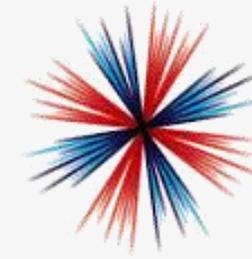




SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP



**INDUSTRIAL
STRATEGY**

South East Local Industrial Strategy Kent & Medway Economic Partnership

Date: 28th January 2020

- Feedback from SELEP Strategic Board meeting on 6th December 2019:
 - The need for the SELEP LIS to set out a strong and clear ambition which reflects the economic importance of our region
 - A clearer articulation of the economic opportunities relating to our proximity to London
 - For the importance of skills to feature more prominently as a priority for the LIS
 - For the LIS to also have a stronger recognition of the climate emergency
- Additional feedback has also been received from federated area leads and SELEP working groups
- Discussion with Board members on 14th January 2020
- Government engagement



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Ambition

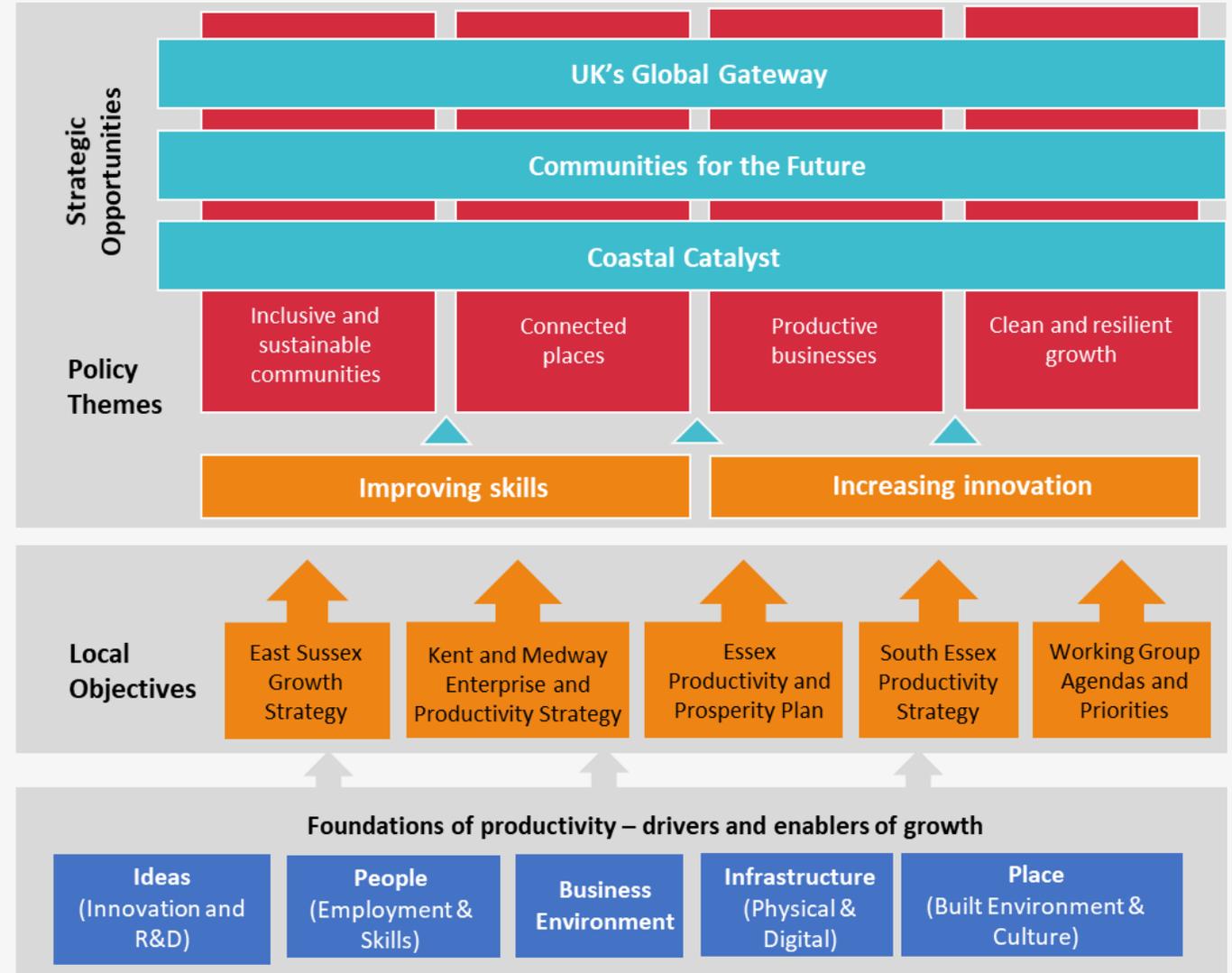
The South East is the UK's global gateway; powering trade and prosperity throughout the UK, generating £90billion a year for the economy.

