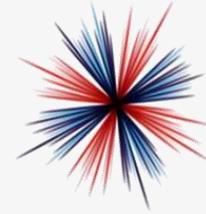




SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP



**INDUSTRIAL
STRATEGY**

South East LEP Local Industrial Strategy

Supporting Pack

November 2019



This paper summarises the emerging propositions and underpinning themes developed for the South East Local Industrial Strategy (SE LIS). It is structured as follows:

- An overview of the proposed approach to the LIS
- Outline of the three proposed strategic opportunities
- Outline of the four policy themes, and logic chains for proposed interventions in each of these
- Potential local commitments and potential 'asks' to government

This represents the latest thinking at the point of drafting and it should be noted that work continues to refine the opportunities, commitments and asks.

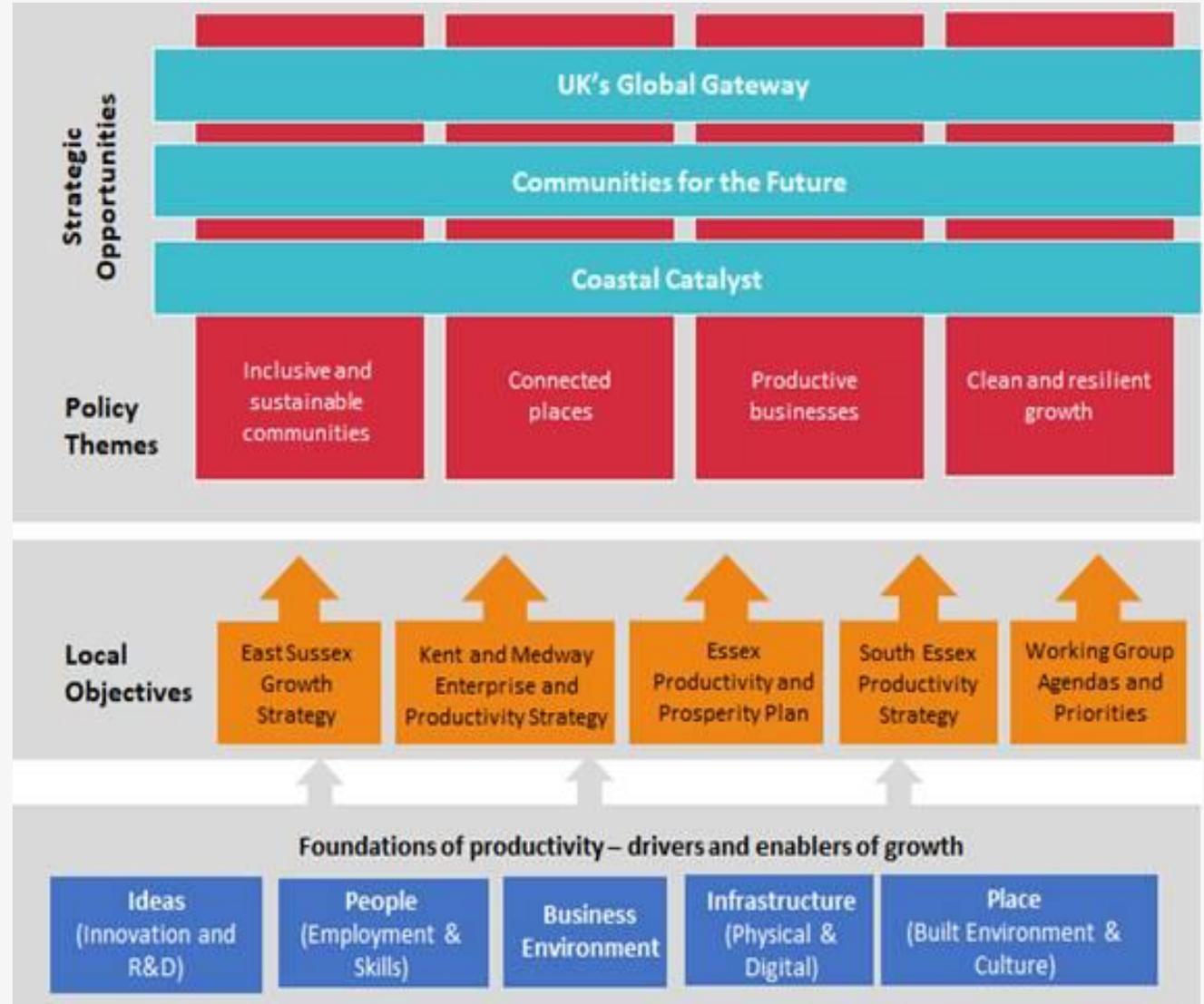


Proposed Approach

The South East LIS builds on an evidence base structured around the five foundations of productivity defined by government, and considers these through the lens of the local objectives.

