



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

SOUTH EAST LOCAL INDUSTRIAL STRATEGY

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Contents

Executive Summary.....	4
<i>Our Strategic Opportunities</i>	<i>4</i>
<i>Responding to the ‘Grand Challenges’</i>	<i>6</i>
<i>Working in partnership with London and the Greater South East</i>	<i>6</i>
<i>Building upon the foundations of productivity</i>	<i>7</i>
Ideas	7
People	7
Infrastructure	8
Business environment	9
Places	9
Introduction	11
Context	11
Wider geography	13
Our ambition and strategic opportunities	14
UK’s global gateway	14
Communities for the future	14
Coastal catalyst	14
South East key proposition	15
Delivering on local objectives	16
Responding to the ‘Grand Challenges’	17
Working in partnership with London and the Greater South East	17
Structure of this document	18
Ideas	19
Our ambition	19
Context	19
Building on success	20
Links to strategic opportunities	21
Priorities and future activities	21
Outcomes	21
People	23
Our ambition	23
Context	23
Building on success	24
Links to Strategic Opportunities	25

<i>Priorities and future activities</i>	25
<i>Outcomes</i>	26
Infrastructure	27
<i>Our ambition</i>	27
<i>Context</i>	27
<i>Building on success</i>	28
<i>Links to strategic opportunities</i>	30
<i>Priorities and future activities</i>	30
<i>Outcomes</i>	31
Business environment	32
<i>Our ambition</i>	32
<i>Context</i>	32
<i>Building on success</i>	33
<i>Links to strategic opportunities</i>	34
<i>Priorities and future activities</i>	35
<i>Outcomes</i>	35
Places	36
<i>Our ambition</i>	36
<i>Context</i>	36
<i>Building on success</i>	37
<i>Links to strategic opportunities</i>	39
<i>Priorities and future activities</i>	39
<i>Outcomes</i>	40
Implementation and Evaluation	41
<i>Governance</i>	41
<i>Funding</i>	41
<i>Monitoring outcomes</i>	41
<i>Evaluation</i>	42

Executive Summary

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.

Our Local Industrial Strategy will harness the South East's position as the UK's global gateway, delivering investment in communities across our region to drive innovation, productivity and sustainable growth.

With a population of around 4.2 million and 1.6 million jobs, the South East is the largest LEP area in England outside of London, both in terms of population and economic output. Unleashing the full potential of the South East economy is therefore critical to the future economic vitality of the UK as a whole and securing the aims of the national Industrial Strategy.

This Local Industrial Strategy sets out how the South East will maximise its strengths and remove barriers that remain, to ensure the economy can meet future challenges and deliver inclusive growth, so that the benefits of growth reach all of the area's communities.

Our Strategic Opportunities

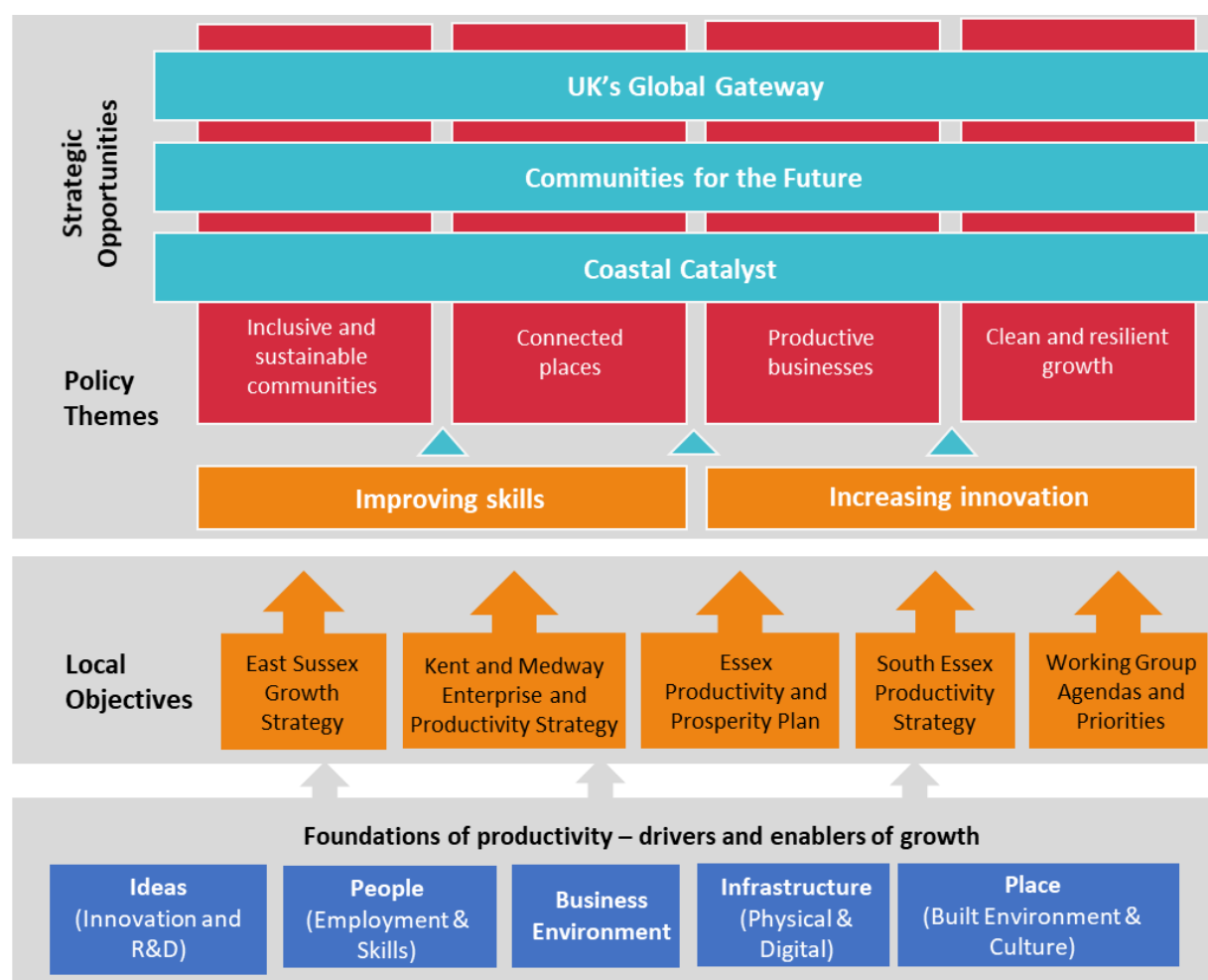
Developed from a comprehensive evidence base and building on a track record of investment by the South East Local Enterprise Partnership (SELEP), this strategy sets out a detailed plan to realise the full potential of the region and drive an increase in productivity. At the heart of this strategy are three distinctive strategic opportunities:

- the South East's critical role as a **global gateway** and as a leading location for inward investment, linking the UK with international markets. 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;
- our capacity 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; and
- creating a **coastal catalyst** to harness the opportunities within our coastal 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.

