Thames Valley Chamber of Commerce Group
150 Edinburgh Avenue Slough
Berkshire SL1 4SS
Tel: +44 (0)1753 870500
Executive Assistant: Alexandra Keane: +44 (0)1753 870582
Email: AlexandraKeane@tvchamber.co.uk
www.thamesvalleychamber.co.uk

Harry Bardell
Harry Chancellor
Regional Economic Growth and Insights: East Team
Department for Business and Trade
Loxley House
Nottingham

Sent via email to:
Harry Bardell and Harry Chancellor
Regional Economic Growth and Insights: East Team

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Feedback on the Government's Industrial Strategy

Immediate Reflections from Thames Valley Chamber of Commerce (TVCC)

Thank you for your email, dated 23rd June 2025, inviting the TVCC to provide any specific issues that we, on behalf of our members, would like DBT to be aware of in respect of Industrial Strategy (hereafter 'Strategy') and the Thames Valley.

Appreciating your tight deadline, please find below our initial comments and feedback.

General Comments

TVCC were previously invited to provide input into the Strategy green paper, hosting both a general 'business roundtable' with representatives of DBT and, at their bequest, providing a specific submission (see HERE) from the Thames Valley's health and life sciences working group – an industry cluster represented in great depth across our region.

Earlier this week (23rd June) we shared our initial response in a press release, High expectations for a modern Strategy to provide certainty for growth.

The Strategy is a positive statement of intent. It provides direction and a framework and is full of ambition and initiatives. However, its effectiveness over its 10-year lifetime will also depend on achieving short-term economic success that helps boost investor confidence and drives growth. We emphasise:

- The need to see it become reality, with the changes and plans implemented at pace.
- That the business community of the **Thames Valley (Berkshire, Buckinghamshire, Oxfordshire, and Swindon**) have high expectations for results from this plan.
- And repeat our message to government, that investing in the success of the Thames Valley is part of the solution to help realise the whole of the UK's potential.

- Of the eight high growth sectors the Strategy has ambitious plans for, six are truly world leading across our region - advanced manufacturing (including space/space related technologies); creative industries; defence; digital and technologies; life sciences and professional and business services; with clean energy industries and financial services also well-represented.
- The importance of working with, and alongside, institutions that have proven capability to deliver on the Strategy ambitions – including the TVCC, and wider Chamber network. This will be vital in helping effectively deliver the ambitions of the Harrington Review, notable across international trade and inward investment.
- The real need to formally embed business, and the TVCC as the leading independent voice of business for the Thames Valley, into the Oxford Growth Commission. Mention is made that this Commission will be tasked with developing a long-term investment strategy. TVCC's credentials include, for example, successfully delivering inward investment services into Oxfordshire and under contract to DBT (successful examples include the Moderna Innovation & Technology Centre) and international trade services supporting greater number of SMEs to export.
- The need to make it as easy as possible for businesses to invest, and grow, in the UK (see energy costs). Every effort to reduce the immediate and bring down the long-term cost of energy for business. Energy costs in the UK are the highest in Europe. Quite simply, this is making the UK uncompetitive. As a result, we are losing out on foreign direct investment and R&D spending opportunities.

We are underwhelmed at the lack of attention/focus on those regions, like the Thames Valley, which are proven drivers of economic growth and will help realise prosperity for the whole of the UK. More broadly, a lot of words and aspiration, and lots of new funding mechanisms announced / mentioned, but details of actual interventions are a little, to repeat, underwhelming. Notwithstanding we welcome:

- And support the comments made by Heathrow's Nigel Milton, including critical role the UK's only hub airport will play in supporting the vision by connecting the UK to 92% of the global economy and enabling the success of high-growth sectors across the UK.
- The continued commitment to scaling net zero transport through key innovations such as Sustainable Aviation Fuel BUT continue to be disappointed and frustrated that in both this, and the most recently published Infrastructure Strategy, there is no specific reference of support and investment for the timely delivery of the Western Rail Link to London Heathrow.
- The ambition to deepen support for the Oxford Cambridge Growth Corridor and its strengths across several sectors, including advanced manufacturing, defence, digital technologies and Life Sciences, BUT emphasise this should not be at the neglect of the wider Thames Valley which, as outlined in this submission, evidently has greater potential to support the delivery of the Strategy ambitions. It is Oxford AND the wider Thames Valley that has world-renown strengths in digital technologies and life sciences – our ask is to deliver interventions mobilise the whole region and its supply chain.
- Proposals to strengthen the Thames Valley's region's science and technology credentials, through the UK's first AI Growth Zone in Culham, Oxfordshire, BUT emphasise the need, to deliver the ambition, to ensure the widest possible engagement and involvement of the region's science and technology cluster – so all can contribute and benefit.
- Government's wider attention to those investable commercial opportunities and sites, across the Thames Valley, that have the potential to deliver significant investment. In addition to Culham, these will include, but certainly not limited to, Green Park, Reading, Berkshire; Harwell campus, Oxfordshire; Panattoni Park, Swindon; Slough Trading Estate; Berkshire; Thames Valley Park and Thames Valley Science Park, both Wokingham.
- Every effort to ensure resilient infrastructure networks are secure, and delivered at pace, to enable delivery. This includes securing future water supplies, e.g., a new reservoir in Oxfordshire (Abingdon) and energy/power supplies (see digital technologies). On power, we welcome the 'first-ready' approach being advocated and encourage government to speed up the queue for new power supplies (i.e., have National