From this, three distinctive strategic opportunities for the SELEP region have been identified, which are underpinned by four policy themes around which we define future local commitments and potential 'asks' to government.

Achieving greater **innovation, skills and inclusivity** are core principles that will feature throughout the LIS.





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Policy Themes



Inclusive and sustainable communities

SELEP will lead the country in creating communities for the future, spearheading innovation and investment, where people not only want to live but do business and spend time.



Productive businesses

SELEP will attract, retain and help to accelerate the productivity of businesses in the South East, leading to greater growth and innovation.



Connected places

SELEP will deliver strategic infrastructure that maximises our role as a gateway region for the UK.



Clean and resilient growth

SELEP will maximise the opportunities to protect, enhance and promote the region's natural assets, and drive clean and resilient growth.

Inclusive and sustainable communities

“SELEP will lead the country in creating communities for the future, spearheading innovation and investment, where people not only want to live but do business and spend time.”

Strategic Opportunities

- UK’s Global Gateway – support delivery of major projects and investments
- Communities for the Future – pioneer innovative and sustainable new communities
- Coastal Catalyst – to apply learning from new community development to revive existing coastal & rural

Grand Challenges

- ✓ Clean Growth
- ✓ Future of Mobility
- ✓ Ageing Society

Logic chain



“SELEP will deliver strategic infrastructure that maximises our role as a gateway region for the UK.”

Strategic Opportunities

- UK’s Global Gateway – high quality infrastructure to support trade, investment and enterprise
- Communities for the Future – support more sustainable patterns and modes of travel
- Coastal Catalyst – improve connectivity to coastal areas to increase productivity

Grand Challenges

- ✓ Clean Growth
- ✓ Future of Mobility
- ✓ A.I.& Data

Logic chain



“SELEP will attract, retain and help to accelerate the productivity of businesses in the South East, leading to greater growth and innovation.”

Strategic Opportunities

- UK’s Global Gateway – grow our business base and innovation activity
- Communities for the Future – create new economic opportunities including creative and clean growth sectors
- Coastal Catalyst – improve the growth potential and productivity of coastal economies

Grand Challenges

- ✓ Clean Growth
- ✓ A.I.& Data
- ✓ Ageing Society

Logic chain



Clean and resilient growth

“SELEP will maximise the opportunities to protect, enhance and promote the region’s natural assets, and drive clean and resilient growth.”

Strategic Opportunities

- UK’s Global Gateway – become a leader in clean growth sectors, and maximise the role of ports
- Communities for the Future – maximise opportunities for delivering clean growth at scale, and promoting healthy living
- Coastal Catalyst – harness new opportunities including energy and visitor economy, and develop response to climate change

Grand Challenges

- ✓ Clean Growth
- ✓ A.I.& Data

Logic chain



Strategic Opportunities

From the content developed through the policy themes, three strategic distinctive opportunities are proposed

UK's Global Gateway

Our infrastructure provides key connectivity for the UK into Europe and the world.

We will work with our gateways to identify how we can strengthen these locations by addressing congestion and reliability associated with transport and digital infrastructure, incl. routes to London, and how we can capitalize on this to increase two way international trade and enterprise for the region.

Communities for the Future

We will deliver 30% of the Garden Communities housing in the UK and drive design and innovation that provide communities for the future, across the region.

Our developments and interventions will deliver R&D outcomes that will embed the future of living and work, including resident well-being, mobility, healthy ageing and sustainable energy and learn lessons and share knowledge for application to existing communities.

Coastal Catalyst

We will improve the economic fabric of our coastal areas to encourage private sector investment, supply chain development and job growth.

We will implement programmes to increase productivity through growth of the Visitor Economy and the creative and cultural and tourism sectors; capitalize on the clean energy potential of the coast and establish a new maritime sector group to maximise growth opportunities.

