

South East LEP Local Industrial Strategy

Local Industrial Strategies (LIS) are long-term ambitions set out for each Local Enterprise Partnership area, based on clear evidence and aligned to the national Industrial Strategy.

They should set out clearly defined priorities for how the area will maximise its contribution to UK productivity, allowing places to make the most of their distinctive strengths. They will better coordinate economic policy at the local level and ensure greater collaboration across boundaries. They will help to inform local choices, prioritise local action and, where appropriate, help to inform decisions at the national level.

The strategy should set out the response to the five foundations of productivity – [Ideas](#), [People](#), [Place](#), [Business Environment and Infrastructure](#). It should also consider the contribution and impact the area can have on the national grand challenges of [Ageing Society](#), [Artificial Intelligence & Data](#), [Clean Growth](#) and [Future of Mobility](#).

They will also provide strategic overview which will inform the LEP's approach to any future local growth funding deployed through them and potentially alignment for other public spend at the national and local level. In conjunction with the key reforms set out in the Strengthened Local Enterprise Partnerships, the LIS will help local areas in England decide on their approach to maximising the long-term impact of the new UK Shared Prosperity Fund.

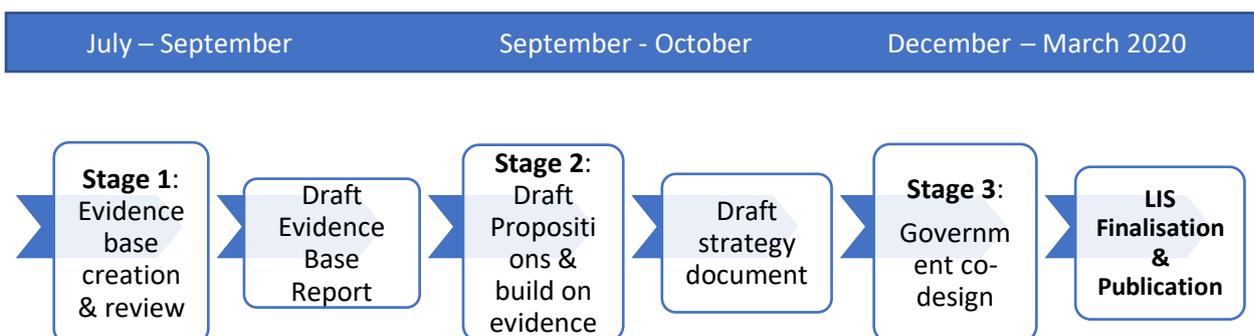
Once a draft of the strategy has been agreed locally, we enter into a co-design stage with Government. This process will test the line of sight from the evidence base to our priorities and agree the set of priorities through which the LEP will address the five foundations of productivity, including our offers and asks of Government. The final published document will be jointly owned by Government, SELEP and its partners.

Timelines for producing the LIS

There were three waves of development announced and we are now seeing some of the [earlier wave publications](#). For the remaining, the deadline for agreeing the LIS with Government is March 2020.

Most LEPs, including SELEP, are therefore aiming for the co-design stage to commence in January/February 2020.

The SELEP is therefore taking a 3-stage approach to the development of the LIS –



Stage 1 focuses on creating a robust, comprehensive and fit for purpose evidence base. There is a significant amount of information and data available and that was collated for Smarter, Faster, Together. This will be reviewed and recast for the LIS, with gaps identified and filled. Each of the four federated areas also have in place, or are currently producing, a local economic/productivity strategy which will be a key source of information for the LIS. As the consultation develops, the evidence base will continue to be strengthened and shaped.

The evidence base will need to stand up to Government scrutiny via the LISA (local industrial strategy analytical) panel to ensure a clear line of sight from the evidence to the interventions and asks cited in the LIS.

Stage 2 focuses on wide consultation with partners and stakeholders regarding the evidence base and emerging focus and interventions. These will be tested, refined and further developed to provide a strong framework from which to draft the LIS document.

Consultation will take place primarily through existing networks, forums and other channels. In addition, it is anticipated that the LEP will arrange thematic workshops that will focus on developing the focus, interventions and asks of Government.

In parallel to the consultation, the LEP will be liaising with Government departments where there is alignment with the content of the LIS.

Stage 3 will follow local agreement to the content of the LIS to enter the co-design stage with Government. This will involve in-depth discussions with Government departments to achieve agreement and final publication of the strategy.

Engagement in the LIS development

SELEP is working through a dedicated core group (local authority officers and CLGU) and stakeholder group (officers, working groups and CLGU) to help guide and inform the development of the LIS.

Together we have created and agreed an engagement schedule, utilising existing local boards and forums and the SELEP working groups, as well as planning dedicated thematic events and, where relevant, individual or group discussions.

The SELEP team is working closely with the areas that are developing local productivity strategies to ensure that these align where it makes sense to do so and help create coherence in our key messages to Government.