These opportunities will be supported by focusing specifically on:

- increasing our region's innovation activity and R&D expenditure in line with the government's 2.4% of GDP target, working in partnership with industry and the further and higher education sectors;
- sustaining a workforce and business base that is fully equipped to respond to new technologies and changing skills needs; and
- embedding clean growth principles to secure the shift to a net zero carbon economy, including by growing our capacity for sustainable energy production and transport and investing to help our region mitigate the impacts of climate change which impact upon our communities.

Our key proposition brings these elements together to show how we will deliver our ambition, working closely with each of our four economic partnership areas – East Sussex, Essex, Kent and Medway and South Essex – and bringing forward investment across all five of the foundations of productivity set out in the national Industrial Strategy that enable growth.



Responding to the ‘Grand Challenges’

This strategy will make a significant contribution to the societal and economic Grand Challenges that the government identifies in the national Industrial Strategy, building on the South East’s strategic opportunities, notably:

- AI & Data Economy – supporting investment in technology-led solutions for the sustainability of new and existing communities and infrastructure and supporting our leading sectors and businesses in implementing advancements in AI;
- Clean Growth – implementing the South2East Local Energy Strategy and supporting our shift to a net zero carbon economy through new Garden Communities and retrofit programmes, whilst also investing to help mitigate the impacts of climate change in those communities most at risk;
- Future of Mobility – using our role as a global gateway to accelerate investment in more efficient and sustainable transport systems and supporting the introduction of new technology such as ‘smart borders’; and
- Ageing society – using our new communities to pioneer design and technological solutions that better support the needs of an ageing population.

Working in partnership with London and the Greater South East

We are an integral part of the Greater South East economy, with the capacity and appetite for growth and strong business leadership. We will therefore work in partnership with the five other LEPs to create a coherent voice for the Greater South East, recognising the importance of our connections with London and our neighbours and that we have many shared challenges and opportunities. This includes:

- a joint approach to the UK’s international gateways to maximise their full economic potential and can be adaptive to facilitate future international trade;
- 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; and
- a shared dialogue with government to accelerate the delivery of new Garden Communities, recognising that these must be nurtured as enterprising communities as well as places to live.

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;

- 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).

Building upon the foundations of productivity

Ideas

The South East is home to world-leading innovation assets and businesses, but regional expenditure on research and development (R&D) is currently 1.5% of gross domestic product (GDP). We need to grow both business and higher education innovation expenditure, and in particular, realise the full potential of our innovation assets and nine universities. The South East will grow R&D expenditure by £900 million, or 60%, to meet the Government's 2.4% target of GDP and drive commercialisation of innovation through a new framework that brings R&D institutions and businesses together and attracts greater funding to the region. Actions to support this include:

- developing collaborative programmes, in particular targeting our key clusters and involving international partners;
- creating testbeds for innovation, for example through 'living labs', that link partners to drive innovation activity;
- identifying future funding sources for innovation interventions, such as the Construction Sector Deal to support innovative construction methods and smart building approaches in new communities and retro fitting to properties within existing communities;
- creating an innovation framework/eco-system to support greater participation in R&D activities to boost productivity and knowledge exchange, including enhancing our existing innovation assets;
- encouraging those businesses with the capacity for innovation and high growth to scale up; and
- supporting businesses to increase the adoption of new technologies and processes.

People

The South East's population has been growing strongly and this is forecast to continue at faster rates than in the rest of the country. The region has high levels of economic activity, but at all skills levels it is behind the English average and therefore must focus on raising skills levels and improving training pathways in order to increase access to job opportunities and respond to changing business needs. Therefore, the South East will develop the skills and capabilities of its workforce as a key driver of growth and productivity and create a system that delivers the higher technical skills required in a technology-driven economy. This will include:

- identifying funding sources to provide workforce training that will accelerate the ability of business to adopt new technologies and embrace the opportunities of AI/automation (e.g. national retraining scheme);



- identifying funding sources to provide leadership coaching and B2B support for leaders of our SME base, supporting their approaches to growing their business and doing so sustainably, developing their talent (including through apprenticeships & T Levels), participating in R&D and attracting further investment;
- provide information and guidance for employers to increase awareness of apprenticeship and skills development opportunities (linked to wider business support) and with a greater focus on reaching those in coastal and rural communities and linked to a bid to become a Tourism Zone;
- create a major projects group to consider large-scale infrastructure projects, focusing on strategic workforce planning, labour supply and skills development, including exploring the potential for skills hubs and working with Government to accelerate interventions where necessary;
- work with digital providers to understand future plans and requirements for skills and labour, to work with the region's skills providers to accelerate the implementation of digital connectivity;
- supporting our gateway locations to provide the diverse skills required for a future workforce; and
- advancing programmes to support further education institutions and skills providers to attract and retain teaching staff to teach higher technical skills and, where appropriate, in other hard to recruit areas.

Infrastructure

The South East is home to strategically important infrastructure, including two of London's airports (at Stansted and Southend); major ports including Dover, London Gateway and Tilbury, the Haven Ports and Newhaven; the UK's only rail connection to continental Europe; and an extensive strategic road and rail network. A growing volume of international freight and passengers depend on these networks which are critical to servicing the markets that operate across and within the region. Our growth potential and the supporting role we play to other parts of the UK will only be delivered if businesses and communities have access to the efficient and resilient infrastructure they need. 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. This will include:

- accelerating the South East's role as a gateway for global trade and enterprise and exploring potential of Freeport status and application of 'smart borders';
- working with Transport for the South East and Transport East and with London and our neighbouring LEPs, to ensure infrastructure needs and investments are joined up and planned for the long term and that LEP funding supports this;
- working with government and industry providers to better understand our digital coverage, acknowledging existing 'not spots' and exploring new models for delivering digital infrastructure in hard to reach places;

- supporting the implementation of the South2East Local Energy Strategy and deliver initiatives that support sustainable energy to transition to a net zero carbon economy, including alignment with the Offshore Wind Sector Deal; and
- championing and working closely with planned strategic infrastructure that will help to drive our future success, such as the Lower Thames Crossing and Bradwell Power Station, to leverage maximum benefit to the region.