Innovative – Skilled – Inclusive

Inclusive and sustainable communities

- Convene a Major Projects Groups to support strategic workforce planning, labour supply and skills incl. possibility of skills hubs
- **Participation of key Government departments in the MPG to accelerate interventions**
- Creating testbeds for innovation e.g. through living labs; linking HE/FE, developers and partners to drive innovation inc. how this can be applied to existing communities
- Develop a 'Planners Toolkit' to help unlock barriers and promote design that supports healthy living, age appropriate homes, clean growth, workspace and cultural vitality
- Work to secure greater participation of SME developers to accelerate growth, **supported by the National Planning Policy Framework**
- Supporting innovative constructions methods e.g. MMC in garden communities
- **Identify/ clarify future funding sources for innovation interventions, incl. alignment with the Construction Sector Deal**
- Review criteria for future funding assessments to reflect LIS priorities

Connected places

- Build on existing TfSE analysis to enhance understanding of future road and rail connectivity and investment needs across the region, incl. impact of major developments and access to ports
- Identify and support key growth corridors linked to major infrastructure, sector/cluster initiatives & planned new communities
- Assessment of opportunities for digital technology incl. building upon the LEP's role as a digital skills partnership
- **Facilitate the quick adoption of 5G/fibre technology, and explore new models for delivering digital infrastructure in hard to reach places, supporting our thriving rural business community**
- Consider opportunities to accelerate the South East's role as a gateway for global (two way) trade and enterprise, **incl. potential of Freeport status and tech solutions for 'Smart Borders'**
- Review criteria for future funding assessments to reflect LIS priorities

Productive businesses

- Create an innovation framework/ eco-system to support greater participation in R&D activities to boost productivity and knowledge transfer
- Establish collaborative R&D programmes in key clusters
- Coordinated business support offer which is understood and accessible across SELEP (incl. the role of Growth Hubs & Enterprise Zones, B2B, leadership coaching, sector based)
- Deliver a bespoke scale up programme for businesses seeking to grow, incl. workspace (linked to Stronger towns/FHSF) & VC and angel investment
- Identify how all businesses in the region can access the level of digital connectivity they require to optimise their productivity
- **Identify funding sources to provide leadership coaching, B2B and training for technology adoption/impacts of AI/automation (e.g. National retraining scheme)**
- Review local procurement processes to support entrepreneurs and small businesses
- Review criteria for future funding assessments to reflect LIS priorities

Clean and resilient growth

- Deliver clear plans to address connectivity challenges in coastal and rural areas; **accelerate Government's Rural Connectivity Programme**
- Apply learning from innovative new community development activities to existing communities
- 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**
- Work collaboratively to protect and enhance our natural resources, and explore opportunities to commercialise our assets incl. to support resilience in the rural economy
- Optimise the growth and development of Agri-tech, Agri-food and Forestry-tech sectors
- Develop the Visitor Economy, ensuring culture is embedded in its growth potential and **incl. alignment to the Tourism Sector Deal/Tourism Zone**
- Create a maritime cluster group, supported by Maritime UK to drive growth directly (on the coast) and in supply chains and detail how Ports can catalyse trade and enterprise
- Review criteria for future funding assessments to reflect LIS priorities

Points for discussion

Board members are asked to consider the content in the preceding slides and provide feedback on the following questions:

- Do you agree with the three distinctive strategic opportunities, that SELEP should promote to Government through the LIS?
- Are there any key challenges or opportunities that you feel are not represented through the proposed opportunities and/or policy themes?
- Are there any specific local commitments or actions that you would like to see reflected in the LIS, or specific asks which you feel we should take to Government?

Feedback from Board members will be incorporated into the drafting of the LIS document, to be presented to the Strategic Board on 31st January 2020.



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Annex 1

Evidence Base Summary



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Evidence Base Overview

A comprehensive evidence base has been developed for the LIS, building upon wealth of existing intelligence and analysis held by SELEP and its partners

South East Local Industrial Strategy Evidence Base Report VERSION 4

Prepared by Deyton Bell and Lichfields
South East Local Enterprise Partnership
October 2019

FOR INTERNAL USE ONLY – NOT FOR WIDER CIRCULATION

Disclaimer
This version 4 draft report presents updated analysis across each of the five foundations of productivity and across the SELEP geography from a LEP-wide perspective. The analysis contains a number of outstanding matters that may be subject to clarification or confirmation. All outputs are subject to our internal review procedures and accordingly, we reserve the right to add, delete and/or amend the findings as appropriate.