Key findings from the stage 1 evidence base

As the timeline shows, we have received our first cut of the evidence base, which is designed to support how we start to focus our discussions on priorities and propositions for the LIS as part of Stage 2. Key implications of the analysis thus far as it relates to the development of the LIS include:

Economy and Productivity Overview

1. SELEP performs relatively poorly across a variety of economic output and productivity measures, including GVA per hour worked/per job filled and GVA growth over the last few years.
2. However, it remains a major contributor to the UK economy, providing nearly £90bn in total GVA per annum, making it the largest generator of GVA of all LEP areas outside of London, including major metropolitan centres such as Leeds and Manchester.
3. Kent is the largest generator of GVA within the LEP area, while there are marked variations in GVA output at a local level, with most coastal areas generating lower levels of economic output in absolute terms and on a per capita basis, to a large extent reflecting their higher levels of retired non-working age populations. Higher levels of economic output are recorded in those areas closer to London, or where there are larger urban centres such as Maidstone, Chelmsford and Colchester, where the proportion of working-age population is greater.
4. SELEP's economy provides jobs for around 1.6 million people, and whilst job growth over the last 10 years has been strong, it falls behind national average rates of growth over this period. The LEP area accommodates particularly high numbers of jobs in health, retail and education sectors, which together account for over a third of all jobs in the region.
5. At a sub LEP level, particular sector concentrations are evident in hospitality and recreation (East Sussex), professional, ICT and finance (Essex), health, retail and education (South Essex) and agriculture, mining and quarrying (Kent), reflecting inherent economic assets, strengths and locational advantages.
6. Looking ahead, existing evidence points to particular growth opportunities within creative and digital industries, marine and maritime, life sciences, and low carbon technology. Meanwhile, logistics, construction, advanced manufacturing and healthcare are all likely to continue to remain highly important and experience fundamental change over the next few.

Ideas

1. R&D intensity and business expenditure on R&D lags slightly behind national levels, and falls significantly behind other LEP areas across the wider South East including adjoining New Anglia LEP.
2. SELEP performs much better in terms of number of firms engaged in product or process innovation, ranking in second position behind only London and illustrating the scale of business base undertaking innovative activity within the LEP area. There are also significant concentrations of employment within science and technology sectors that offer strong opportunities for productivity growth in future.
3. SELEP has a substantial higher education base with nine operational universities that offer a broad spectrum of pure and applied research, and a wide distribution of research strengths. However, R&D expenditure by the higher education sector is amongst the lowest in the country and graduate start-ups are relatively weak in the SELEP area.



4. The LEP area has attracted around £117 million in innovation funding over recent years, with major recipients including Ford at Dunton, Teledyne e2v and Revolve Technologies (both based in Chelmsford) and Raytheon. In proportionate terms, this share of funding is substantially lower than the LEP's share of population or business stock.
5. The area benefits from a number of key innovation assets that are of national/international significance and align to SELEP's key sector strengths. These include a number of Enterprise Zones, universities, UKSPA science parks and NESTA accelerators/incubators. The majority of these assets tend to be clustered within Essex and to the north and middle of Kent, with comparatively fewer innovation assets located within East Sussex.
6. SELEP recognise that collectively, all sectors in the SELEP region need to look to do more to become a more innovative economy, create a stronger local innovation culture and commercialise its world leading science base to drive growth across the UK.

People

1. SELEP has been recording slightly higher than average rates of population growth in recent years although its proportion of working-age population falls behind the national average, reflecting an ageing population in predominately coastal parts of the LEP area. Going forward, population growth is expected to exceed England-wide projections, with locations on the fringe of Greater London projected to see the greatest rates of growth.
2. Relatively high levels of employment, coupled with high rates of economic activity, means that the proportion of the SELEP population that is in employment and contributing towards the creation of economic output is high in comparison with the national rate.
3. Productivity in SELEP is likely to be adversely affected by its current occupational structure (weighted towards lower skilled occupation types) as well as the skills base of its resident population which falls behind the national average in terms of higher level skills (NVQ4+). There is a sharp contrast between coastal districts and those in close proximity to London when it comes to higher skilled occupations, reflecting the labour market relationships that SELEP shares with the Capital.
4. Within the national context, levels of socio-economic deprivation within SELEP are relatively low compared with other LEP areas, although it does accommodate some of the highest levels of deprivation of southern LEP areas, and some pockets of persistent and acute deprivation for instance in parts of the Isle of Sheppey, Clacton-on-Sea and Thurrock.

Business Environment

1. SELEP has a sizeable business base and strong levels of business density relative to the national average. Business density tends to be higher in rural areas such as Uttlesford, Epping Forest, Sevenoaks and Wealden, and lowest in coastal areas such as Thanet, Medway and Hastings.
2. SELEP's relative underperformance in terms of business base growth in recent years has been underpinned by slightly lower business start-up rates compared with the national average. The business death rate in SELEP also falls behind UK averages, indicating that businesses are slightly more resilient in the SELEP area.
3. SELEP records average performance in terms of business scale-up density and scale-up growth compared with other LEP areas across the country, but does



perform relatively poorly compared with other south eastern LEPs. High representation or growth in scale-ups can help to drive growth in employment and value in local areas.