Grid upgrade quicker). As set out in the earlier TVCC submission, capacity issues connecting to the grid are disproportionately restricting new investment in the Thames Valley region.

- We are encouraged to see significant investment in skills across all the sectors which aligns with our own work in developing the talent pipeline through our work in leading Local Skills Improvement Plans in Berkshire and Oxfordshire. An immediate, quick win for government, would be to commit, long-term funding of Chambers to enable this work to continue. The Chamber network, including TVCC, have been at the forefront of leading these business-led initiatives.
- The fact that critical infrastructure, including the construction of industrial buildings and DCs, is acknowledged as key foundational and frontier industries, respectively. This is important, and underpinning to the success of the Strategy ambitions, across sectors/industries, from the production of high-end TV and films to advanced/manufacturing, defence systems to AI computing and drug development to the distribution of automotive parts for the motor industry.
- Statement/s on the delivery of a new plan for freight and logistics, later this year, and the importance the sector can continue to play its part in growing the economy.
- Planning Reforms to enable the delivery of the Strategy. However, we question the scale of impact, circa 300 new planners (not 3000) can really make, and at what level of expertise will these new planners be recruited to be effective quickly.

Advanced Manufacturing

Our high-level reflections are outlined as follows. TVCC:

- Welcome the Strategy recognition of the importance of advanced manufacturing as a growth sector.
- Acknowledge government's efforts to address the very high energy costs in the UK as a vital component to our global competitiveness (see also digital technology).
- Are pleased at the positive approach, and willingness, to address other bottlenecks, such as planning and barriers to infrastructure development.
- Are not clear, from the Strategy/sector plan/s as to what new money is being made available, or what is a repetition of previously announced measures.
- Have concerns over the focus on zero emissions vehicle (ZEV) manufacturing, which feels a little bit off. The UK automotive sector is an export industry and demand for ZEVs is falling globally. Giving the UK a competitive edge is one thing but realistically put this into context – we are never likely to overtake China as ZEV manufacturing centre.

Creative Industries

The Thames Valley region is at the very heart of the UK's creative industry sector (notably across high-end TV and film). The government's continued support, most especially, for the film and TV sector and the strong focus on delivering inward investment and continued commitment to the tax incentive regime is welcome. In this regard, we will be keen to hear more of the detail on the regional cluster's development and the planned increase in creative trade missions, for which, as we stated in our letter attached, the Thames Valley should be considered a strong partner. TVCC:

- Welcome the £75m packages for UK film and TV outlined in the Creative Industries Sector Plan and echo the comments made by BFI's CEO positive words of
- Welcome the match-fund investment announcement linked to the National Film and Television School, Beaconsfield.
- Invites HMG to consider how it might help other institutions, organisations and CICs supporting the high-end TV and film industry over the lifetime of the Plan/Strategy with similar investment / partnership

opportunities. Organisations, like Resources Productions, are doing some amazing things and having great impact.

- Invites HMG to extend its reach in defining Creative Industries superclusters beyond London. The Thames Valley region is a world leading 'supercluster' and has attracted multi-million pounds worth of foreign direct investment into the UK. This was highlighted in a most recent House of Commons debate by some of our region's MPs - "Berkshire is the Hollywood of the United Kingdom" (Clive Jones, MP for Wokingham); "the film industry is enormously important to the Buckinghamshire economy" (Greg Smith, MP for Mid-Buckinghamshire); "Whether it is because of the fantastic, state-of-the-art Shinfield Studios, access to fantastic filming locations, or our incredible transport links, (Bracknell Forest) is increasingly becoming a go-to location for the film industry". (Peter Swallow, MP for Bracknell).

