direct Investment (FDI) and growth in exports	<p>Produce Berkshire offer for new FDI companies.</p> <p>Track inward investing companies and set up CRM system.</p> <p>Collaborate across Berkshire and boundaries to support existing foreign owned companies.</p> <p>Work with TVCC and Growth Hub and strengthen alignment with the national Business Growth Service to target/ support known exporters and companies in sectors likely to export and identify markets.</p> <p>Work with Heathrow Airport to increase trade links with potential export destinations.</p>
Maximising innovation	<p>Berkshire is home to many large companies with high expenditure on R&D which is likely to be a contributory factor in our outstanding productivity record. As well as the University of Reading, we host the Berkshire Innovation Centre which aims to stimulate innovation by providing research and innovation space. The opportunity is to spread the benefits of large company R&D activity, including AWE, by supporting diffusion, absorptive capacity and take-up in SMEs, as well as supporting SMEs themselves.</p> <p>Transformational project: Innovate Berkshire</p>	Indicator EP4: Growth in R&D and increase in number of spin outs	<p>Map large companies with high R&D expenditure R&D and work with top 10 to strengthen links with local research and business support organisations to roll out the benefits to SMEs and encourage spin outs.</p> <p>Through Innovate Berkshire, the Growth Hub and the Business Growth Service, develop a coordinated approach to supporting SMEs with advice on R&D grants, tax benefits, patenting, university partnership, creative IP, scaling up, licensing, etc.</p> <p>Establish a programme of support for SMEs in supply chain sectors to increase absorptive capacity for R&D.</p>

Focus area 2: Berkshire's Business Performance

In the Economic Strategy, we are particularly interested in those businesses which will deliver **exceptional growth and productivity gains**. We have a strong record in delivering high productivity as well as productivity growth. Berkshire's business population of 42,950 demonstrates a marked propensity towards knowledge-based businesses which tend to be more productive. A third of our businesses are found in two knowledge-intensive sectors; these are *Information & Communications* and *Professional, Scientific & Technical*.

Using the more focussed ONS definition²³, we have a significantly higher percentage of **Knowledge Economy** businesses than our comparators: 17.4% compared to 12.83% in Buckinghamshire and 12.30% in Oxfordshire²⁴. However, our Knowledge Economy is very dependent on the IT sector which is restructuring and has shown some lack of resilience during recent economic challenges. Berkshire is highly entrepreneurial: our **business start-up rates** as a percentage of

²³ *Medical Devices: Pharma / Biotechnology: IT services: Communication: Computing and Advanced Electronics:*

active enterprises are also significantly higher than in the comparators, although our survival rates are lower.

We have significant numbers of **high-growth firms**. An estimated 419 of businesses growing at 10% per year of which 263 are growing at 20% or more per year²⁵. Increasing the number of these will benefit productivity. **Reading, Slough and Wokingham** businesses, in particular, benefit from agglomeration effects as well as proximity to the M4 corridor, access to skilled people and a good supply of employment space.

Our focus is on the parts of the business population that can deliver exceptional growth. As well as promoting innovation, clusters and internationalisation, we intend to target our interventions on **start-ups in each of our specialist sectors, diversifying the knowledge economy, high-growth companies and scale ups**. The shift to net zero in the next decade will be a momentous change in our economy. **Growing the green economy** and the *Low Carbon and Renewable Energy Economy* (LCREE) sector and the progress to net zero businesses must be priorities.

Other Technical Consultancy Services: Aerospace & Transport: Creative Content: Software: High-tech Financial Services

Limited resources must be targeted on interventions that will have most impact on creating exceptional growth and productivity. The everyday economy made up of local services and businesses that do not trade outside their locality are important but are not the primary target of this Economic Strategy. Berkshire is a prosperous area therefore we can generally expect viable businesses in the non-tradeable sector to do well without additional interventions.

Our Business Performance indicators

BP1: Entrepreneurialism increased start-up and survival rates in all areas

BP2: Growth in the range and share of Knowledge Economy sectors

BP3: Increase in high growth companies and productivity heroes

BP4: Growth in jobs in the green economy including the LCREE sector

²⁴ Source: ONS UK Business Counts

²⁵ Source: Beauhurst

Business Performance dashboard

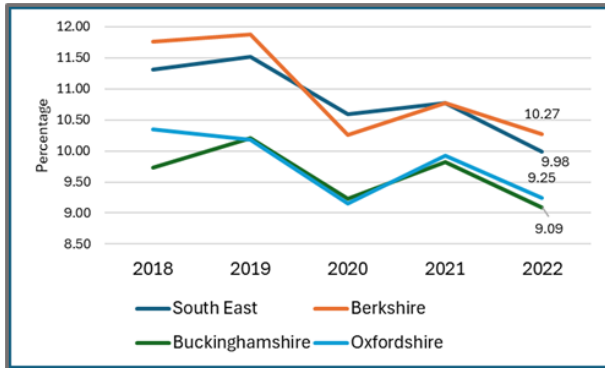


Figure 19: Business births as a percentage of active enterprises in Berkshire and the comparators 2018-2022
Source: ONS UK Business Demography

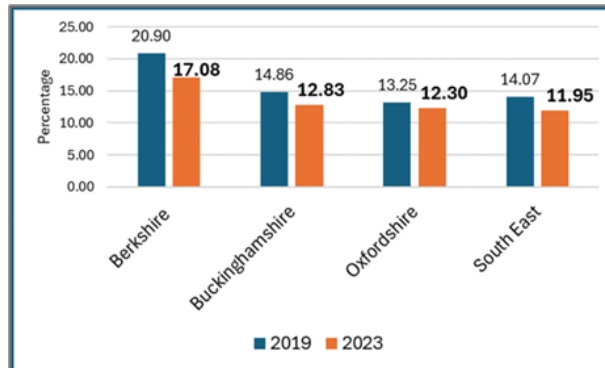


Figure 21: Change in knowledge economy businesses as a percentage of all business between 2019 and 2023
Source: ONS UK Business Counts (enterprises)

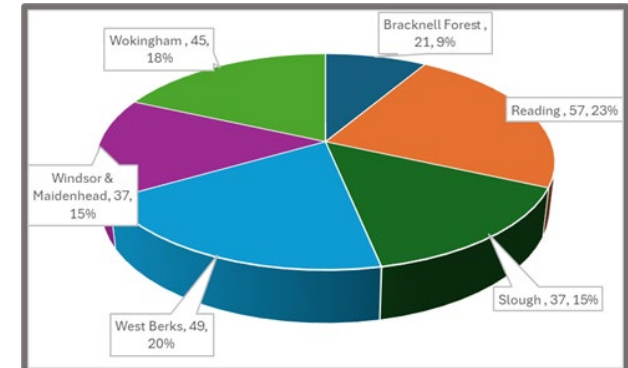


Figure 23: Share of high growth companies by local authority
Source: Beauhurst

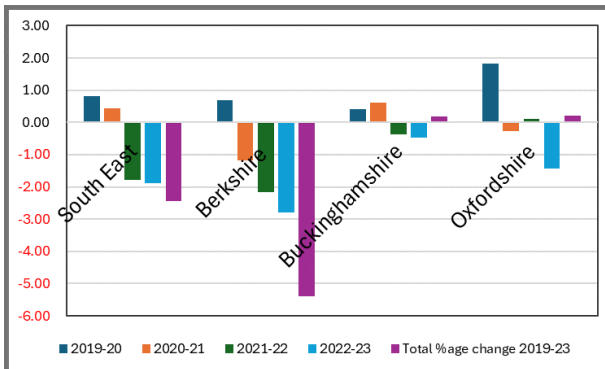


Figure 20: Percentage growth/decline in the business population in Berkshire and the comparators 2019-2023
Source: ONS UK Business Counts (enterprises)