Business environment

The South East is already one of the UK's leading regions for attracting inward investment and has a sizeable and diverse business base including key sectors with identified growth potential; for example, creative and digital, life sciences, low carbon and environmental services and agri-tech/food. However, we want to grow further and 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. Actions to support this include:

- establishing a more coordinated business support offer, building on the Growth Hub, backed by multi-year funding commitments and accessible to all types of enterprise including entrepreneurs, small businesses, social enterprise and freelancers;
- delivering a bespoke scale up programme for businesses seeking to grow, including supporting businesses within our coastal and rural communities;
- creating 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;
- working to secure greater participation of SME developers to accelerate growth, supported by the National Planning Policy Framework;
- identifying how all businesses in the region can access the level of digital connectivity they require;
- reviewing local procurement processes to support entrepreneurs, small businesses and freelancers; and
- optimising the growth and development of our leading sectors through effective clustering and R&D.

Places

The South East has a varied network of settlements and our natural environment and landscapes are central to the region's attractiveness and quality of life. We need to create places to which South East residents and businesses aspire to live, work and invest and that contribute to raising living standards. The South East will lead the country in creating future sustainable communities, including as part of delivering 30% (117,500 homes) of the government's Garden Communities programme, that enhance our natural assets to provide a thriving environment for business, trade, living and culture. This will include:

- delivering clear plans to address connectivity challenges in coastal and rural areas, such as a Rural Connectivity Programme;

- developing the visitor economy, ensuring culture is embedded in its growth potential, including as part of the government's Tourism Sector Deal;
- supporting development of the vibrant and innovative viticulture sector in our rural areas;
- applying learning from innovative community development activities to existing communities;
- supporting regeneration of our towns through the government's Future High Street Fund and Towns Fund programmes;
- working collaboratively to protect and enhance our natural resources and explore opportunities to create new opportunities from our assets, for example to support resilience in the rural economy; and
- developing a 'planners toolkit' to help unlock barriers and promote design that supports healthy living, age appropriate homes, clean growth, workspace delivery and cultural vitality.

Introduction

This strategy sets out how the South East will harness its position as the UK's global gateway, delivering investment in communities across our region to drive innovation, productivity and sustainable growth. At the heart of this strategy are three distinctive strategic opportunities:

- the South East's critical role as a **global gateway** linking the UK with international markets and leading location for inward investment;
- our capacity 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; and
- creating a **coastal catalyst** to harness the opportunities within our coastal communities and to promote greater inclusion and change.

The strategy has been informed by a comprehensive evidence base and developed by the South East Local Enterprise Partnership (SELEP) engaging with stakeholders from across our region including local authorities, business representatives and universities. It has been developed in the context of the strategies adopted within our four economic partnership areas (East Sussex, Essex, Kent and Medway and South Essex), reflecting SELEP's 'federated' model.

The strategy defines a series of shared commitments that respond to the specific local circumstances of the South East and to realise our ambition. It focuses on those priorities which are shared across the South East and where, by working together, business, universities, colleges, local government and the third sector can make a strategic difference. We also identify where we will work in partnership with central government and its key agencies and with London and the other LEPs in the Greater South East recognising the shared challenges and opportunities across this wider geography.



Context

The South East region brings together four established and distinct economic areas in East Sussex, Essex, Kent & Medway and South Essex. It is a highly diverse region with large urban areas (particularly Medway and Southend), but no single centre dominates. Instead, it contains a wide range of settlements, including county towns, university cities, ports, seaside towns and industrial centres, in addition to an extensive network of market towns and rural communities. It also boasts a superb natural environment, including much of the South Downs National Park and substantial areas of outstanding natural beauty.

The South East is highly significant from a national infrastructure point of view. The region contains all the UK's infrastructure to the east and southeast of London, including two of London's airports (at Stansted and Southend); major ports including Dover, London Gateway and Tilbury, the Haven Ports and Newhaven; the UK's only rail connection to continental Europe; and an extensive strategic road and rail network. It is also in close proximity to a wider range of assets, including Gatwick, Heathrow and wider motorway and rail network.

With a population of around 4.2 million, the South East is, by some margin, the largest LEP area in England outside London, both in terms of population and economic output. We are a major contributor to the UK economy, providing nearly £90bn in total GVA per annum, making the South East the largest generator of GVA of all LEP areas outside of London.

Recent years have seen rapid population growth in the South East. In the twenty years to 2017, the region's population increased by 16.6% (compared with around 14% across England). This equates to an increase of around 638,000 people. Looking to the future, population growth is expected to remain high, with a projected increase of 11% between 2018 and 2030. The region is expected to see moderate growth in the working age population, although the South East will also continue to have a comparably higher share of population within older age groups.

The economy has generally been performing well in employment terms. Between 2011 and 2016, the number of jobs in the area grew by 162,000 (an increase of around 9%). Analysis of SELEP's industrial mix indicates that it has considerable diversity – both at the level of the LEP overall and within its four economic areas. Productivity (measured as GVA per filled job) was £49,600 in 2017, about 91% of the UK average. This 'deficit' has been present for many years, but has widened since the 2008/09 recession. This productivity 'gap' does not apply everywhere in the South East: the west of Essex and west Kent have productivity levels higher than the UK average. But given SELEP's growth potential and its proximity to London and the rest of the South East, there is an opportunity to improve the area's performance.

Analysis of the South East's industrial mix indicates that it has considerable diversity – both at the level of the LEP overall and within its four economic areas. At regional level, two sectors – construction and transport and logistics – stand out as having particularly high relative concentrations of employment (reflecting the scale of the South East's growth agenda and its 'gateway location'). There are also particular strengths in manufacturing (where our stock of major businesses includes Ford and New Holland in Basildon, BAE Systems in Medway and Chelmsford, Raytheon in Harlow and General Dynamics at Hastings) and food production (both in food manufacturing and the South East's extensive (and highly productive) agricultural sector). Across much of the South East, the tourism industry is also substantial – linked with the coast, the quality of our natural and built environment and our cultural offer.

These sectors are supported by a strong base of professional and commercial service activities and an extensive 'foundational economy' providing services to meet local need. In parts of the South East, education and health are important (and high value) sectors in their own right, driven by the presence of universities and regional health facilities (with the development of new medical schools at Canterbury and Chelmsford reflecting both). Parts of the region also have a significant energy sector, associated with the nuclear industry (with Bradwell located on the Essex coast) and offshore renewables.

The region also has a strong higher education presence with nine universities that support around 88,000 students and are a key knowledge and innovation asset. The Science and Innovation Audits for the South and East of England set out some of the universities' key capabilities, highlighting ICT and data analytics at the University of Essex; bioscience at the University of Kent; engineering at Greenwich and Sussex; and environmental sciences at Anglia Ruskin.