We will accelerate our role as a global region to drive sustainable and innovative growth. Through targeted investment in our people and places and progressing our partnership with London, we will enhance the economic vitality of UK plc by increasing productivity across the SELEP area, delivering £28 billion additional Gross Value Added by 2030.



Key Proposition

- Three **strategic opportunities** are proposed around which we define future local commitments and potential ‘asks’ to government.
- Builds on an evidence base structured around the five foundations of productivity, and considers these through the lens of the local objectives.
- Increasing commercialised **innovation** and improving **skills** and **inclusivity** are core principles that will feature throughout the LIS.



Structuring the LIS

- **Foreword / introductory remarks**
- **Executive summary**
- **SELEP ambition and overview of the strategic opportunities**
- **Shared economic narrative for the Greater South East**
- **The five foundations of productivity**
 - Ideas
 - People
 - Infrastructure
 - Business environment
 - Places
- **Implementation and evaluation**



Ambition

To capitalise on our unique infrastructure that provides key connectivity and trade routes for the UK into Europe and the world.

We will work with our gateways to strengthen these locations by addressing capacity and reliability associated with transport and digital infrastructure, including routes to London, and capitalising on this to increase international trade and enterprise for the region.

Why

SELEP's strategic location and nationally significant infrastructure assets provide a unique opportunity to create a leading environment for increasing two way trade with Europe and the world.

Trade and passenger volumes through SELEP's Ports and Airports have been growing, and many have plans for future expansion and growth. Yet our transport networks suffer from congestion and require additional investment to enhance their resilience.

There is an opportunity to forge greater links with London to increase domestic and international trade, supporting our businesses to take advantage of our successful track record in securing inward investment and export opportunities. This will facilitate productivity growth through boosting business start-up, scale-up and R&D activity in collaboration with our University base to establish and support cluster development.

Potential Activities

1. Create a maritime cluster group, supported by Maritime UK, to further develop the role of our Ports as catalysts of trade and enterprise, inc through use of AI and data
2. Consider opportunities to accelerate the South East's role as a gateway for (two way) global trade and enterprise, incl. **potential of Freeport status and 'Smart Borders' solutions**
3. Engage with TfSE area studies and work with TfE to enhance understanding of future road and rail connectivity and investment needs across the region, incl. access to ports, and ensure this is replicated across SELEP area
4. Through the SAP, support our gateway locations to provide the diverse skills required for a future workforce
5. Establish collaborative R&D programmes in key clusters, incl. with international partners
6. Coordinated business support offer, building on the Growth Hub, which is accessible across SELEP and is **supported by multi-year funding commitments**

Productivity Outcomes

- Increased regional and London-based trade through our Ports and Airports
- Increased R&D spend, investment and commercialisation in the region
- SELEP becomes UK's most successful region for inward investment projects
- Stronger and more reliable connectivity to, from and between SELEP's gateway locations
- Highly productive business trading environment supported by a more active entrepreneurial culture that encourages business start-ups and scale-ups
- Highly competitive maritime supply chain and skills base that can respond to these opportunities to boost productivity

Ambition

To deliver communities for the future that will create the best places to live and work, and support our shift to becoming a net zero carbon economy.