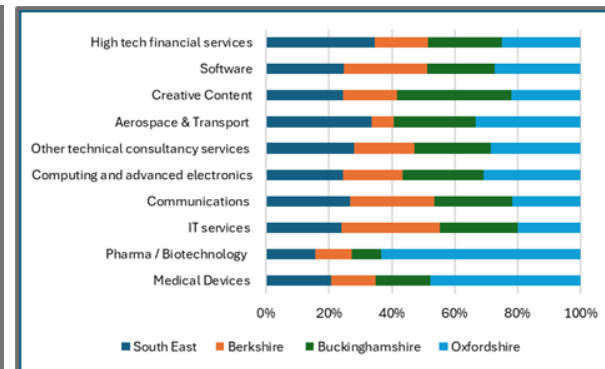


Figure 22: Percentage of Knowledge Economy businesses by sub sector as a percentage of all Knowledge Economy businesses in Berkshire and the comparators, 2023
Source: ONS UK Business counts

Business Performance – Berkshire headlines

- Berkshire has regained its lead among the comparators on business creation after a dip in 2020 although survival rates are lower.
- Berkshire had the greatest decline in the business population between 2019 and 2023, losing many smaller IT companies.
- Berkshire has the highest percentage of knowledge economy businesses, despite a larger than average decline between 2019 and 2023.
- Berkshire does well on high-growth companies. The largest number, 57, of these are in Reading.

Creating businesses for the future

In Berkshire, we outperform the comparators on new business starts, creating 5,870 businesses in 2022²⁶, more than one new business for every ten existing businesses.

Slough and Reading had the highest rates of business creation. High churn rates, i.e. high business closures rates as well as high business creation rates, are regarded as a sign of a dynamic economy.

Slough demonstrates the high churn rate effect; although it had the highest closure rate, it ended the five years 2018-2022, with a net gain of 450 businesses, due to its consistently high business creation rate. Slough also has the highest self-employment rate at 11.4% of the working age population in 2023 demonstrating a highly entrepreneurial economy.

Our challenges: Although high churn rates can be beneficial, net losses of businesses over the reference period in Berkshire may indicate less resilience in some areas, born out by our lower five-year business survival rates.

Our competitive advantages and opportunities: Our very strong record on new business creation and self-employment demonstrates an entrepreneurial and dynamic economy. The opportunity is to provide support to new businesses in target sectors and their supply chains to increase survival rates.



Figure 24: Berkshire Business Growth Hub

Indicator BP1: Entrepreneurialism- increased start up and survival rates in all areas

²⁶ Source: ONS UK Business Demography

Generating greater knowledge economy diversity

Berkshire leads the comparators on the size of its Knowledge Economy. Using the focused ONS definition²⁷, 17.08% of Berkshire businesses were in the Knowledge Economy in 2023 compared to 12.83% in Buckinghamshire and 12.30% in Oxfordshire.

Each of the local comparators has its unique strengths: Oxfordshire has a notable lead on *Medical Devices* and *Pharma/Biotechnology* while Buckinghamshire leads on *Creative Content*. Berkshire has the largest *IT Services Sector*, an essential underpinning subsector for wider economic growth and productivity, making up 62.31% of all Berkshire Knowledge Economy businesses. It's in the growth hotspots of Reading, Slough and Wokingham that Berkshire's Knowledge Economy businesses tend to be clustered. Berkshire is only slightly behind Oxfordshire, the lead comparator on *Software Development*.

Links to Invest 2035: The UK Government's targeted approach to growth focuses on the UK's highest productivity and most internationally competitive sectors and those that could develop a comparative advantage. These are: Advanced Manufacturing, Clean Energy Industries, Creative Industries, Defence, Digital & Technologies, Financial Services, Life Sciences, and Professional & Business Services. It will prioritise sub-sectors within these and develop Sector Plans. The Government's place-based approach will focus on areas that have the greatest potential for developing these growth sectors.

Our challenges: Berkshire is highly dependent on *IT Services* for its outstanding Knowledge Economy performance and smaller businesses in this sector have proved more vulnerable to economic shocks over the

²⁷ *Medical Devices: Pharma / Biotechnology: IT Services: Communication: Computing & Advanced Electronics: Other Technical Consultancy Services: Aerospace & Transport: Creative Content: Software: High Tech Financial Services*

five years between 2019 to 2023. The IT sector, as a whole, is changing and the pattern of very large IT companies headquartering in the Thames Valley is not the model for the future. Our challenge is to diversify the Knowledge Economy while not losing our strengths, capitalising on the growth of specialist sub-sectors such as *AI, Software Development, Cyber Security, Environmental Measurement* and *Medical Technology* as well as the growing *Digital Creative Sector*.

Our competitive advantages and opportunities: Berkshire has a vibrant and successful Knowledge Economy with a range of top-class businesses including global companies and numerous productive and high-growth SMEs. Reading is designated as a digital tech cluster²⁸ and Slough and Wokingham are also growth hotspots. We also have access to university expertise, for example, through the University of Reading's specialist climate-related research and innovation centres and multiple other universities and research institutes nearby.



Figure 25: Cloud Factory, Reading

We can build on our strengths and collaborate with nearby comparator areas as well as universities and research institutes and sector specialist business organisations to diversify our Knowledge Economy.

Indicator BP2: Growth in the range and share of Knowledge Economy sectors

²⁸ Source: Tech Nation

Promoting Productivity Heroes and high-growth companies

Recent research by the Enterprise Research Centre has found that most UK businesses struggle to grow revenue, jobs and productivity simultaneously. Only a small group, called **Productivity Heroes**, around 3% of firms over three years old, managed to increase both revenue and headcount, boosting productivity per worker.²⁹ They tend to be most strongly represented in *Business and Professional Services* (39.5%) as well as *Wholesale and Retail* (24.3%), *Construction* (10.4) and *Manufacturing* (7.9%).

In Berkshire, we have 419 companies growing turnover at 10% per year of which 263 companies are classified as very high growth³⁰ with turnover growing at 20% per year, around a third of which are in our target sectors. The largest share of these high-growth companies is in Reading followed by Slough and Wokingham, the growth hotspots. The recent UBS high growth index³¹ confirmed this trend is continuing with six of the South East's top 50 fastest growing companies located in Berkshire.

Links to Invest 2035: The Government has a targeted approach to supporting businesses, sectors and places that are best placed to deliver productivity growth. This includes focusing on eight sectors (Advanced Manufacturing, Clean Energy Industries, Creative Industries, Defence, Digital & Technologies, Financial Services, Life Sciences, and Professional & Business Services) and identifying clusters in areas where there is the greatest growth potential.

²⁹ *Productivity Puzzles, Long Tails and Productivity Heroes ERC February 2024*

³⁰ *Source: Beauhurst using turnover as a measure but also other indicators including fundraising, listings in various rankings of high growth companies and whether the company is actively hiring*

Our challenge: Although we perform well on high-growth companies, ONS data on high-growth companies suggests we are not increasing our stock of high-growth firms at as high a rate as Buckinghamshire and Oxfordshire.

Our comparative advantages and opportunities: Many of our high-growth companies are found in digital sectors, particularly *Application Software*. We have an opportunity to track and build relationships with these companies, understanding how they have achieved success and spreading good practice so more companies can be encouraged to join the **Productivity Heroes** category. Advice and guidance from the Berkshire Business Board provides us with an outstanding opportunity to take a targeted and coordinated approach to identifying and supporting our productivity heroes and high growth companies.