4. Reflecting national trends, SELEP's business stock is overwhelmingly made up of small enterprises. Public admin and education sectors tend to be characterised by a higher proportion of larger employers, while the ICT, construction, professional scientific and technical sectors are comprised almost exclusively of micro and small businesses.
5. In terms of business base, SELEP is relatively under-represented in the most productive sector groups (e.g. ICT, finance and insurance), and some of the more productive sectors are less productive in the SELEP area than they are nationally. This is likely to be connected with the nature of activity within the sector locally (for example, overall productivity is likely to be lower if headquarters functions are located elsewhere).
6. The South East has historically been one of the most successful regions in the country at attracting and capturing inward investment. Looking ahead, the significant change in the UK's attractiveness to overseas investors will require the LEP and its partners to re-think their approach to securing investment. Particular challenges facing the region include investor concerns about skills availability and the reliability of infrastructure.

Infrastructure

1. SELEP is highly significant from a national infrastructure point of view, including two of London's airports, major ports, the UK's only rail connection to continental Europe and an extensive strategic road and rail network. This international 'gateway' function is important to the UK as a whole and yields significant benefits to the SELEP area, but ensuring the resilience of the South East's transport networks is a local and national challenge.
2. SELEP's local road network performs relatively well in headline terms with average speeds on SELEP's 'A' roads exceeding the national average. SELEP has not been alone in suffering from reduced average speeds on its local A roads over recent years due to increased congestion.
3. The South East rail network is the busiest and most congested in the country, connecting the capital and its southern and southeastern suburbs with Kent, Surrey, Sussex and Europe. Despite significant recent investment the network still requires further investment to enhance connections, particularly to coastal communities, to address congested commuter routes and to serve population growth in SELEP and the establishment of new communities via both HIF and the Garden Communities programme.
4. SELEP makes a vital contribution to the UK's international connectivity through the air connections it offers via London Stansted and London Southend airports. Both airports have grown in recent years with Southend in particular surpassing equivalent levels of growth recorded at any other UK airport over the last 10 years or so.
5. The collection of strategically important port infrastructure across SELEP, and the volume of international passenger and freight movements this supports, makes transport and logistics an important sector for the South East, but also places pressure on the area's wider transport infrastructure, particularly in light of the SELEP area's significant population and housing growth.
6. Digital connectivity is generally good (or at least equivalent to national provision) across SELEP, with the fastest broadband speeds and highest quality mobile



coverage found in and around the main towns such as Chelmsford, Medway and Southend-on-Sea.

7. Beyond transport infrastructure, the SELEP area also makes a substantial contribution to UK energy generation, with new nuclear facilities planned at Bradwell and major offshore wind generation capacity in the Thames Estuary, North Sea and English Channel

Place

1. The SELEP area has a dispersed geography with no single centre dominating, this means that the LEP's key assets are widely distributed across the area.
2. Much of the SELEP area is substantially urbanised, with particular pockets of highly urbanised areas located within South Essex and North Kent, and also within coastal communities located along the south coast. It also contains areas of nationally-significant environmental quality including the South Downs National Park and Areas of Outstanding Natural Beauty.
3. Reflecting SELEP's dispersed economic geography, travel flows are complex, with substantial outflows to London, but more tightly defined travel-to-work areas towards the coast. SELEP contains or overlaps with 16 travel to work areas including London, Brighton, Crawley and Cambridge, Margate and Ramsgate, Medway and Chelmsford. These extend into wider hinterlands beyond the LEP's own boundary.
4. In light of population growth, infrastructure constraints and extensive environmental designations, housing affordability and delivery are significant challenges in the SELEP area. The housing 'affordability ratio' is above the England average in all but one district.
5. In recent years, the pace of housing delivery has increased across SELEP in response to a growing population. Accelerating housing delivery is a key ambition of SELEP and its partners and will become a high priority in the coming decades, supported by new settlements and the expansion of existing settlements.
6. SELEP contains around 21.3m sq.m. of office and industrial floorspace, the vast majority of which is industrial in nature. Kent accommodates the highest absolute level of employment floorspace, and a higher level of both industrial and office floorspace than any other subarea. Employment space changes have played out quite differently across the LEP area, with an overarching trend of slightly declining industrial floorspace and some growth in office stock over the past 10 years.
7. Reflecting its natural geography, rural and coastal economies make a significant contribution towards overall economic prosperity and growth at the SELEP level. Each of the three county areas and unitaries within SELEP have their own particular mix of rural land-use, environments, rural and non-rural businesses and communities all of which contribute to the economic, environmental and social wellbeing of the area. Coastal economies face a unique range of issues and challenges to economic prosperity and productivity growth, with productivity levels 8% lower than the regional average and 12% lower than the National average.
8. Creative industries play an important role in driving SELEP's visitor and cultural economy and have been representing an increasing share of the area's business base. This is complemented by a wide range of retail and leisure centres across the LEP area (Bluewater Shopping Centre being the highest ranking) which collectively can play a key role in supporting growth in economic output by attracting additional visitors and tourism expenditure to the area.