Digital Technology

The Thames Valley is the UK's leading digital technology cluster, contributing approximately £10 billion to the British technology economy. Conservatively, we estimate the region is home to over 8,000 digital tech companies, over 6,000 digital tech specialists and home to several of the world's top ten communication giants.

Further, by most analyses, Slough, Berkshire, would be considered the second largest global data centre (DC) cluster in the world. The Slough Trading Estate alone, currently hosts over 35 DCs with a wider number in the immediate vicinity now stretching across the Thames Valley (including Oxfordshire).

We welcome the strong policy direction laid out in the Strategy: this is a long-awaited and ambitious agenda to boost the UK's competitiveness and economic growth. We wholeheartedly support its ambition on attracting AI investment, building stronger domestic skills bases and improving public services through technological innovation. Further, TVCC welcomes:

- The launch of AI Growth Zone's, and most especially the announcement of the first AI Growth Zone at Culham, Oxfordshire. AI Growth Zones will unlock investment in AI-enabled DCs across the UK. We call on government to announce its support for similar in Swindon and Slough.
- And contributed to the policy framework identifying DC's as national critical infrastructure.
- An emphasis on a national solution to the timely delivery of the power and energy supplies required to enable DCs to drive our science and technology ambitions (see also Uxbridge Moor below). Release the power!
- Most recent comments, by SEGRO, as one example of many (see Equinix), shared by DC operators located in Slough on the importance of DC's (to the above).
- Immediate attention on addressing the excessive cost, and availability, of energy supplies (see below). In terms of DC's, there is clear evidence the London market (which includes Slough/wider Thames Valley) is losing out to its Flap-D market competitors in Europe (Frankfurt, Amsterdam, Paris, and Dublin) – missing out on billions of pounds worth of investment and sector know-how.

To unlock the real potential of this transformational sector we offer the following additional comment:

- A specific intervention is for government to get National Grid to reprioritise the upgrade of Uxbridge Moor Substation. We understand the initial plans we set for a 2027 completion date, which have now been pushed back to 2030 (and possibly later). The UK's largest concentration of DCs is centred on Slough, and specifically the Slough Trading Estate (STE). Uniquely, and immediately, the STE has planning permissions in place (see: Simplified Planning Zone status); available capital to build; available fibre to service and clients ready for deliver three new DCs. But there is no guaranteed power supply. With an average DC investment valued at £500m this is an example of 'power' blocking investment potential.

Commenting, specifically, on the context of DC's and the technology sector:

- Our DC operators have indicated they do not want to create mere passive investment but take a long-term view. Capital is invested *patiently* with the aim to co-design the solutions that make this infrastr-ucture green, strategic, and socially legitimate (in this regard the clear recognition that AI and advanced compute infrastructure are critical to the UK's long-term economic and strategic advantage, is welcome.
- Commitments on guaranteed accelerated grid access for critical industries and targeted energy price support are not just welcome - they are essential if the UK is serious about being a global leader in AI infrastructure. These are the right signals to send both to industry and to global investors.
- However, government's attention is drawn to the need to link these two agendas further - AI investment and energy markets. They are linked in the middle by DCs . Without large-scale, latency-sensitive DCs, the UK will not be able to power the jobs, services, and investment through AI that the Strategy makes clear is the economic future of Britain.
- DCs are the foundational substrate of the AI economy. Without them, there is no compute. Without compute, there is no sovereign capability in AI. These facilities are not a 'nice to have'—they are the engine rooms of UK productivity, innovation, and national security.
- Therefore, we call for DCs to be included as nationally critical infrastructure (CNI) (see below) that should be included within the policy commitments made both on energy pricing, and on strategically important planning designations. There is a real risk that the UK loses the race to secure long-term AI infrastructure investment to countries across the pond in the US and EU if the policy and economic incentives are not a level playing field.
- Government is already deeming us as "critical national infrastructure" under the forthcoming Cyber Resiliency Bill, in line with European rules under the Critical Entities Directive. Becoming CNI is a responsibility DC operators take seriously to protect customers data and support national security – but it needs to come with the proper support to make it happen effectively. You cannot regulate your way to security: obligations must also come with proper support to implement.
- For example: France has already pre-designated twenty-five grid-ready DC sites with power guarantees and land access, and announced publicly these sites are up for bidding. Germany and the Nordics are moving similarly fast, with cheaper energy prices and easier land permitting.