Figure 26: Business Growth Hub event

Because these businesses make an outstanding contribution to productivity growth and turnover, we have highlighted **Berkshire's Productivity Heroes** as a **Transformational Project**.
Indicator BP3: Increase the number of high-growth companies and Productivity Heroes

³¹ *UBS Fast Growth 50 2023*

Growing the green economy

As businesses face increasing pressures to decarbonise through supply chain and consumer pressures, rising fuel and other costs, the *Low Carbon and Renewable Energy Economy* (LCREE) sector stands to grow through the new market opportunities provided. ONS notes that the turnover of the LCREE sector grew by 28% and employment by 8% in the two years to 2023, indicating the presence of fast-growth firms in this sector.

Green jobs are much wider than just the LCREE sector, however, and a potential source of fast growth as well as better, higher value jobs for the lower skilled. Reading's Economy and Destination Agency (REDA) has an ambition to grow green jobs from 4,200 to 20,000 by 2050 in four main sectors: *Electricity & Gas, Construction, Information & Communications and Professional & Scientific*³². In the short term, jobs are likely to be in construction including retrofit, energy efficiency and electric vehicle infrastructure. In the medium term to longer term, new jobs will be in low carbon services, finance and research and development.

Links to Invest 2035: The Government sees Clean Energy industries as a major driver of global growth, with the UK having a comparative advantage. It aims to capture growth opportunities from the Clean Energy Mission and Net Zero transition, identify and support Clean Energy industrial sectors with the greatest growth potential, and align sector plans with Net Zero and environmental objectives.

Our challenge is to maximise the growth potential of the green economy to create more high-value jobs as well as to make sure Berkshire businesses receive the advice and support needed to decarbonise successfully and, in time, to meet net zero targets. Thames Valley

³² *Towards a green jobs and skills road map for Reading REDA/Shared Intelligence*

Chamber of Commerce (TVCC) research³³ shows that a third of businesses would like more advice, guidance and information, while 49% have yet to measure their carbon footprint.

Our competitive advantages and opportunity

The opportunity is to grow the green economy, creating more high-value jobs and accelerating progress towards net zero. We have partners with significant expertise in decarbonising and growing the green economy including REDA, TVCC, the specialists at the University of Reading and professionals in our local authorities. We have an opportunity to make fast progress on this issue.

We can target the LCREE sector through business support including **Innovate Berkshire** and **Productivity Heroes** as well as through the Growth Hub. Support for our key sectors can help to grow green jobs in the wider economy, building on the work done by REDA. Making sure the right skills are available to support green jobs growth will be crucial. (See also focus area 3: People, Work and Skills).



Figure 27: Go green

Indicator: BP4: Growth in jobs in the green economy including the LCREE sector

³³ *State of the Region TVCC*

Berkshire's Business Performance: summary of priorities

Priority area for action	Our competitive advantages and opportunities	indicator	Indicative solutions
Creating businesses for the future	Our very strong record on new business creation and self-employment demonstrates an entrepreneurial and dynamic economy. The opportunity is to provide support to new businesses in target sectors and their supply chains to increase survival rates.	Indicator BP1: Entrepreneurialism- increased start up and survival rates in all areas	<p>Work with the Growth Hub and the national Business Growth Service to develop a coordinated approach to supporting more business creation for businesses in target sectors using their successful three-stage model for start-up and survival.</p> <p>Work with learning providers to use the new adult learning budget flexibilities to support skills for entrepreneurship (see focus area 3).</p>
Delivering knowledge economy diversity	Berkshire has a vibrant and successful Knowledge Economy with a range of top-class businesses including global companies and many productive and high-growth SMEs. We can build on our strengths and collaborate with nearby comparator areas e.g. on the growing Creative Content sector, AI and other specialisms to diversify our Knowledge Economy.	Indicator BP2: Knowledge Economy diversity: growth in the range and share of KE subsectors	Set up a knowledge transfer network to support IT services businesses and others to diversify into new areas such as AI and creative content.
Promoting productivity heroes and high-growth companies	<p>Our high-growth companies are strongly represented in digital sectors, particularly <i>Application Software</i>. We have an opportunity to track and build relationships with these companies, understanding how they have achieved success and spreading good practice so more companies can be encouraged to join the Productivity Heroes category.</p> <p>Transformational Project: Berkshire's Productivity Heroes</p>	Indicator BP3: Increase the number of high-growth companies and Productivity Heroes	<p>Identify and track high-growth companies and Productivity Heroes.</p> <p>Celebrate their success with awards, seminars, lectures and other publicity.</p> <p>Set up productivity networks for Productivity Heroes and high-growth companies to share good practice with other SMEs through peer-to-peer learning.</p> <p>Produce case studies and reports and publicise them.</p>
Growing the green economy	We have partners with significant expertise in decarbonising and growing the green economy including REDA and Thames Valley Chamber of Commerce who are showing leadership in this area as well as specialists at the University of Reading and professionals in our local authorities. We have an opportunity to make fast progress on this issue.	Indicator: BP4: Growth in jobs in the green economy including the LCREE sector	<p>Support Thames Valley Chamber of Commerce's programme to help SMEs decarbonise.</p> <p>Investigate the potential for creating more circular economy activities and develop initiatives.</p> <p>Work with partners including REDA and the University of Reading and the Growth Hub to support growth in jobs in the green economy and LCREE sector.</p>

Focus area 3: Berkshire's People, Work and Skills

A strong and balanced supply of the right skills is vital for economic growth and a major draw for investors but also supports Berkshire's local services, town centres and the quality of the experience for residents and visitors. The skills required in the economy are constantly evolving and with them, changes are required in local provision.

The Local Skills Improvement Plan³⁴ (LSIP) has extensively analysed what this means for Berkshire and highlighted **six priority sectors**; *Screen Industries, Construction & Built Environment, Health & Life Sciences, Care, Haulage & Logistics* and *ICT* along with four priority areas of transferable skills: *Leadership & Management, Skills for Net Zero, Digitalisation* and *Business & Professional*.

Developing skills is also a key part of developing an inclusive economy. People with higher level skills are able to enter and progress through the labour market by securing better quality and better paid jobs that improve their economic and social well-being, as well as enabling them to be more productive workers.

³⁴ *Berkshire LSIP Thames Valley Chamber of Commerce*

This strategy is intended to complement and not duplicate the extensive work done by the Thames Valley Chamber of Commerce for the LSIP, by the Department for Work & Pensions and other employment support organisations. We focus on those areas on the **skills demand side**, side and those areas not covered in the LSIP, **skills for innovation, export and higher-level specialist skills for our clusters**.

Ensuring the supply of workers and skills at a time of tightening labour market conditions and with an ageing population is a challenge facing many local economies. In Berkshire, the rate of **employment growth** is forecast to slow between 2020 and 2035 but there will still be a net increase of 47,000 jobs. **Replacement demand**, as the workforce ages, is even greater with a predicted further 288,000 positions to be filled by the end of 2035³⁵.

Encouraging returners, retaining young people, keeping healthy older workers in the workforce longer and creating pathways to participation for those who have skills that are in demand but who are currently economically inactive will be crucial.

³⁵ *Labour market and skills projections 2020 to 2035 HMG*

Providing additional support to those furthest from the labour market will have a longer-term beneficial impact, although outside the scope of this Economic Strategy.

Experience shows that, in spite of external skills shortages and internal skills gaps, businesses do not always respond by taking action to upskill or to recruit more highly skilled workers.

'Need' does not always translate automatically into 'demand' and businesses can choose to manage down to the skills they have available internally, adapting strategy accordingly. Some areas in Berkshire show signs of **low skills equilibrium**.