Wider geography

As a large economy, the South East has close functional economic relationships with neighbouring areas. London remains an important employment destination (at the time of the last census, around 86,000 people from the SELEP area commuted to the Cities of London and Westminster alone) and a major market for South East businesses.

Parts of the South East also have direct links to London's future growth. In particular, a shared strategy for the Thames Gateway has been advanced for many years, most recently within the report of the Thames Estuary 2050 Growth Commission and the establishment of the Thames Estuary Growth Board, as well as the development of more recent initiatives such as the Thames Estuary Production Corridor.

The South East forms a critical part of the 'Greater South East', which effectively functions as London's city-region combining the South East with five other LEP areas: Hertfordshire, Coast to Capital, Solent, Enterprise M3 and Thames Valley Berkshire. This area has a combined population of over 11 million people – substantially bigger than London itself – with nearly 500,000 businesses and 5.7 million jobs, with total output of £300bn GVA. The Greater South East plays a pivotal role in supporting London's growth by contributing to meeting the housing needs of its workers, servicing its businesses through supply chains and offering accessible natural environment and cultural assets for its residents. The future success of London therefore very much depends on a continuing positive relationship with the Greater South East.

Our ambition and strategic opportunities

Unleashing the full potential of the South East economy is critical to the future economic vitality of the UK as a whole and securing the aims of the national Industrial Strategy. To deliver this, this Local Industrial Strategy is based on the following 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.

At the heart of the strategy are three distinctive strategic opportunities set out below.

UK's global gateway

The South East provides a critical role as a global gateway and as a leading location for inward investment, linking the UK with international markets. We can 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 by boosting business start-up, scale-up and R&D activity in collaboration with our universities to foster innovation.

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.

Communities for the future

The South East has significant capacity 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. Accelerating housing delivery through new settlements and urban extensions will help the South East address the region's housing supply and affordability challenges that impact productivity and quality of life. Innovation in design and development can support age-appropriate living, wellbeing and cultural vitality, sustainable energy production and mobility, access and commercial workspace. This offers huge potential to grow highly productive sectors within the South East and support new enterprise.

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.

Coastal catalyst

We will create a coastal catalyst to harness the opportunities within our coastal communities and to promote greater inclusion and change, building on our recently published *Economic Prospectus for the South East Coast*. Our coastal communities are currently 8% less productive than the rest of the South East and face particular challenges to growth and prosperity. We need to foster diversification of the economic base of our coastal areas by growing new sectors (e.g. energy, agri-

tech, maritime) and increasing the productivity of ‘traditional’ sectors. Given the importance of the climate change agenda for future policy, we need to think creatively about how natural resources and assets can act as a driver for clean growth initiatives and productivity improvements, spearheaded by our existing strengths in nuclear and offshore wind. Our coastal communities also face particular challenges from the impacts of climate change, for example flooding and coastal erosion, and we must invest in infrastructure to help mitigate these effects.

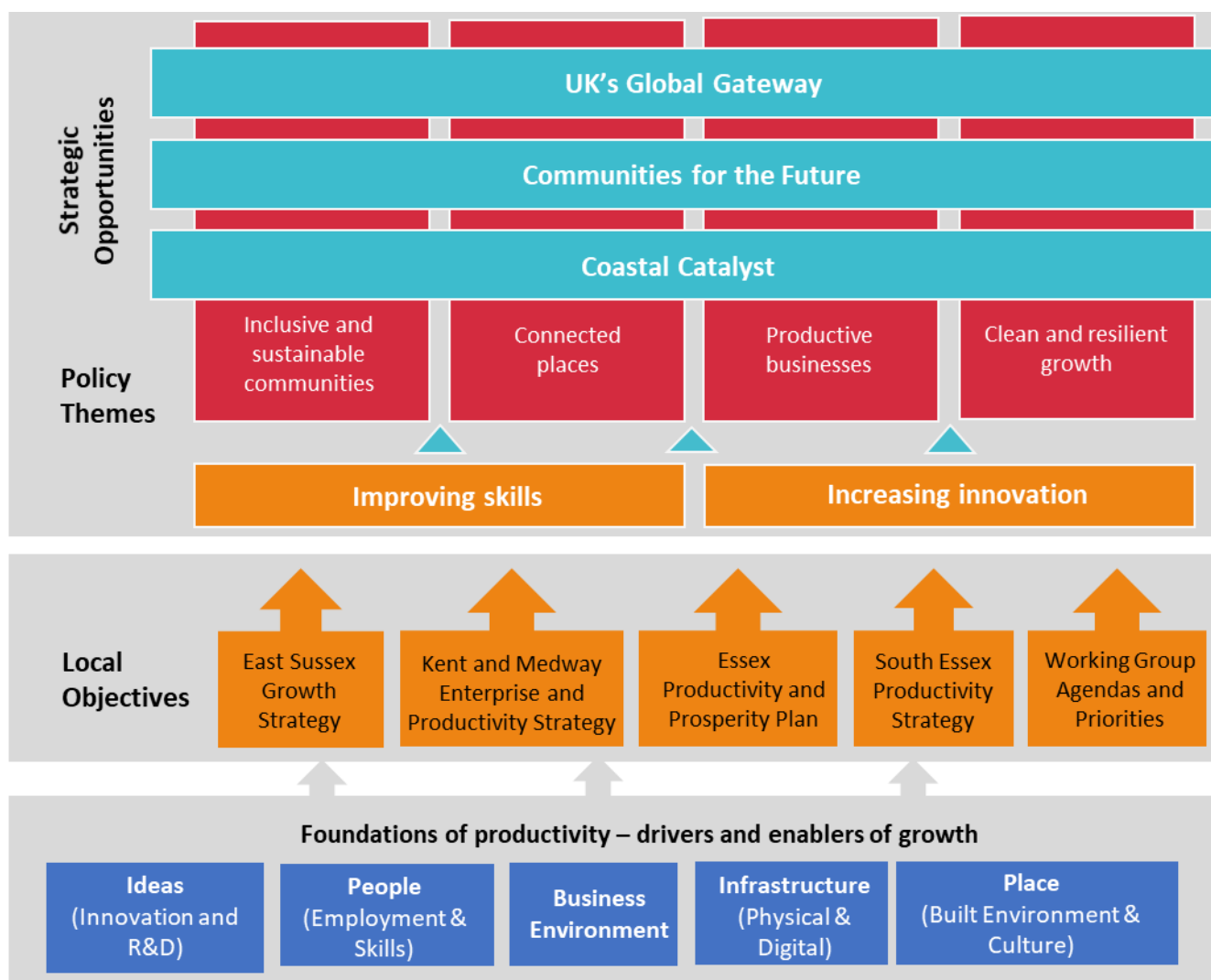
We will improve the economic fabric of our coastal and rural areas, targeting traditional sector evolution and growth as well as supporting emerging sectors to improve the productive capacity of our coastal areas, encouraging private sector investment, supply chain development and job growth.