How to Designate the Right Sites as Priority in the Grid Queue

- Site Selection Criteria for priority guaranteed grid access **must** consider the need for latency and interconnection, as well as overall national economic resilience, alongside regional economic development goals. The best AI and cloud workloads require ultra-low latency and direct fibre access to financial hubs, cloud regions, and global connectivity—this is not viable in remote areas without deep interconnect alone. That is why proximity to fibre routes, IXPs, and metropolitan cores is strategic—not just cheap land in deindustrialised areas. It must be both/and—not either/or. DC operators have major sites across the UK (not just in the Thames Valley).
- With that in mind, we need a criteria-based, tiered site designation system that balances regional levelling-up objectives with technical imperatives of the AI economy. We cannot afford to misallocate strategic AI infrastructure in places that major users like the NHS and defence will not purchase it and instead will choose other European locations to host their critical workloads.
- Echoing our earlier comments in the letter, the early/wider designation of AI Growth Zones will demonstrate that the government is backing British AI across all engines of growth—public and private, north, and south. Then, strategic sites across all the UK should be amongst designations. DCs investment and AI Growth Zones are long-duration, fixed-location, and generate stable local tax revenues. They deliver high-skilled, green growth infrastructure with clear economic dividend/resilience and policy/ political credibility.

- In addition, this area is critical from an overall national industrial capacity policy standpoint: Proximity to international subsea cable landing points and global cloud interconnection nodes. Access to highly skilled labour markets, allowing us to get up to speed and scale AI Zones fast. Existing planning momentum which will be supported by strategic designation. And incredible interconnection and latency to the customers that support the Strategy goals (e.g. public service customers such as NHS, defence and CNI industries like telcos, banks, etc).

Why DCs Should Qualify on the List for Energy Price Cuts and Tax Credits

- As outlined, DCs clearly meet the criteria for strategic importance to the UK economy. AI innovation is compute-intensive: Foundational models, large language models, and inference at scale all require immense volumes of compute, hosted primarily in hyperscale or specialised DCs.
- No compute, no AI: You cannot scale sovereign AI capabilities, or support AI-led productivity growth in sectors like life sciences, advanced manufacturing, finance, or public services like the NGS, without the infrastructure to host and power them.
- DCs are not ancillary: They are not simply storage facilities. They are critical infrastructure enabling real-time AI workloads, edge compute, high-frequency trading, public services improvements at scale, and national security analytics. But not all DCs are the same – i.e., higher specified DCs are highly connected facilities, which drive value and growth and which in turn drive secondary and tertiary growth, jobs, and value for the U.K. economy.
- Investors require visibility on energy costs: Multi-billion-pound DC investments depend on predictable operating expenditure. Without price certainty, the UK becomes uncompetitive compared to the EU and US. As before, other countries already provide this: France, Germany, and Ireland offer preferential electricity tariffs or exemptions for strategic data infrastructure, especially when coupled with efficiency or decarbonisation efforts.
- Energy price certainty is **critical** to our investment decisions in this regard. Accessing land is worthless without energy and price certainty on such. We know government has been considering including DCs into these measures and urge this to happen as rapidly as possible in conjunction with strategic site selection for priority access.
- AI DCs are energy intensive: but also, energy predictable: Unlike heavy industry with fluctuating demand, compute loads are highly forecastable, meaning they can align with grid optimisation strategies. As such, DCs can help stabilise the grid: AI-powered DCs can participate in demand response and frequency regulation: becoming assets, not burdens, to the electricity system.
- In addition to electricity price support, we could also support the government's Net Zero Goals through targeting the tax incentives announced even further. The DC sector is decarbonising rapidly and remains committed to Net Zero. DC operators are calling on government to match its ambitions here with the commitments made by the US and EU.
- Government will know/be aware that Hyperscale and colocation operators are among the most advanced adopters of clean energy PPAs, on-site generation, battery storage, and AI-driven grid balancing. But what you may not be fully aware of is that we have DC operator (located in Slough/known to government) who is an industry leader in heat waste reuse? And that heat from their Paris DCs heat both the French Olympic pool and 1,000 homes in surrounding Parisian neighbourhoods?
- We call for tax incentives to target further in favour of the Net Zero agenda; retrofits, waste heat recovery systems, and grid-interactive features that actively support net zero goals and local district heating are key to AI scale, economic growth, industrial strength, and the Net Zero Agenda.

Conclusion:

- This is not a handout guaranteeing the UK a free gold medal to win the race AI. Instead, this is a policy match so that all industries operating in Britain start the AI race with a fair go, wearing the same shoes and all running in the same track – towards British AI prominence, economic growth, and industrial sovereignty.