Our People, Work and Skills indicators

PWS1: Inclusive workforce growth: increase in local recruitment, retention and skilled returners

PWS2: Increase in skills for clusters and specialisms, and for innovation and internationalisation

PWS3: Leaders and managers equipped with the ambition and capabilities for growth

People, Work and Skills dashboard

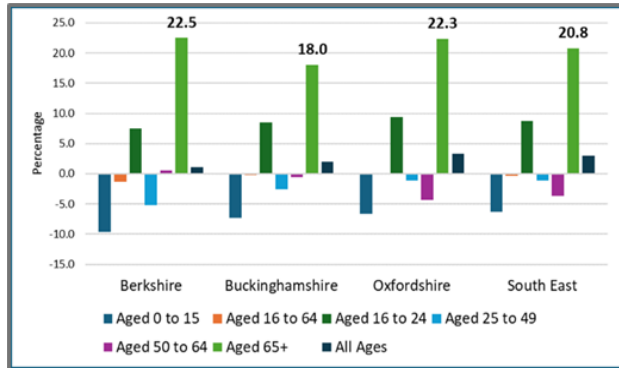


Figure 28: Percentage change in population by age band and by total in Berkshire and the comparators 2025-35
Source: ONS: Population projections

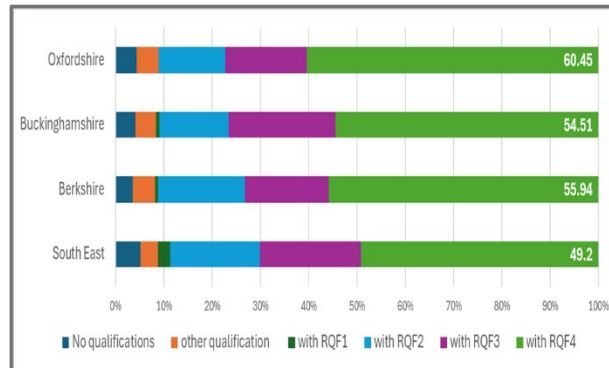


Figure 30: Workforce qualifications in Berkshire and the comparators 2023
Source: ONS Annual Population Survey

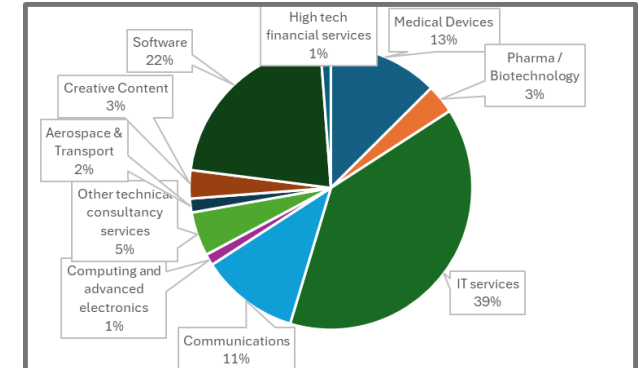


Figure 32: Knowledge economy jobs by subsector in Berkshire 2022
Source: ONS Business Register and Employment Survey

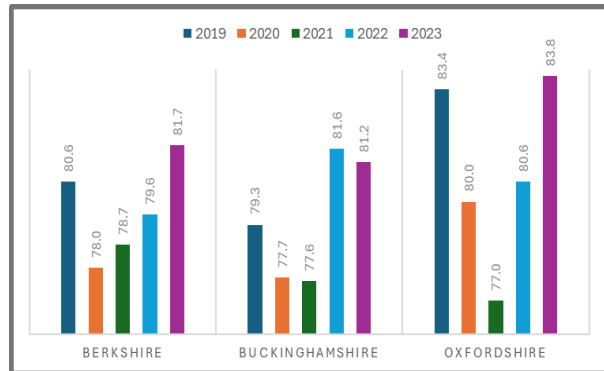


Figure 29: Employment rate in Berkshire and the comparators 2019-2023
Source: ONS Annual Population Survey

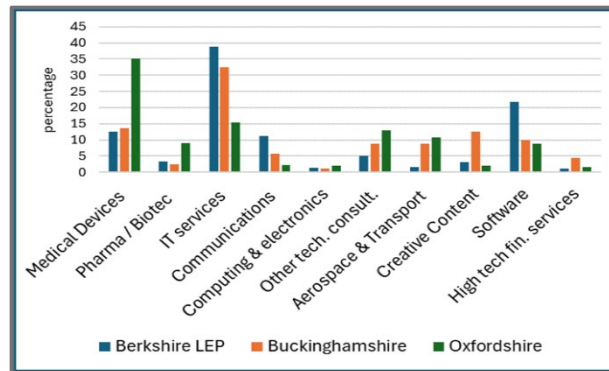


Figure 33: Knowledge economy employment by subsector in Berkshire and the comparators 2022
Source: ONS Business Register and Employment Survey

People Work and Skills – Berkshire headlines

- Although the rate of population growth is slowing, the 64+ group will continue to rise while working age will fall.
- The employment rate in Berkshire and the comparators is already high, making more workers difficult to find.
- The working age population is highly qualified although this varies at local level in Berkshire.
- Berkshire’s knowledge economy employment is highly dependent on the IT Services sector.

Renewing the workforce for growth

Following a high rate of population growth between 2012 and 2022 when Berkshire's population increased by 9.44% – a growth of 82,616 people – population growth is forecast to slow to just 1.1% over the next decade. The working age population aged 25-64 will decrease but the 65+ age group will continue to increase by 36,111 people.

Employment will continue to grow and, together with replacement demand as people leave the workforce, this will mean we are likely to need nearly 335,000 more workers between 2020 and 2035. The highest demand will be at the top end of the occupational spectrum, although skilled trades, care and sales occupations will also see a sharp rise. Our economic activity and employment rates in Berkshire are already high so finding enough workers to fill jobs will be a major challenge. Nor can we look to nearby areas to fill the gaps; our neighbours, Oxfordshire and Buckinghamshire, are facing similar challenges.³⁶

Links to Invest 2035: The Government intends to “get Britain working” by reducing economic inactivity, modernising employment rights and developing a coherent approach to skills, migration and labour market policy

Our challenges: We need to grow the workforce by as much as we can, so that skills and labour shortages do not affect the growth of companies in our key sectors and clusters or businesses may move elsewhere.

Our competitive advantages and opportunities. Our extensive base of large companies offers the opportunity for initiatives of scale to address inclusion, such as local recruitment for skilled returners, encouraging healthy people to work longer, encouraging skilled returners from economic inactivity and taking active steps to retain young people and graduates. We can also target local areas with lower economic activity rates, e.g. Wokingham.



Figure 34: workforce image

Indicator: PWS1: Increase in local recruitment, retention and skilled returners

³⁶ *Labour market and skills projections 2020 to 2035 HMG*

Specialising in the skills for productivity

We will focus on the skills for productivity and growth where we can achieve an impact, concentrating on **skills for our clusters and specialisms** including **Creative Digital** where there is a demonstrable market failure that is not being addressed in other strategies such as the Local Skills Improvement Plan.

We expect technical specialist and professional skills for our target sectors such as computer science, programming, engineering and data analysis to be the responsibility of individuals and companies. These skills are well catered for by higher education providers, professional bodies and private sector specialist training providers e.g. the Code Institute. New lifelong learning loans will assist individuals to take up training, together with the new national jobs and careers service.

The fast-growing *Screen Sector* and wider *Creative Digital* sector are experiencing **skills shortages** which may constrain growth. A factor is the high number of freelancers and self-employed as well as the fragmented nature of industry training in these sectors.

There are also commonly reported **generic skills needs** across our target specialisms and clusters where there appears to be a market failure. These include strategic and analytical skills, planning and project management, problem solving and collaboration across multi-disciplinary teams; these are highlighted in Table 4.

Links to Invest 2035: The Government aims to develop people’s skills, so that they can progress to high-skilled, high-wage jobs and, thereby, boost growth. It aims to address skills mismatches and address a “lack of technical skills” that are key to advanced manufacturing and the clean energy industries, for example.