South East key proposition

Working with partners, we will bring forward investment and other initiatives to maximise the potential of each of these strategic opportunities. This will be supported by a specific focus on:

- increasing our region’s innovation activity and R&D expenditure in line with the government’s 2.4% of GDP target, working in partnership with industry and the further and higher education sectors;
- sustaining a workforce and business base that is fully equipped to respond to new technologies and changing skills needs; and
- embedding clean growth principles to secure the shift to a net zero carbon economy and investing to help our region address and mitigate the impacts of climate change.

Our key proposition brings these elements together to show how we will deliver our ambition, working closely with each of our four economic partnership areas and bringing forward investment across all five of the foundations of productivity set out in the National Industrial Strategy that enable growth.



Delivering on local objectives

This strategy aligns strongly with the specific priorities associated with local productivity strategies adopted or emerging for each of SELEP's four partnership areas:

Success Essex Towards a Prosperity and Productivity Plan (draft)

The developing productivity strategy for Essex sets the context for prosperity and productivity looking forward to 2040. This is focused on becoming a dynamic, growing, connected and resilient economy. The strategy includes commitments to build on the existing and emerging knowledge economy, to drive uptake of new technologies to increase productivity and develop new goods and services, focussing on the green economy.

South Essex Productivity Strategy (2019)

The productivity strategy presents four overarching programmes of work that seek to drive productivity growth whilst ensuring that people who live in South Essex are able to both contribute to and benefit from that growth. This includes a focus on accelerating business productivity and growth and leveraging South Essex's connectivity strengths and advantages including its international 'gateway' assets, such as its ports and Southend Airport.

East Sussex Growth Strategy (2014)

The strategy sets out a vision for as a more innovative, productive and faster growing East Sussex economy. The strategy is built around three pillars of business, place, people and a series of key priorities for each. These enable business growth (particularly high value businesses), maximising natural and visitor economy assets and promoting East Sussex as a business location, whilst meeting the skills needs of businesses and helping residents to maximise their potential.

Kent and Medway Enterprise and Productivity Strategy (draft)

The draft strategy identifies three strategic enabling objectives (super connecting the places of Kent and Medway; upskilling our workforce; and supporting well led business to grow and innovate), in support of an overall ambition to realise economic potential and improve GVA levels by 2050. Specific ambitions are set out around Kent and Medway's relationship with London, to be a smart international gateway to Europe, be recognised as the 'Clean Garden of England' and to be an international destination for investment and tourism.

Responding to the 'Grand Challenges'

This strategy will make a significant contribution to the societal and economic Grand Challenges that the government identifies in the National Industrial Strategy, building on the South East's strategic opportunities, notably:

- AI & Data Economy – supporting investment in technology-led solutions for the sustainability of new and existing communities and infrastructure and supporting our leading sectors and businesses in implementing advancements in AI;
- Clean Growth – implementing the South2East Local Energy Strategy and supporting our shift to a net zero carbon economy through new Garden Communities and retrofit programmes, whilst also investing to help mitigate the impacts of climate change in those communities most at risk;
- Future of Mobility – using our role as a global gateway to accelerate investment in more efficient and sustainable transport systems and supporting the introduction of new technology such as 'smart borders'; and
- Ageing Society – using our new communities to pioneer design and technological solutions that better support the needs of an ageing population.

Working in partnership with London and the Greater South East

We are an integral part of the Greater South East economy, with the capacity and appetite for growth and strong business leadership. We will therefore work in partnership with the five other LEPs to create a coherent voice for the Greater South East, recognising the importance of our connections with London and our neighbours and that we have many shared challenges and opportunities. This includes:

- a joint approach to the UK's international gateways to maximise their full economic potential and can be adaptive to facilitate future international trade;
- 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; and

- a shared dialogue with government to accelerate the delivery of new Garden Communities, recognising that these must be nurtured as enterprising communities as well as places to live.

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;
- 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).
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Structure of this document

The rest of this document follows the structure of government's national Industrial Strategy by examining each of the five foundations of productivity. For each of the foundations, we set out how SELEP and its partners will build upon the South East's strengths and address its challenges to raise productivity and deliver inclusive growth.

Ideas

The South East will grow 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 attracts greater funding to the region.

Our ambition

SELEP will lead the way in enabling and encouraging innovation so people and businesses across the South East both create new ideas and adopt existing ideas. We will cultivate an environment across SELEP where those interested in driving innovation can connect, cooperate and collaborate as they share ideas and resource. This means supporting our innovative capacity in our 'leading edge' businesses and research institutions – but it also means increasing the opportunities for creativity across the economy, enabling businesses with the potential for growth to expand.

Context

A commitment to research and development and innovation is critical in underpinning our productivity growth. Innovation offers the potential to commercialise ideas to develop products or services which either: make production more efficient through process improvements/investment in a new plant; or create new market opportunities which stimulate business and employment growth.

The South East is home to world-leading innovation assets including nine universities and a cluster of key innovation assets of national and international significance, including Enterprise Zones, UKSPA science parks and NESTA accelerators/incubators.

Despite this, regional expenditure on research and development (R&D) is currently 1.5% of gross domestic product (GDP) – falling some way behind the government's target of 2.4% by 2027. South East businesses spend less on R&D than the national average and significantly less than their counterparts in nearby LEP areas such as New Anglia. Whilst we have been successful in securing around £117 million in innovation funding over recent years, in proportionate terms this share of funding is substantially lower than the LEP's share of population or business stock.

We perform much better in terms of the number of firms engaged in product or process innovation, ranking in second position behind only London. This illustrates the scale of business base undertaking innovative activity within the LEP area which we need to capitalise on. We also have significant concentrations of employment within science and technology sectors that offer strong opportunities for productivity growth in future.

SELEP recognises that collectively, all sectors in our region have a role to play in driving a more innovative economy, to create a stronger local innovation culture and commercialise our world leading science base to drive growth across the UK.

We need to grow both business and higher education innovation expenditure, particularly regarding realising the full potential of our innovation assets and nine universities. R&D expenditure by SELEP's higher education sector is amongst the lowest in the country and graduate start-ups are relatively weak. This must improve as our nine universities are a core asset and make a substantial contribution to the economy as businesses in their own right. Increasing the density of connections between innovative (or potentially innovative) businesses and the stock of

knowledge within our higher education base will be beneficial to both sides and to the economy overall.