- We are supporting our DC operators by asking government to consider the same support, it has already promised to sectors, which are enabled by the infrastructure DCs build. If steel and automotive qualify due to their role in manufacturing competitiveness, then you can certainly see how DCs must also qualify given their central role in enabling AI, digital exports, and services-led productivity.

Life Sciences (including Agritech)

The Thames Valley is home to one of Europe's premier health and life sciences (HLS) clusters, including 700+ HLS companies (in your case study for Northern Ireland, you reference 250 companies); 45,000+ employees; home to the No.1 University in the world and world leading response to the COVID-19 pandemic/developing the vaccine.

As we have outlined, TVCC hosts one of the UK's strongest, business-led, industry groups bringing together global corporates, SME's, HINs, spinouts, recent investors, landowners, academics, and the NHS to help ensure the HLS community is heard and represented into government and industry networks.

We therefore read, with interest, the ambition to 'partner with industry to increase growth and innovation' and proposals for a 'dedicated support service' to be established to help 10–20 high-potential UK companies scale, attract investment, and remain headquartered in the UK. Our invitation to government is do not re-invent the wheel or duplicate effort, work with the TVCC to strengthen our growing and effective, business-led, partnership.

It was this group that published a Manifesto for investment, health and growth in the Thames Valley, shared previously with the government, outlining the key asks (of government) to help unlock the full potential of this sector, including access to finance, regulation and legislation several of which are listed in the Strategy 'interventions'. As such we do welcome the ambition to reform the business, regulatory, and public finance landscape across three pillars focused on (i) supporting world-class R&D; (ii) Making the UK an outstanding place in which to start, grow, scale, and invest, and (iii) Driving health innovation and NHS reform.

We are looking forward to the imminent publication of the Life Sciences sector plan and add that TVCC:

- Welcomes reference to the ambition to *"unleash the economic potential of Life Sciences clusters, including Oxford"* but strongly advise this is broadened out to the Thames Valley (i.e. you could say, Oxford and the Thames Valley, albeit Oxford sits within the latter).
- Welcomes the ambition to make the *"UK an outstanding place in which to start, grow, scale, and invest, with improved access to finance, a stronger skills base, and stronger support for UK manufacturers"* – as we outlined, for example, in our Manifesto, this needs to be back-up by effective action – quickly.
- Echo the ambition to invest in and use HealthTech to enable the "three shifts" required in the NHS (while reducing long-term costs and improving broader economic productivity through better health of the general population) and using life sciences / digital technology as a wider driver of economic growth.
- Raises the point that from a 'signalling' point of view the Strategy will play better to some companies than others (see example below).

In some ways the Strategy leaves us with a bit of an 'orientation' issue regarding life science R&D investments and activity in the UK. For example, while chemical manufacturing is clear – as a core foundation activity – agricultural life sciences is not delineated very well. Consider the definitions. From a 'signalling' point of view the Strategy will play better to some 'health and life sciences' companies than others. By way of example one of global companies offers:

- **Agritech** has been defined as - *precision technologies to improve agricultural input and output processes that exploit the application of controlled environments, robotics and automation, advanced sensors, AI, and data systems*. This definition misses some core research activities of agritech and therefore a missed (investment) opportunity.
- **Life Sciences** has been defined very narrowly as - *businesses involved in developing and/or producing their own pharmaceutical products and all businesses whose primary business involves developing and producing medical technology products, ranging from single-use consumables to complex hospital equipment, including digital health products*. On that basis, the government has now delineated life science investment and activity for the next ten years in the UK as medical-only. Is this really their intention? Such a prescriptive definition excludes those 'health and life sciences' companies not 'strictly speaking' in this space despite being a life science company. Again, a missed (investment) opportunity.
- **Engineering Biology** (a subset of a pillar called Digital and Technologies!) which is defined as - *companies engaged in the design, scaling, and commercialisation of biology-derived products and services that can transform sectors or produce existing products more sustainably*. *And - companies that draw on the tools of synthetic biology to create the next wave of innovation in the bioeconomy.*

Based on these definitions, the company concerned indicated that this is the point their research activity most clearly connects with the Strategy. However, whilst they have current and pending large scale investments, in this area, how much of this can be attracted to the UK remains to be seen.

We congratulate Ministers again for their foresight in the commitments made in the Strategy to secure Britain's future. Now is the time to turn to action and implementation that works and with regions, like the Thames Valley, who are part of the government's solution.

We look forward to continued partnership on this.

Yours sincerely,

Paul Britton
Chief Executive Officer