We will deliver 30% (117,500 homes) of the government's Garden Communities housing programme and use this to drive better design and innovation, which will be applied at scale to share the benefits of this investment with wider housing developments across our existing communities.

Why

People want to live and work in the South East, benefitting from our rural and coastal landscape, thriving cities and towns and proximity to London. SELEP faces housing supply and affordability challenges, but also opportunities to accelerate delivery through new settlements and urban extensions.

This growth requires new and evolving infrastructure and without the right quality and quantity of labour supply and skills needed to deliver major new community and infrastructure projects, there is a significant risk to deliverability and therefore likelihood of productivity gains.

There is an unrivalled opportunity to drive innovation in our developments through R&D into future community design and development – how our communities can support age appropriate living, well being and cultural vitality, sustainable energy sourcing and mobility, access and commercial workspace. This offers huge potential to grow highly productive sectors within SELEP, boost levels of innovation and R&D and support a thriving culture of enterprise.

Communities for the Future

Potential Activities

1. Convene a Major Projects Group to support strategic workforce planning, labour supply and skills incl. possibility of skills hubs and with **participation of key Government departments to accelerate interventions**
2. Create testbeds for innovation e.g. through living labs; linking HE/FE, developers and partners to drive innovation incl. how can be applied to existing communities
3. Supporting innovative constructions methods e.g. MMC in new communities and retro-fitting to existing communities
4. Develop a 'Planners Toolkit' to help unlock barriers and promote design that supports healthy living, age appropriate homes, clean growth, workspace and cultural vitality
5. **Identifying future funding sources for innovation interventions, e.g. the Construction Sector Deal**

Productivity Outcomes

- Increased R&D spend, investment and commercialisation
- Growth in knowledge-intensive, high productivity sectors across SELEP
- More sustainable balance of residents and jobs through greater provision of residential and workplace choices
- Reduced congestion from greater resident/jobs containment
- SELEP becomes UK's leading testbed location for communities of the future (e.g. AI, MMC, community mobility)
- Network of well connected communities through fast, reliable infrastructure
- Thriving business community and supply chain networks delivering communities for the future agenda

Ambition

To create a coastal catalyst to harness the opportunities within our coastal and rural communities and to promote greater inclusion and change.

We will improve the economic fabric of our coastal and rural areas by targeting traditional sector evolution and growth, as well as supporting emerging sectors to improve the productive capacity of our coastal areas, encourage private sector investment, supply chain development and job growth

Why

Our coastal communities possess unique economic opportunities to not only benefit these communities but the region as a whole. But they are also 8% less productive than the rest of the region and face particular challenges to growth and prosperity, not least of which an ageing population.

Building on the Coastal Economic Prospectus we need to diversify the economic base of our coastal areas and enhance their contribution to economic prosperity through increasing the productivity of 'traditional' sectors e.g. tourism and agriculture, and growing those sectors that offer potential for higher value activity e.g. energy, agri-tech, maritime.

In a world of climate concern, our array of natural resources and assets, most prevalent in our coastal and rural communities, can act as a driver for clean growth initiatives and productivity improvements, for instance through resource efficiency, spearheaded by SELEP's existing strengths in nuclear and offshore wind energy.

Potential Activities

1. **Facilitate the quick adoption of 5G/fibre technology, and explore new models for delivering digital infrastructure in hard to reach places**
2. Support the implementation of the Tri-Lep South2East Local Energy Strategy and deliver initiatives that support sustainable energy to transition to a net zero carbon economy, **incl. alignment with the Offshore Wind Sector Deal**
3. Optimise the growth and development of Agri-tech, Agri-food and Forestry-tech sectors through effective clustering and R&D
4. Develop the Visitor Economy, ensuring culture is embedded in its growth potential and **incl. alignment to the Tourism Sector Deal/Tourism Zone**
5. Create a maritime cluster group, supported by Maritime UK, to further develop the role of our Ports as catalysts of trade and enterprise and expand the marine supply chain.