Building on success

The South East has a track record of innovation, driven by the knowledge-intensive institutions that are based here and the sizeable stock of firms engaging in process and product innovation. This is supported by a highly entrepreneurial business base characterised by strong start-up and survival rates, an expanding business base and diverse sectoral mix.

Our evidence shows that significant scope exists to make more of our world class innovation assets, exploiting the opportunities they offer to drive commercialisation of innovation, bringing R&D institutions and businesses together and attracting greater funding to the region. These include:

- **our substantial higher education base** with 9 universities that offer a broad spectrum of pure and applied research and a wide distribution of research strengths, such as the University of Essex Knowledge Gateway and sector based strengths such as the MedTech Hubs in Chelmsford, Harlow and Southend and Kent's University Medical Centre;
- **our port locations**; DP World London Gateway port, for example, is one of the most automated ports in Europe and is home to a highly integrated logistics park. Our gateway locations provide capacity for further adoption of new technologies e.g. Smart Borders; and
- **our innovation assets** that are of national/international significance and align to SELEP's key sector strengths. These include Enterprise Zones, universities, UKSPA science parks and NESTA accelerators/incubators.

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 and Raytheon. Over the coming years this funding must increase to maximise innovation opportunities across our business and higher education base.

The scale of planned housing development across the South East, through our garden communities programme alongside other housing development, gives us unrivalled opportunity to innovate and ensure that the communities we create drive innovation in both their construction but also in terms of the technologies and environment that people and businesses need.

Our natural capital offers the opportunity for diversification of our economy, in providing new job opportunities. R&D expenditure is however lower in coastal areas, as is the overall number of project applications submitted to Innovate UK and we want to focus on increasing this and encouraging collaboration between universities and R&D partners and entrepreneurialism through our coastal and rural sectors.

Suggested case studies – based on existing information/documents and feedback from stakeholders. To include:

MedTech Hubs in Chelmsford, Harlow and Southend and Kent's University Medical Centre

University of Essex Innovation Centre/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)

Additive manufacturing – Anglia Ruskin

Teledyne E2V – quantum technologies

Links to strategic opportunities

UK's global gateway – we want to support our gateway locations and wider business base to innovate and adopt new technologies, enabling the region to capitalise on trade and enterprise opportunities, generating more R&D activity and securing our place as the most successful region for inward investment.

Communities for the future – we want to take advantage of the significant opportunities for innovation in sustainable housing and community development, including approaches to healthy living, green technologies, commercial workspace and sustainable transport, as well as supporting the work of our future high street and towns programmes to create vibrant places.

Coastal catalyst – we want to ensure that effective collaboration and R&D activity is fostered in our coastal and rural areas to support emerging sectors, such as clean energy and creative and digital, as well as more traditional ones, such as tourism, maritime and agriculture; in order to improve our overall productivity performance and better ensure inclusive growth.

Priorities and future activities

To drive progress towards achieving our ambitions within “Innovation”, our activities will include:

- developing collaborative programmes, in particular targeting our key clusters and involving international partners;
- creating testbeds for innovation, for example through ‘living labs’, that link partners to drive innovation activity;
- identifying future funding sources for innovation interventions, such as the Construction Sector Deal to support innovative construction methods and smart building approaches in new communities and retro fitting to properties within existing communities;
- creating an innovation framework/eco-system to support greater participation in R&D activities to boost productivity and knowledge exchange, including enhancing our existing innovation assets;
- encouraging those businesses with the capacity for innovation and high growth to scale up; and
- supporting businesses to increase the adoption of new technologies and processes.

Outcomes

- Increase in R&D activity, in collaboration with our University base, to establish and support cluster development and boost start up and scale up, contributing to increased domestic and international trade.
- Increase in commercialised R&D outcomes across sectors and specifically linked to our community development, to 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.
- Development of our already substantial further and higher education base and our strong network of innovation assets, underpinned by a coherent innovation framework, that supports the delivery of this strategy.

People

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.

Our ambition

SELEP will create an effective, stable and sustainable skills system that individuals and businesses can understand and positively engage with, as we know that building our skills and talent base is one of the biggest enablers of economic growth and creates the ability to realise our ambition and capitalise on our unique opportunities.

This would be essential at any time but is particularly so now, at a time of rapid technological and societal change. Our three strategic objectives are heavily dependent upon having the people and skills to deliver and to provide access to work opportunities for all our communities.

Context

The scale of the employment opportunity in the SELEP area is significant, with rising job numbers overall and some 400,000 vacancies advertised across the LEP in 2016/17. School attainment is also relatively good, with positive prospects for skills improvements over the long term. However, the area's workforce skills position is challenging. Only 33% of people aged 16-64 are qualified to NVQ4+, compared with 38% across Great Britain (and over 50% in London). This is a significant shortfall – and the impact on local businesses is even greater, given the propensity of people with higher skills to out-commute. At the other end of the spectrum, 176,000 people of working age lack any form of qualification. The variance in skills outcomes across the SELEP area is profound: in seven districts, over 40% are qualified to NVQ4 or higher; in one (Castle Point) the proportion falls to just 13%, and poor qualification levels are widespread across the SELEP area.

At the same time, some key routes to skills progression are under pressure. The number of apprenticeship starts has plateaued in recent years and participation in further education has also fallen.

The tightness of the labour market also presents challenges to employers in securing the skills they need. Looking to the future, some labour market constraints are likely to persist, regardless of cyclical changes in the economy – for example, as the 'working age' population falls as a proportion of the total population, and while there is rising demand for higher-level skills, there are also pressures on the availability of people with intermediate skills.

The South East 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. In the future, 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.

Relatively high levels of employment, coupled with high rates of economic activity, will mean that the proportion of the region's population that is in employment and contributing towards the creation of economic output is high in comparison with the national rate. Productivity levels in the South East is adversely affected by 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.

Technology and automation are changing the way we do business and demand higher level technical skills. Therefore, increasing the technical skills and capabilities of our current and future workforce is critical and it crosses all sectors. However, there are many other areas where addressing skills shortages will be essential if we are to capitalise on our opportunities, including Leisure and Tourism, Ports and Logistics, Health and Social Care and Manufacturing and these all have specific skills requirements in order to remain successful.