LICHFIELDS

61064/01/CGJ/CGJ
17723706

DEYTON BELL



THE THAMES ESTUARY PRODUCTION CORRIDOR

CASE FOR INVESTMENT

SOUTH EAST LOCAL ENTERPRISE PARTNERSHIP
RURAL STRATEGY 2016 - 2021
MARCH 2015

SMARTER FASTER TOGETHER

TOWARDS A LOCAL INDUSTRIAL STRATEGY

Creative Sector Impact Evaluation for SELEP
Shared Intelligence

April 2016v2

ENERGY SOUTH EAST
TOWARDS A LOW CARBON ECONOMY

LOCAL ENERGY STRATEGY

Cost to Capital • Enterprise MS • South East Local Enterprise Partnership

SMART SPECIALISATION HUB

SOUTH EAST

The South East LEP covers the local authority areas of Bedford, Berkshire, Brighton, Cambridgeshire, Cheshire, Devon, Dorset, Essex, Gloucestershire, Hampshire, Hertfordshire, Kent, Lincolnshire, London, Merseyside, Norfolk, North East, North West, Oxfordshire, Shropshire, Staffordshire, Surrey, Sussex, Warwickshire, West Midlands, West Yorkshire, Wiltshire, Worcestershire, and Yorkshire and the Humber.

SECTION 1: RESEARCH AND HIGHER EDUCATION

High Education Spending on R&D (2012)	Change	Average 7
100%	0.28	0.28
90%	0.25	0.25
80%	0.22	0.22
70%	0.19	0.19
60%	0.16	0.16
50%	0.13	0.13
40%	0.10	0.10
30%	0.07	0.07
20%	0.04	0.04
10%	0.01	0.01

South East LEP Skills Strategy 2018 - 2023

An employer led partnership approach to skills for a flourishing, inclusive economy

Evidence Base Overview

The LIS evidence base has been used to identify particularly pertinent productivity points, challenges and opportunities to help to frame LIS development



Productivity Overview

- SELEP is a major contributor to the UK economy, generating more economic output (GVA) than any other LEP outside of London
- But relatively poor performance across a variety of productivity measures, including GVA per hour worked/job filled and GVA growth over time
- Significant geographical variation in productivity performance across SELEP – larger urban economies close to London are generally more productive than coastal areas
- Emerging sector opportunities in particular around digital/creative, maritime, life sciences and low carbon (energy and technology)

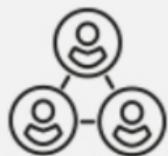


Ideas

- Substantial higher education base with research strengths and strong alignment with key sectors (inc agri-food and creative)
- Supported by strong network of innovation assets (such as Enterprise Zones and science parks)
- Relatively low levels of R&D intensity and spending amongst SELEP's business base, but strong critical mass of firms engaged in product and process innovation
- R&D expenditure by higher education sector amongst the lowest in the country
- SELEP's share of national innovation funding has been substantially lower than it's share of population and business stock

Evidence Base Overview

The LIS evidence base has been used to identify particularly pertinent productivity points, challenges and opportunities to help to frame LIS development



People

- Track record of population growth, which is expected to continue in future – reflecting SELEP’s attractiveness as a place to live and migrate to
- Strong levels of labour market participation, with consistently high employment and economic activity
- But declining working-age population in some parts of SELEP (particularly coastal) resulting in ageing society
- Population lacks many of the higher level skills crucial to drive productivity growth through high value, knowledge intensive activity
- Significant spatial variation in resident higher level skills (NVQ4+), coupled with pockets of persistent socio-economic deprivation, especially within some coastal communities



Business Environment

- SELEP is home to a large and diverse business base (approx. 170,000), and high business density relative to the UK average
- Stock of businesses has been growing, but generally behind national growth levels, partly due to business start-up trailing behind other areas
- SELEP’s business base underperforms when it comes to scaling-up (demonstrating strong and sustained growth)
- Low business representation in some of the most productive sector groups (such as ICT, finance and insurance)
- Strong track record in securing inward investment/FDI, but uncertainty going forward, and some investors concern about skills availability and reliability of infrastructure

Evidence Base Overview

The LIS evidence base has been used to identify particularly pertinent productivity points, challenges and opportunities to help to frame LIS development



Infrastructure

- Highly significant infrastructure assets within national context (inc major ports, airports, continental rail connection, road and rail networks) - international 'gateway' function provides unique trade and connectivity benefits and opportunities
- But SELEP's transport infrastructure suffers from congestion despite receiving investment in recent years
- Major contribution to UK energy generation - new nuclear facilities planned at Bradwell and major offshore wind generation capacity in the Thames Estuary, North Sea and English Channel
- 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



Place

- Dispersed nature of SELEP's geography, economic areas and assets makes it difficult to articulate a clear and distinctive identity
- Sizeable capacity for growth and development of new communities, including garden settlements (29% of national total)
- Complex travel-to-work flows with strong labour market relationships with London in particular
- Strong housing delivery in recent years, but issues relating to housing supply and affordability remain
- Growing shortage of good quality business space
- SELEP's geography supports rich natural capital, much of which is under threat from climate change
- Key opportunities for rural and coastal economies to increase their contribution to productivity growth