Our challenge: a good deal of publicly funded training provision is not aimed at businesses in our target specialisms and clusters, while the private sector provision from the large, corporate training providers, e.g. CapGemini, is too expensive for SMEs.

Cluster	Skills needs
Life Sciences/Biopharmaceuticals	Strategic thinking/ problem solving
	Innovation
	Knowledge of regulation
Physical Sciences and Engineering	Research
	Planning and project management
	Collaboration in interdisciplinary teams
Media and Publishing	Technology & IT
	Sales and finance
Data Infrastructure	Technical expertise
	Data & programming
	Collaboration in interdisciplinary teams
Software as a Service (SAAS)	Technical expertise
	Problem solving
	Analytical thinking
Medtech	Technical expertise
	IT & data analytics
Software development	Analytical thinking
	Innovation
	Problem solving
	Programming
Advanced manufacturing inc. electronics	Critical thinking/Problem solving
	Collaboration in interdisciplinary teams
	Regulation and best practice
Artificial Intelligence	Technical expertise inc. programming & computer science
	Problem solving

Table 4: Skills needs by Berkshire target clusters and specialisms

Our competitive advantages and opportunities: Our opportunity is to utilise the new flexibilities and local expertise, such as Henley Business School, to make a major impact on skills for our clusters and specialisms. Because of the potential for growth, we have identified the **Creative Digital Skills Academy Berkshire** as a **Transformational Project**.

Indicator: PWS2: Increase in skills for clusters and specialisms and for innovation and internationalisation

Driving up demand for higher-level skills

To maximise productivity and growth, we will focus on those areas and businesses that are not doing as well as the best. There are signs of emerging low skills equilibrium in some areas of Berkshire. Examples are Bracknell Forest and, possibly, Slough, where lower wages and household incomes coexist with high economic activity and employment rates.

Low skills equilibrium is where low skills are matched by low demand for higher-level skills by employers; this can result in reduced productivity and growth, lower quality jobs, lower employment growth and reduced resilience to economic shocks, as well as reduced incentives for companies to train. To avoid the low skills equilibrium and to drive up productivity and growth more widely, firms need to adopt more skills-intensive business strategies and to utilise skills more effectively³⁷. This requires leaders and managers with the ambition and know-how to set strategies for high business performance. Leadership and management development as well as acquisition of new skills, such as skills for innovation and export, can raise strategic ambition, drive up demand for higher-level skills and increase skills utilisation in businesses.

Anchor organisations, including those that provide public services, and which are embedded in the local area, have a crucial role in supporting skills development through flexible recruitment methods, effective design and application of procurement policies, and by providing work experience, volunteering and job opportunities that support people into the labour market.

Links to Invest 2035: The Government aims to address low employer investment in skills by improving and simplifying the skills system and

³⁷ [Escaping the low skills equilibrium trap OECD](#)

³⁸ *The challenge of sections of the population with low or no skills will be addressed in complementary strategies and plans*

enabling employers to access a broader range of high quality training through a new Growth and Skills Levy. It also plans to tackle weaknesses in management and leadership skills, particularly in small businesses.

Our challenge is to make sure that businesses have the leadership and management skills to set ambitious strategies for growth that deliver quality jobs and raise demand for higher-level skills³⁸.

Our competitive advantages and opportunities: We have access to the world-leading Henley Business School which is affiliated to the University of Reading, as well as the Growth Hub which has demonstrated the demand from growth companies for support. Leadership and management development is the most effective tool for driving up the aspirations and high-growth performance of SMEs, equipping them with the abilities to navigate expansion, inspire teams and adapt to change. This will, in turn, lead to increased skills utilisation and workforce upskilling, as well as increased productivity and growth. Other benefits include the potential to reduce the need for our highly skilled workers to travel to London and increased graduate retention.

Indicator: PWS3: Increase in leaders and managers equipped with the ambition and capabilities for growth



Figure 35: Henley Business School

Berkshire’s People, Work and Skills: summary of priorities

Priority area for action	Our competitive advantages and opportunities:	indicator	Solutions
Renewing the workforce for growth	<p>Our extensive base of large companies offers the opportunity for initiatives of scale such as:</p> <ul style="list-style-type: none"> • local recruitment for skilled returners • encouraging healthy people to work longer • encouraging skilled returners from economic inactivity • taking active steps to retain young people and graduates. <p>We can focus on inclusion and target areas with lower economic activity rates, such as Wokingham.</p>	<p>Indicator: PWS1. Increase in local recruitment, retention and skilled returners</p>	Set up a local work and local recruitment initiative working with large companies.
			Work with University of Reading and colleges to map current graduate schemes and potential for expansion.
			Use new adult learning flexibilities for skilled returners to meet known skills shortages.
			Extend/promote HE access courses to encourage economically inactive to return to work; support anchor organisations to develop approaches to procurement and recruitment that actively promote social inclusion and employment support for vulnerable residents.
Specialising in the skills for productivity	<p>We have access to leading business schools such as Henley Business School and Oxford Business College. Our opportunity is to partner with business schools, using the new flexibilities for the apprenticeships and skills levy to deliver the business skills we have identified for SMEs in our target clusters and specialisms, including <i>Creative Digital</i>.</p> <p>Transformational Project: Creative Digital Skills Academy</p>	<p>Indicator: PWS2: Increase in skills for clusters and specialisms and for innovation and internationalisation</p>	Work with businesses, business schools and sector bodies to set up Creative Digital Skills Academy .
			Work with business schools to develop new provision for high performing SMEs in our target clusters in generic areas such as, critical thinking problem solving and strategy development.
			Set up a Skills Task Force led by business to develop the workforce skills for productivity in line with the LSIP; seek more devolved powers to effect change and drive-up investment.
Driving up demand for higher-level skills	<p>Leadership and management development is the most effective tool for driving up the aspirations and high-growth performance of SMEs, equipping them with the abilities to navigate expansion, inspire teams and adapt to change. This will, in turn, lead to increase in skills utilisation and workforce upskilling, reducing the need for commuting.</p>	<p>Indicator: PWS3: Increase in leaders and managers equipped with the ambition and capabilities for growth.</p>	<p>Work with the business schools to develop new leadership and management provision for SMEs, based on successful models, to raise strategic ambition and drive internal demand for higher-level skills and skills utilisation.</p>

Focus area 4: Berkshire's Business Environment

Measured against the factors that are known to influence business locational decisions and facilitate growth, Berkshire scores highly on:

- Its excellent east-west **transport infrastructure**. This has been enhanced by the recent completion of the Elizabeth line, provides a direct connection to the City of London, motorway access via M40 and M4 to London, the west and Heathrow airport.
- Very good urban **mobile and internet connectivity**. 4G is available to almost 100% of premises³⁹ and ultrafast broadband (>300Mbps) available to at least 75% of premises and over 90% in Reading and Slough.
- **Employment space**: in Reading, Slough and Maidenhead, significant development has taken place to keep pace with business growth while major retail and mixed-use centres such as the Lexicon in Bracknell Forest have extended choice and renewed town centres.
- **Housing**: Considerable numbers of **new houses** have been delivered and there are more in the pipeline.

- **Skilled and flexible workforce**: Berkshire's workforce is **highly qualified** and, along with the University of Reading, is a major attraction for businesses.

Berkshire has maintained a **high quality of life** while managing population and business growth.

Berkshire is ready to accommodate further business growth, recognising the need for **more employment space** to meet current buoyant demand for high-quality space and attract business investment.

The growing population means we will continue to build new housing using innovative solutions and investigating alternatives. **Affordable housing** to attract and retain more young people is a high priority for Berkshire.

We will also work to continue to upgrade **our transport network** to improve connections and sustainable options, making it easier for people to switch from the car and accelerate **progress to net zero**.