The scale of planned infrastructure and development activity in the South East is significant, including housing and garden community developments, Bradwell Power Station, the Lower Thames Crossing, the relocation of Public Health England, the proposed London Resort theme park and new digital infrastructure. All will require a scale of resource that is likely to far exceed the existing labour market. These projects will generate significant labour demand across construction and engineering to planning and project management. This will require a strategic approach if we are to secure the workforce needed to deliver against these commitments, and ensure that our businesses and residents are able to benefit from these opportunities.

It will also need to focus not only on traditional constructions skills but those required for Modern Methods of Construction and creation of smart buildings, for example, in order to achieve the stretching targets for building new homes and drive the innovation we seek.

A further issue to be recognised is that our skills system, with 9 Universities educating over 88,000 people, our further education colleges and other training providers are the key mechanism through which we will reduce skills shortages, further education institutions and skills providers in particular find themselves struggle to recruit and retain the teaching staff needed to deliver skills for the economy.

Building on success

There is much to be done and much to be gained, but we are not by any means starting from scratch. SELEP has long prioritised skills as a key enabler of growth and productivity and is recognised as a leader in this regard. Our Skills Advisory Group has long worked to deliver against a clear and targeted skills strategy and significant progress in developing the system to respond to the needs of the economy has been achieved, including almost £80 million invested in skills infrastructure and over £60million in European Social Fund Programme.

The development of new curricula to support key industries has facilitated closer partnership between providers and industry, as has the Digital Skills Partnership, which works to build collaboration to share existing resources and tools, develop new ideas, attract new partners and build capability.

More recently our Delivering Skills for the Future programme has helped further education institutions and skills providers to recruit and train teaching staff to support delivery of training needed in the economy. SELEP will continue to support and develop this, alongside continued capital investment in our further and higher education capacity that our growing population and business base needs to succeed.

We will build aspiration and innovation, among learners, employees, business owners and providers. Over the next five years, we will develop a clear pathway between all levels and increase industry-relevant qualifications for all ages, particularly at higher and degree level. In addition, we will simplify the skills landscape for employers and seek to expand the support available for training providers and employers at a local level to meet local needs.

Building our work to match employers (enterprise advisors) with schools and colleges, we will continue to raise awareness of the wide range of career and employment opportunities that exist in the SELEP area, in the context of growth and the delivery of the National Careers Strategy, increasing aspiration among young people and wider public understanding.

And we have an excellent framework and structure through which to drive these and other improvements, with our new Skills Advisory Panel, with even greater representation from businesses across the region, that is leading a refreshed data driven Skills Strategy and is committed to delivering this and driving forward the priorities that this industrial strategy presents.

Suggested case studies – based on existing information/documents and feedback from stakeholders. To include:

Tailoring provision to local employer needs (Plumpton College, Stansted Airport College, Thameside Jetty). Plus new curriculum development – logistics at South Essex

LEP skills capital programmes (sector and place-based selection)

Further Education tutor bursary scheme

ESF projects (selection of in work and hard to reach, plus social prescribing)

Links to Strategic Opportunities

UK's global gateway – we will work with business leaders to support their approaches to sustainable growth, talent development (including apprenticeships and T levels), R&D and investment. Supporting our SME base in particular to adopt new technologies and productive processes is crucial, as well as targeting skills interventions at key sectors that underpin the realisation of our strategic opportunities, such as our gateway locations.

Communities for the future – we will support a strategic approach to workforce planning across our large-scale projects and support greater participation of local SMEs developers and supply chain engagement. The scale of development in the South East is significant and will require a skilled, agile and motivated workforce in order to both deliver and maintain it.

Coastal catalyst – we will work to generate a greater diverse mix of employment opportunities, including higher value roles and in doing so, increase skills levels in our coastal and rural areas, through improving access to training and encouraging uptake of apprenticeships across key sectors.

Priorities and future activities

To drive progress towards achieving our ambitions within “People”, working with our Skills Advisory Panel, our activities will include:

- identifying funding sources to provide workforce training that will accelerate the ability of business to adopt new technologies and embrace the opportunities of AI/automation (e.g. national retraining scheme);
- identifying funding sources to provide leadership coaching and B2B support for leaders of our SME base in particular, supporting their approaches to growing their business and doing so sustainably, developing their talent (including through apprenticeships & T Levels), participating in R&D and attracting further investment;
- providing information and guidance for employers to increase awareness of apprenticeship and skills development opportunities (linked to wider business support) and with a greater focus on reaching those in coastal and rural communities and linked to a bid to become a Tourism Zone;
- creating a major projects group to consider large-scale infrastructure projects, focusing on strategic workforce planning, labour supply and skills development, including exploring the potential for skills hubs and working with Government to accelerate interventions where necessary;
- working with digital providers to understand future plans and requirements for skills and labour, to work with the region's skills providers to accelerate the implementation of digital connectivity;
- supporting our gateway locations to provide the diverse skills required for a future workforce; and
- advancing programmes to support further education institutions and skills providers to attract and retain teaching staff to teach higher technical skills and, where appropriate, in other hard to recruit areas.

Outcomes

We have identified the following required outcomes in order to address our challenges and grasp emerging opportunities:

- the creation of a 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;
- clusters of high value activity generate a diverse mix of employment opportunities that can be taken up by a local, upskilled workforce; and
- better connectivity in coastal and rural communities that drive business growth and improves access to education, training and jobs.

Infrastructure

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.

Our ambition

SELEP will continue to work with partners to identify transport network needs within and across our area, addressing capacity and congestion, helping to help unlock future investment and supporting our commitment as a region to deliver significant housing growth. We will also improve digital connectivity in all our communities to support businesses across the region. Given the identified challenges the region faces to the impacts of climate change, we will invest to improve the resilience of our infrastructure and to help protect those communities at greatest risk.

This is crucial to the South East's growth potential; the supporting role we play to other parts of the UK will only be delivered if our businesses and communities have access to the efficient and resilient infrastructure they need.

Context

The South East is home to strategically important infrastructure, including two of London's airports (at Stansted and Southend); major ports including Dover, London Gateway and Tilbury, the Haven Ports and Newhaven; 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 also yields significant economic benefits to the South East. A growing volume of international freight and passengers depend on these networks which are critical to servicing the markets that operate across and within the region. Ensuring the resilience of the South East's transport networks is therefore both a local and national challenge.

In 2018, South East ports handled some 95 million tonnes of freight, accounting for 20% of the UK total. While the national trend has been for a reduction in overall volumes, the volume handled by South East ports has been growing and its national share increasing. For example, Dover is the largest 'roll-on roll-off' port in the UK, handling 23% of the UK total ro-ro traffic, as well as being Europe's busiest passenger ferry port.