Productivity Outcomes

- Increased productivity of businesses in coastal and rural areas of SELEP, to at least match SELEP wide average (i.e. close current 8% productivity gap)
- Increased commercialisation and growth of innovative sectors including creative, cultural and tourism, and low carbon technology
- Increased protection of natural resources and assets
- These clusters generate a diverse mix of employment opportunities that are taken up by a local, upskilled workforce
- Coastal and rural communities benefit from the latest digital infrastructure to drive forward business growth and access to education/training

Our relationship with London and the Greater South East

We will contribute to an increasingly coherent voice for the Greater South East, recognising the importance of our connections with London and our neighbours and that many of the challenges and opportunities that we face are shared with them

There are shared imperatives that all GSE LEPs are developing locally tailored responses to within their LIS, but in addition to these, we are seeking to advance a small number of joint ventures, working closely with central government departments. These are:

- a joint approach to the UK's international gateways to ensure that their full economic potential is recognised and captured as the UK navigates the process of Brexit and the adjustments to international trade that will inevitably follow (*Business Environment*)
- an enquiry into employment land provision, recognising that substantial areas of land have been lost over recent years across the Greater South East and that this will have implications for future economic growth models (*Business Environment*)
- a joint approach to the regeneration of two groups of towns in which deprivation is acute: established New Towns/Garden Cities and coastal towns (*Place*)
- a shared dialogue with Homes England / MHCLG to accelerate the delivery of new Garden Towns/Villages, recognising that these must be nurtured as enterprising communities (*Place*).

Our relationship with London and the Greater South East

In addition, reflecting the area's unique relationship with London, there is additional shared commitment with London to:

- progress future strategies for the main corridors into London, most immediately the Thames Estuary (an area for regeneration and growth of national significance and scale), working closely with government and the Greater London Authority;
- sustain a better and more creative dialogue across the London City Region, involving the Greater London Authority and London Enterprise Panel as well as the other LEPs in the Greater South East, to ensure that issues and opportunities affecting the area as a whole are appropriately recognised and harnessed; and
- facilitate common understanding by sharing technical economic evidence and data to support better coordination in strategy development, planning and programme implementation across London and the GSE; and
- promote the links between related sectors and clusters in the region and improve collaboration on opportunities for example in developing the capacity of industrial and logistics sectors linked to our drive towards a net zero carbon economy (e.g. sustainable freight).



The South East will grow its R&D expenditure by £900 million to meet the Government's 2.4% target and drive commercialised innovation by bringing R&D institutions and businesses together and attracting greater funding to the region

Key outcomes & links to strategic opportunities	<ul style="list-style-type: none">• Increased R&D activity, in collaboration with our University base, to establish and support cluster development, contributing to increased domestic and international trade• Increase in commercialised R&D outcomes that will embed the future of living and work, including resident well-being, mobility, healthy ageing and sustainable energy• Growth in knowledge-intensive, high productivity and innovative sectors that offer opportunities for productivity growth
Context	<ul style="list-style-type: none">• Commitment to working smarter to raise productivity across SELEP area and across all sectors• Substantial further and higher education base and strong network of innovation assets• Low levels of R&D intensity, spend and investment
Case Studies	<ul style="list-style-type: none">• MedTech Hubs in Chelmsford, Harlow and Southend; University of Essex Knowledge Gateway; Venomtech – Life Sciences at Discovery Park; NIAB EMR horticultural and agricultural research institute at East Malling; EIRA Network (Enabling Innovation: Research to Application)
Priorities, activities and commitments	<ul style="list-style-type: none">• Collaborative programmes, targeting key clusters and including international partners• Create testbeds for innovation e.g. through living labs; linking partners to drive innovation• Supporting innovative constructions methods in new communities and retro-fitting to existing communities• Identifying future funding sources for innovation interventions, e.g. the Construction Sector Deal• Create an innovation framework/ eco-system to support greater participation in R&D activities to boost productivity and knowledge exchange