Our consultations have highlighted the need for a **Berkshire identity** that maintains distinctive local identities, supports the visitor economy

and encompasses a Berkshire-wide view of who and where we are and what our area can offer business investors.

Our Business Environment indicators

BE1: Increase in employment space to meet business growth projections

BE2: Increase in housing, particularly more affordable housing, and housing in the right places

BE3: Reduced congestion on rail and road infrastructure and increase in modal shift towards cycling and walking

BE4: Increased progress to net zero

BE5: A new Berkshire-wide identity helping to attract inward investment and support growth in the visitor economy

³⁹ Except for in more rural West Berkshire (97.75%)
Source: Ofcom 2022

Business Environment dashboard

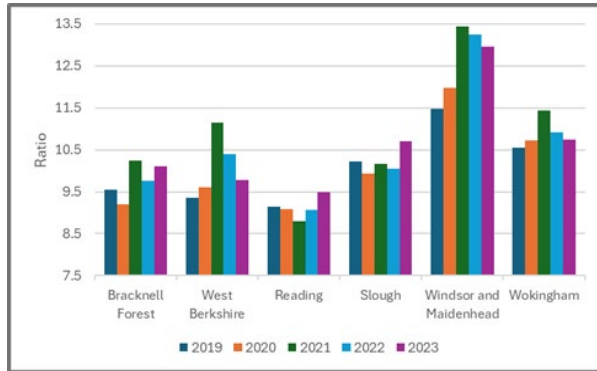


Figure 35: Median house price to median earnings ratio in the local authorities in Berkshire 2019 to 2023
Source: ONS housing statistics for small areas

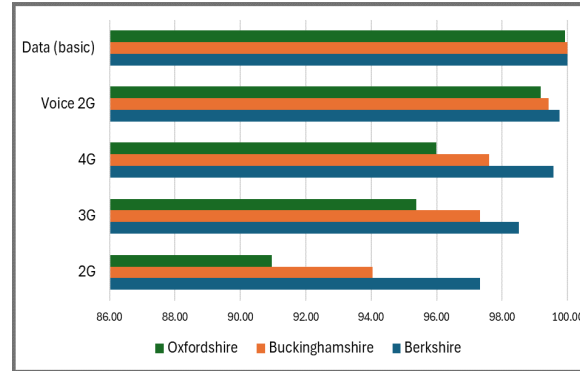


Figure 37: percentage of premises by mobile connectivity level in Berkshire and the comparators
Source: Ofgem

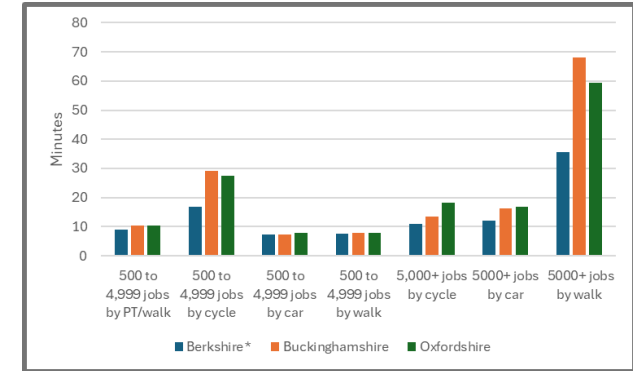


Figure 39: Journey times to employment centres by mode in minutes in Berkshire and the comparators 2019
Source: Journey Time Statistics England 2019

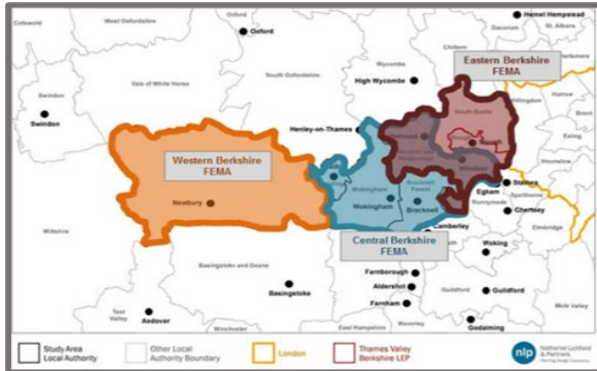


Figure 36: Berkshire's Core Functional Economic Market Areas
Source NLP Berkshire FEMA Study Report 2016

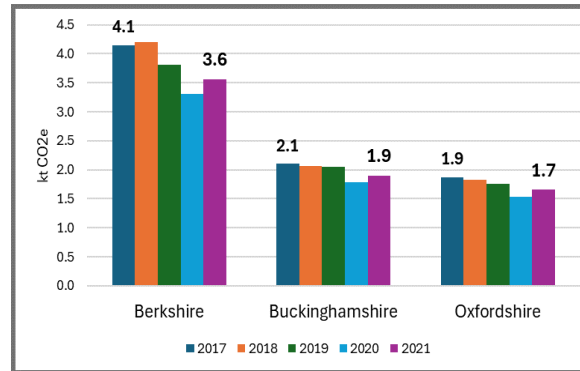


Figure 38: CO2 emissions by kilotonne in Berkshire and the comparators

Business Environment – Berkshire headlines

- Although Berkshire has a good record on creating employment space and house building, house prices remain high.
- East-west transport links are good and until recently, served the Functional Economic Market Areas well. Population and employment growth have led to congestion and are putting pressure on infrastructure.
- Mobile and internet connectivity are among the best, although some rural areas are less well connected.
- Berkshire is still heavily car dependent, in spite of lower journey times and emissions are high, particularly in urban areas.

Room to grow

Berkshire is experiencing strong demand for high-quality office space to house our growing knowledge economy, clusters and specialisms, Hotspots include:

- **Maidenhead:** Annual take-up of office space 2023 was 19% over the five-year average and, by early 2024, had already exceeded this⁴⁰. *Technology, Media & Telecommunications (TMT), Pharmaceutical, Healthcare, MedTech, and Manufacturing* sectors are driving demand.
Corporates: Johnson & Johnson, Maersk, Seiko, Biogen, Abbott, Blackberry, and Volvo.
Pipeline: Nicholson Quarter regeneration
- **Reading:** 64% year-on-year increase in the office market in 2023, dominated by demand for high quality with 93% of take-up in the past five years being for new or grade A space⁴¹, particularly in the town centre. The *TMT* sector along with *Pharmaceuticals, Healthcare* and *MedTech* are clustered in Reading. In future continuing to attract new companies will be vital, if reducing need for floorspace continues.
Corporates: Oracle, PepsiCo, HP, Cisco, Thales, Hutchinson 3G and Microsoft.
Pipeline: £750m Station Hill development and £250m Minster Quarter
- **Slough:** the town is poised to take advantage of the new connections provided by the Elizabeth line to London.
Corporates: O2, Fiat Group, Yell, Electrolux, GlaxoSmithKline, Mars, Virgin Media, Nintendo, Black and Decker.
Pipeline: mixed-use regeneration of the Queensmere Shopping Centre and the North West Quadrant.

⁴⁰ [Why Maidenhead? Knight Frank](#)

High quality **retail space** is well supplied in Berkshire, particularly in Reading. This is the main retail location for the area with two major shopping centres, the Oracle and Broad Street Mall, as well as the Harris Arcade for independents. The Lexicon in Bracknell Forest, opened in 2017, has led the regeneration of the town centre. Boroughs such as Wokingham have thriving town centres with relatively low vacancy rates and a range of independent shops. Windsor Yards in Windsor offers high-end fashion, adding to the mix.

Light industrial/ workshop space. According to local agents, there is a gap in the market for small workshops and move-on space for new and growing businesses.