The South East will increase its higher-level skills base by 10%, investing in the development of workforce skills and capabilities as a key driver of growth and productivity and create a system that delivers the advanced and higher technical skills required in a technology driven economy

Key outcomes & links to strategic opportunities	<ul style="list-style-type: none">• Highly competitive supply chain and skills base, able to respond to opportunities to boost productivity• Increased international trade and investment as a result of improved skills and leadership capabilities• More sustainable balance of residents and jobs through greater provision of residential and workspace choices• Clusters of high value activity generate a diverse mix of employment opportunities that can be taken up by a local, upskilled workforce• Better connectivity in coastal and rural communities to drive forward business growth and improve access to education/training
Context	<ul style="list-style-type: none">• Continued population growth but declining working-age population in some parts of SELEP (particularly coastal) resulting in ageing society• Strong levels of labour market participation but significant gaps and spatial variation in higher level skills• Strong foundations to build on through SAP, Skills Strategy and Digital Skills Partnership
Case Studies	<ul style="list-style-type: none">• Tailoring provision to local employer needs (Plumpton College, Stansted Airport College, Thameside Jetty)• Capital investment in skills• FE bursary scheme
Priorities, activities and commitments	<ul style="list-style-type: none">• Align the activities of the Skills Advisory Panel (SAP) to support the delivery of the LIS strategic opportunities• Support our gateway locations to provide the diverse skills required for a future workforce• Convene a Major Projects Group to support strategic workforce planning, labour supply and skills incl. possibility of skills hubs and with participation of key Government departments to accelerate interventions• Identify funding sources to provide leadership coaching, B2B and training for technology adoption/impacts of AI/automation (e.g. National retraining scheme)• Advance programmes to support FE to attract and retain teachers to teach higher technical skills



The South East will capitalise on our gateway location by working to address capacity and congestion associated with transport infrastructure, improving digital connectivity across the region and investing to improve the resilience of our infrastructure to the impacts of climate change

Key outcomes & links to strategic opportunities	<ul style="list-style-type: none">• Increased regional and London-based trade through our Ports and Airports• Stronger and more reliable connectivity to, from and between SELEP's gateway locations• Network of well connected communities through fast, reliable infrastructure; and reduced congestion from greater resident/jobs containment• Better connectivity in coastal and rural communities to drive forward business growth and improve access to education/training
Context	<ul style="list-style-type: none">• Highly significant infrastructure assets and major contributor to UK energy generation• SELEP's transport infrastructure suffers from congestion• Generally good levels of digital connectivity, but some rural and coastal 'black spots' hindering productivity• Identified risks from flooding and erosion across many coastal parts of SELEP / need for resilient infrastructure
Case Studies	<ul style="list-style-type: none">• Channel Tunnel / High Speed One and proposals to expand to East Sussex; Tri-LEP Energy Strategy; Local Growth Fund projects
Priorities, activities and commitments	<ul style="list-style-type: none">• Consider opportunities to accelerate SELEP's role as a gateway for global trade and enterprise, including creation of a maritime cluster group, supported by Maritime UK; exploring potential of Freeport status and 'Smart Borders'• Work with TfSE and TfE, and with London and our neighbouring LEPs to ensure infrastructure needs and investments are joined up and planned for the long term• Work with government and industry providers to begin mapping digital coverage and exploring new models for delivering digital infrastructure in hard to reach places• Support the implementation of the Tri-Lep South2East Local Energy Strategy and deliver initiatives that support sustainable energy to transition to a net zero carbon economy, incl. alignment with the Offshore Wind Sector Deal

The South East will become the UK's most successful region for inward investment, whilst also increasing productivity and innovation across the region by delivering an improved business support offer and creating a thriving business environment