Figure 40: The Lexicon retail and leisure centre, Bracknell Forest

⁴¹ [Why Reading Knight Frank](#)

Links to Invest 2035: The Government aims to remove planning constraints and develop an effective and predictable planning system that supports growth and enables successful agglomerations. It plans to explore what interventions are needed to de-risk industrial sites so that they can be developed to accelerate growth.

Challenges: While demand for the right sort of **office space** is booming in the growth hotspots, in other areas outdated stock has become increasingly hard to let. Bracknell Forest, for example, has lost significant office space to Permitted Development Rights (PDR) and further leases are up for renewal. Working from home continues for 37% of the working population in 2024⁴² and new rights to request flexible working from day one of employment are driving the need to offer employees attractive working environments. There is increased demand for more flexible workspace so that companies can accommodate these new requirements.

Retail: Berkshire is well supplied with retail including major centres in Reading and Bracknell Forest, complemented by other offers such as Windsor. However, some shopping malls are outdated and require renewal or repurposing, e.g. the Queensmere in Slough and the outdated Kennet Centre in Newbury occupying 5.4 acres.

There is a gap in the market for flexible small **workshop space and light industrial units for** small manufacturing companies and move-on businesses which is an essential pipeline for our growth agenda. It is not as commercially attractive a proposition for property developers as other developments such as office space.

Our competitive advantages and opportunities: As well as our advantages in location, connectivity, transport links, skills and quality of life, Berkshire has a positive attitude to growth and development, evidenced by the success of our growth hot spots and the concentrations of technology and other specialist sectors that they attract.

We have an opportunity to build on buoyant demand for high-quality employment space, extending the benefits across Berkshire by strategic mapping of opportunity sites and pipeline developments combined with employment growth forecasts and the needs of our priority sectors, e.g. the *Digital Creative* and *Life Sciences* sectors. We could also work with West London to accommodate some overspill, helping business growth and supporting clustering.

Employment space is part of our **Transformational Project: Growing and transforming Berkshire together**, a collaborative project by the six Unitary Authorities with a ruthless focus on the drivers of productivity and growth, including world-class infrastructure. We will bring together housing, employment space, transport, town centres, the green economy and connectivity infrastructure to develop a strategic view, identifying the areas for collaborative gain and working across boundaries, including with other contiguous areas such as West London and wider Travel to Work Areas (TTWAs).

Indicator BE1: Increase in employment space to meet business growth projections

⁴² *Public opinions and social trends* ONS July 2024

Housing fit for the future

Berkshire has a **positive housebuilding record** in spite of constraints on land supply and a rapidly increasing population. Over the decade between 2012 and 2022, Berkshire's population grew by 9.44% or 82,691 people. Wokingham grew the fastest with an increase of 15.24% followed by Slough (11.24%) and Bracknell Forest (10.24%). Notwithstanding this rapid population growth, Berkshire mostly met its housing targets before they were scrapped in 2023.

We recognise the need to take a strategic approach. In Berkshire, we have two Housing Market Areas (HMAs):

- Western Berkshire HMA, covering Bracknell Forest, Wokingham, Reading and West Berkshire.
- Eastern Berkshire HMA, comprising Slough, Windsor and Maidenhead and South Buckinghamshire.

Our collaborative approach among the six local authorities means we can work together and across external boundaries, e.g. with South Buckinghamshire, to deliver housing that more closely reflects housing demand in our HMAs.

Links to Invest 2035: A key part of the Government's Growth Mission is to unlock sites for more housing and infrastructure to support successful agglomeration.

Our challenges: In Berkshire, **affordability** is a key issue; the median house price to median earnings ratio was 10.6 in 2023 up from 10.0 in 2019. Retaining more young people and graduates is made more difficult by unaffordable housing. **Land availability** is another major constraint. In West Berkshire, for example, large amounts of land have protected characteristics such as the North Wessex Area of Outstanding Natural Beauty (AONB).

Our competitive advantages and opportunities: our collaborative approach together with the proposed new planning flexibilities give us the opportunity to take an innovative approach to delivering housing in the right locations in Berkshire. This may include modular housing, new affordable housing models, and ensuring that housing developments are linked to employment sites and transport nodes, such as Heathrow, Airport; and have the right energy, water and digital infrastructure in place.

Housing is part of our **Transformational Project: Growing and transforming Berkshire** together



Figure 41: Affordable housing in Sterling Gardens, Newbury, West Berkshire, 119 new units in 2024

Indicator BE2: Increase in housing, particularly more affordable housing and housing in the right places

Connecting Berkshire and beyond

Berkshire is part of the Thames Valley growth corridor extending from West London to Swindon. Here, locational advantages and transport links attract high concentrations of technology and other highly productive sectors, as well as skilled people. Commercial property markets areas are centred on the M3 and M4 western corridors, driven by strong functional economic linkages to Heathrow airport and the outer West London boroughs. The three Travel To Work Areas (TTWAs) of Slough & Heathrow, Reading and Newbury are among the highest performing in the country for productivity outside London.

Three Functional Economic Market Areas (FEMAs) have been identified⁴³, the Western Berkshire FEMA comprises West Berkshire and the key centre of Newbury. Central Berkshire FEMA includes Reading, Wokingham, Bracknell Forest and Windsor & Maidenhead. The Eastern FEMA, comprising Slough, Windsor & Maidenhead and South Buckinghamshire, has very strong links to Heathrow. The new Elizabeth line is expected to strengthen further the central and eastern FEMAs' economic linkages to West London as well as the West End and the City.

Links to Invest 2035: The Government recognises that growth-driving sectors need high quality infrastructure and transport connectivity. It is developing a 10-year infrastructure strategy that is aligned to its industrial strategy.

Our challenges: Until recently, these economic interrelationships have been well served by the east- west motorway network and the main east-west rail link. However, population and employment growth are putting **pressure on the existing infrastructure** and east-west rail and road routes are congested and do not necessarily serve the TTWAs most

efficiently. Berkshire is still relatively car dependent, despite having more jobs in walking and cycling distance than the comparators.

Our competitive advantages and opportunities: Our location at the heart of the western growth corridor is central to our performance as a growth leader. The **Western Rail link to Heathrow** would free up road and rail capacity and unlock future growth, allowing train services from Reading and Slough in Berkshire to reach Heathrow using a tunnel. The £900m, 5km scheme would allow the growing population and workforce to the west of Heathrow to travel directly to the airport, instead of having to go into London or drive.

Work at local level, e.g. West Berkshire, to connect Berkshire via **bus routes and cycleways** is another opportunity; the local authorities' successful record on working together to co-ordinate transport will stand us in good stead. The drive to net zero has created a further imperative to encourage people to move from cars onto public transport. Transport is part of our **Transformational Project: Growing and transforming Berkshire together**



Figure 42: The Curve, Slough

Indicator BE3:
Reduced congestion on rail and road infrastructure and increased modal shift towards cycling and walking

⁴³ Source NLP Berkshire FEMA Study Report 2016

Getting to net zero

Sustainable growth is more important than ever with the need to reach net zero by 2050. In Berkshire, the local authorities are all committed through their related strategies and plans to increase the sustainability of infrastructure including transport and housing and encouraging more sustainable business and individual practices such as recycling.

Links to Invest 2035: The Clean Energy Mission will enable the UK to achieve clean power by 2030 and accelerate Net Zero transition across the economy. This involves capturing green growth opportunities, supporting Clean Energy industrial sectors, aligning sector plans with Net Zero and environmental objectives, improving the electrification of industrial sites and reducing grid connection delays.

Our challenges

In Berkshire, greenhouse gas emissions are higher than in the comparators, particularly in the higher density urban areas; this makes net zero a more urgent issue for us. The growing business and resident populations are placing pressure on resources.

Our competitive advantages and opportunities

We have identified projects that could have Berkshire-wide impact to accelerate the progress to net zero and achieve sustainable growth.

Transport:

- Localised low-powered, on-street EV infrastructure across Berkshire.
- Investment in low emission bus infrastructure.
- Single ticketing systems and low fare structures to make public transport more appealing to use, including access to electric bikes.

Housing:

- Social housing providers and local authorities to deliver retrofit across affordable housing stock to deliver high-quality homes for local residents that are more energy efficient. This will help to reduce fuel poverty and ease the pressure on households from the rising cost of living.

Energy and heat:

- Developing heat networks, enabling town centres to transition to net zero. In Slough, for example, the heat network would utilise waste heat from hyperscale data centres and/or the SSE EFW plant on Segro (Slough Trading Estate), providing heat and hot water to consumers.
- Solar storage programme, utilising large industrial-commercial roof spaces, lower-grade agricultural land and surface car parks for local green energy generation. This will increase solar generation capacity, lower carbon emissions, reduce energy costs, improve energy security and create commercial opportunities.

Business and individual practices:

- Promoting energy and resource efficiency measures such as rainwater harvesting for agricultural businesses, LED lighting and other measures.
- Ultimately, the aim might be to create a circular economy – a model of production and consumption that aims to keep materials in circulation so they never become waste through reuse, recycling and alternative production, distribution and consumption processes

Indicator BE4: Increased progress to net zero

Promoting Berkshire's Strengths and Assets

Berkshire is no longer an administrative geography, however, is very much still in existence as a place with which its residents and communities identify. This was supported by our consultations. Berkshire has many positive attributes on which to build a strong identity:

- Royal Windsor, the Castle and Great Park along with other visitor attractions such as Legoland, Cliveden, Ascot, the Museum of Rural Life.
- Extensive, beautiful rural areas including the countryside of West Berkshire, many attractive historic villages, the North Wessex AONB and green spaces easily accessible from urban areas e.g. Wellington Country Park, Swinley Forest and the Thames Path.
- Vibrant towns such as Reading and Wokingham which combine modern development with heritage, arts, culture and leisure amenities.

A strong identity for Berkshire has the potential to:

- Support inward investment by promoting a shared message
- Encourage tourism and help to grow the visitor economy
- Increase civic pride and enhance community cohesion

Links to Invest 2035: The Industrial Strategy is outward-looking and international. The Government will concentrate efforts on places with the greatest potential for the identified growth sectors. It intends to expand the Office for Investment and enhance investment promotion, with the aim of capturing a greater share of internationally mobile investment in its strategic sectors.

Our challenges: There is some way to go to match the visitor economy of Oxfordshire. It leads in key visitor economy sectors, *Creative, Arts, Entertainment, Culture & Museums*, and *Food, Drink & Accommodation*.

Our competitive advantages and opportunities There is a commitment to work across local authority boundaries to create a renewed identity for Berkshire, maximising our outstanding opportunities for inward investment and our attractiveness as a destination for visitors.

The Berkshire visitor economy has room for growth. It currently comprises 9.43% of all businesses, lower than Oxfordshire (10.48%). *Sport & Recreation* is an important contributor largely due to the horse racing industry in the Lambourne Valley and Ascot which is estimated to contribute at least 1,000 jobs and £0.25bn in turnover p.a. Our museums and cultural attractions, apart from the international attractions such as Windsor Castle and Legoland, appear to be underdeveloped as a sector and we could capitalise on our proximity to Heathrow to grow the Meetings, Incentives, Conferences and Exhibitions (MICE) sector. The Local Visitor Economy Partnership application, if successful, will provide a structure to manage the visitor economy in Berkshire.



Figure 43: Windsor Castle

Indicator BE5: A new Berkshire-wide identity helping to attract inward investment and support growth in the visitor economy

Berkshire's Business Environment: summary of priorities

Priority area for action	Our competitive advantages and opportunities:	Indicator	Indicative solutions
Room to grow	As well as our advantages in location, connectivity, transport links, skills and quality of life, Berkshire has a positive attitude to growth and development, evidenced by the success of our growth hotspots and the significant clusters that they attract.	Indicator BE1: Increase in employment space to meet business growth projections	Map strategic sites and pipeline developments across all Local Authorities in Berkshire and analyse implications for meeting future demand, gaps in types of space e.g. small manufacturing/ light industrial/ workshops, needs of target clusters, e.g. Life Sciences and agree a strategic approach.
	We have an opportunity to build on buoyant demand for employment space, extending the benefits across Berkshire by strategic mapping of opportunity sites and pipeline developments combined with employment growth forecasts.		Work with West London local authorities to examine potential for overspill
	We could work with West London to accommodate some overspill, helping business growth and supporting clustering.		Work with neighbouring areas to examine potential for cross boundary working to reflect TTWAs and supporting clusters
	Employment space is part of our Transformational Project: Growing and transforming Berkshire together		
Housing fit for the future	The new planning flexibilities give us the opportunity to take a new approach to housing in Berkshire and combine it with the mapping of employment space to create a coherent strategy reflecting HMAs and TTWAs.	Indicator BE2: Increase in housing, particularly more affordable housing and housing in the right places.	Take a strategic approach across Berkshire, mapping key sites and pipeline developments for housing and linking them to employment space and infrastructure.
	Opening up new grey and green belt gives us the chance to deploy innovative solutions e.g. modular housing.		Examine scope for deploying innovative housing solutions in the right locations e.g. carbon neutral, affordable modular housing
	Housing is part of our Transformational Project: Growing and transforming Berkshire together		
Connecting Berkshire and beyond	Our location at the heart of the western growth corridor is central to our performance as a growth leader. Nevertheless, this brings pressures on our road and rail infrastructure. A major	Indicator BE3: Reduced congestion on rail and	Continue to monitor the progress of the Western Rail link to Heathrow, publicise the benefits and economic and environmental impact.

Berkshire Economic Strategy 2025-2035

Priority area for action	Our competitive advantages and opportunities:	Indicator	Indicative solutions
<p>Connecting Berkshire and beyond (contd)</p>	<p>transformational project, freeing up road and rail capacity and unlocking future growth, would be the western rail link to Heathrow to allow train services from Reading and Slough in Berkshire to reach Heathrow using a tunnel. The £900m 5km scheme would allow the growing population to and workforce to the west of Heathrow to travel direct to the airport, instead of having to go into London or drive to the airport.</p> <p>Work at local level, e.g. West Berkshire, to connect Berkshire via bus routes and cycleways is another opportunity.</p> <p>Transport is part our Transformational Project: Growing and transforming Berkshire together.</p>	<p>road infrastructure and increased modal shift</p>	<p>Work to create a pan Berkshire connection strategy to link bus routes and cycle ways.</p>
<p>Getting to net zero</p>	<p>There are a range of potential cross Berkshire initiatives including transport, housing, energy and heat, business and individual practices.</p> <p>Net zero is part of our Transformational Project: Growing and transforming Berkshire together.</p>	<p>Indicator BE4: Increased progress to net zero</p>	<p>Work together on the net zero initiatives as part of Growing and Transforming Berkshire together.</p>
<p>Promoting Berkshire's strengths and assets</p>	<p>There is a commitment to work across local authority boundaries to create a renewed identity for Berkshire, maximising our outstanding opportunities for inward investment and our attractiveness as a destination for visitors.</p>	<p>Indicator BE5: A new Berkshire wide identity helping to attract investment and support growth in the visitor economy</p>	<p>Develop a convincing Berkshire offer for inward investors, national and foreign owned, and publicise using social media and other methods.</p> <p>Develop the Berkshire visitor economy offer by supporting the LVEP.</p> <p>Provide support through the Growth Hub and through available funds for visitor economy sectors with room for growth e.g. <i>Creative, Arts, Entertainment, Culture & Museums and Food, Drink & Accommodation, Outdoor and Active Tourism, MICE.</i></p>

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