Key outcomes & links to strategic opportunities	<ul style="list-style-type: none"> • Highly productive business trading environment which encourages business start-ups and scale-ups • Growth in knowledge-intensive, high productivity sectors across SELEP • Thriving business community, supply chain networks and skills base • Increased productivity of businesses in coastal and rural areas of SELEP, to at least match SELEP wide average • Increased commercialisation and growth of innovative sectors including creative, cultural and tourism, and low carbon technology
Context	<ul style="list-style-type: none"> • SELEP is home to a large and diverse business base, and strong track record in securing inward investment/FDI • Stock of business has been growing but is behind national levels, and we underperform in terms of scale-up • Low business representation in some of the most productive sector groups (such as ICT, finance and insurance)
Case Studies	<ul style="list-style-type: none"> • Growth Hubs; Social Enterprise; Southend Airport Business Park
Priorities, activities and commitments	<ul style="list-style-type: none"> • Coordinated business support offer, building on the Growth Hub, supported by multi-year funding commitments • Deliver a bespoke scale up programme for businesses seeking to grow • Create a maritime cluster group, supported by Maritime UK, to further develop the role of our Ports as catalysts of trade and enterprise and expand the marine supply chain. • Work to secure greater participation of SME developers to accelerate growth, supported by the National Planning Policy Framework • Identify how all businesses in the region can access the level of digital connectivity they require • Review local procurement processes to support entrepreneurs, small businesses and freelancers • Optimise the growth and development of sectors (e.g. Agri-tech, Agri-food and Forestry-tech) through effective clustering and R&D



The South East will lead the country in creating future sustainable communities, that enhance and protect our natural assets, to provide a thriving environment for business, trade, living and culture

Key outcomes & links to strategic opportunities	<ul style="list-style-type: none">• SELEP's strategic location and nationally-significant infrastructure assets provide a unique opportunity to create a leading environment for increasing two way trade with Europe and the world• SELEP becomes UK's leading testbed location for communities of the future (e.g. AI, MMC, community mobility)• More sustainable balance of residents and jobs through greater provision of residential and workplace choices• In a world of climate concern, our array of natural resources and assets, most prevalent in our coastal and rural communities, can act as a driver for clean growth initiatives and productivity improvements, for instance through resource efficiency, spearheaded by SELEP's existing strengths in nuclear and offshore wind energy
Context	<ul style="list-style-type: none">• Dispersed nature of SELEP's geography, economic areas and assets• Sizeable capacity for growth and development of new communities, including garden settlements• Issues with housing supply and affordability remain, as well as a growing shortage of good quality business space
Case Studies	<ul style="list-style-type: none">• Garden Communities programme; Regeneration of existing communities (Margate); LNPs natural capital prospectus; SELEP Coastal Economic Prospectus; Thames Estuary Production Corridor, Pioneering Places East Kent
Priorities, activities and commitments	<ul style="list-style-type: none">• Deliver clear plans to address connectivity challenges in coastal and rural areas (Rural Connectivity Programme)• Develop the Visitor Economy, ensuring culture is embedded in its growth potential (Tourism Sector Deal)• Support development of the vibrant and innovative viticulture sector in our rural areas• Apply learning from innovative community development activities to existing communities• Support regeneration of our towns through the Future High street/Towns Fund programmes• Work collaboratively to protect and enhance our natural resources, and explore opportunities to commercialise our assets incl. to support resilience in the rural economy• Develop a 'Planners Toolkit' to help unlock barriers and promote design that supports healthy living, age appropriate homes, clean growth, workspace and cultural vitality

Next steps

- Draft LIS to be considered by Strategic Board on 31st January
- Government LISA panel 11th February
- Ongoing development will be informed by Federated Boards and Strategic Board feedback, and will include building the narrative around the priorities and actions
- Confirmation of Government timescales and engagement with Whitehall leads
- Planning for wider communications and supporting materials
- Update to Strategic Board 20th March

KMEP members may wish to consider the following questions ahead of SELEP Strategic Board discussions on Friday 31st January:

1. Are members comfortable with the overall level of ambition?
2. Does the current draft reflect the priorities discussed at the previous SELEP strategic board (skills, climate change, the economic importance of our region, our proximity to London)?
3. Are there particular issues on which you think we should focus on in our discussions with Government departments?