The evidence suggests that the South East's local road network performs relatively well in headline terms with average speeds on A-roads exceeding the national average. However, average speeds have been falling due to increased congestion and these figures obscure particular network pinch-points that present risks to our gateway locations and efficiency and reliability for businesses.

The region's rail network is already the busiest and most congested in the country, with a complex network linking London with the Greater South East and to Europe via the Channel Tunnel. The High Speed One domestic rail network in Kent and Medway built on existing investment in the Channel Tunnel Rail Link. The network still requires significant investment to enhance connections, particularly to coastal communities, and to provide additional capacity on congested commuter routes to and from London. These pressures will only increase with the projected population

increase across the South East and through delivery of housing growth and Garden Communities that form a key part of this strategy.

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. Our growth agenda depends on efficient and sustainable utilities networks; the South2East Local Energy Strategy sets out how local energy generation to support heat, power and transport could be developed, making use of private sector investment and supporting the 'clean growth' grand challenge set out in the National Industrial Strategy.

The local broadband partnerships in East Sussex, Kent, Medway, Essex, Thurrock and Southend are well advanced in ensuring superfast broadband access to the majority of homes and businesses. However, broadband coverage in the more rural areas of the LEP is poorer and we will need to address existing not spots, ensuring that we respond to the Government's ambition to connect every home and business to full fibre by 2033. We need to also be able to take advantage of the opportunities associated with the introduction of 5G mobile infrastructure and the increasing sophistication of consumer and business demand. For example, the urgent roll out of broadband across all rural areas to support the growth of the Agri-tech sector and rural businesses including the very large number of creative and dynamic SMEs choosing to locate in SELEP's rural areas.

Latest evidence highlights the significant risks faced in many parts of the South East from climate change, with large areas at risk from flooding and coastal erosion, particularly many of our coastal communities. The increasing frequency and intensity of extreme weather events in the future presents an ongoing risk to economic assets and business activity in the region, with the impact often being felt disproportionately by the most vulnerable groups. Investment is therefore required to improve the resilience of existing infrastructure and introduce mitigation measures where it is effective to do so.

Building on success

SELEP has already made significant investment in infrastructure through its Local Growth Fund programme (based on the priorities set out in the 2014 Strategic Economic Plan). This has contributed to a number of strategically important schemes such as the widening of the A13, improvements to Junction 8 of the M11 at Harlow and Junction 10a at Ashford, and will ultimately help to unlock around 29,000 homes.

However, recent assessments in Kent, Medway, Essex, Thurrock, Southend and the combined Infrastructure Delivery Plans in East Sussex, all indicate that the scale of the investment required to deliver the infrastructure needed for planned growth is far greater. From a strategic perspective, the major, long-term infrastructure priorities are clearly identified and with existing evidence in place to support future proposals. They include:

- the Government's proposed Lower Thames Crossing, linking Kent, Thurrock and Essex. Through the recent Highways England consultation, the relevant local authorities responded reflecting their views (it is noted that Thurrock Council is not supportive of the Lower Thames Crossing proposed route). It is important that a scheme of this size maximises the potential benefits and minimises the impacts on local businesses and communities. The scheme could have substantial impacts on the surrounding road network (including the potential to alter strategic traffic flows between Dover and the North);

- other major road corridors, including (in South Essex) the A13 and A127; (in Essex) the A12, A120, A133 and M11; (in Kent and Medway) the A2/M2/A299, M20 and A21; and (in East Sussex) the A27, A21 and A26;
- improved rail connectivity in terms of speed, frequency and reliability. The South East has a dense rail network. However, these routes and services do not yet benefit all areas; it is vital that we expand the area's rail connectivity, particularly to London. Particular opportunities include the development of links to HS1 from East Sussex; the extension of Crossrail to Ebbsfleet; and improvements to the rail infrastructure in South Essex;
- improved access by road and rail to our major international gateways. These include the major ports (pressure from which impact on the wider network), as well the airports within and immediately outside the South East; and
- the transport infrastructure needed to ensure the existing and new settlements are successful and sustainable – ensuring that high quality public and sustainable transport contributes to the attractiveness of the South East as a place to live, work and invest.

In addition to road and rail, transport options such as bus services, walking and cycling are important to develop an inclusive and sustainable economy. The benefits of walking and cycling on health and wellbeing are also widely understood. Through SELEP's Local Growth Fund, £143.7m is being invested in infrastructure to support sustainable transport modes and active travel. This includes measures to improve safety, connectivity to urban centres for walking and cycling and improve access to railway stations, to encourage 'first mile/last mile' trips by sustainable transport modes.

The South East Coast is the UK's closest link to Europe and provides a resilient gateway for tourism and trade. We are seeking government support to improve our connectivity to key economic centres and further investment in place-based initiatives, on a long-term strategic basis. The coast has high growth potential within key economic sectors. We can encourage strong economic growth if we can develop an innovation ecosystem which delivers bespoke programmes to support our coastal business communities. We have enormous opportunities to develop the coast as a major energy generator.

We are already working closely with Highways England, Network Rail and Transport East (covering Essex, Southend and Thurrock) and Transport for the South East (covering East Sussex, Kent and Medway) as our two Local Transport Bodies to collate technical evidence on a regional basis and to help prioritise future schemes and ensure appropriate investment. Moving forward, these activities will become aligned in support of the strategic opportunities set out in this strategy.

We have worked together with the Coast to Capital and Enterprise M3 LEPs to create the South2East Local Energy Strategy, an area spanning all the way from Harwich to Winchester. It provides a clear analysis of the energy opportunities and challenges across the Tri-LEP area for power, heat and transport, and considers energy and low carbon priorities for the South East as part of the region's contribution to providing local energy provision and the shift to a low carbon economy.

The South East's ability to support regional and national economic growth depends on having the necessary blend of high-quality infrastructure in place, both transport and digital. Furthermore, the demands on our region's infrastructure are only set to increase and place further strain and

constraints, which will be compounded as we deliver on the growth associated with the strategic opportunities identified in this strategy.

Suggested case studies – based on existing information/documents and feedback from stakeholders. To include:

Channel Tunnel / High Speed One and proposals to expand to East Sussex

Crossrail

Tri-LEP Energy Strategy

Local Growth Fund projects – London Gateway New Multi-modal Interchange and A13 widening, Ashford International Rail Connectivity

Links to strategic opportunities

UK's global gateway - we will work with our growing gateway locations to improve transport and digital infrastructure and thus the region's ability to provide reliable and efficient transport connection to markets which operate within and across our area, ensuring they are competitive in the future market for international trade and investment, for example connecting the major gateways with London and the rest of the country.

Communities for the future – we will meet our commitment to deliver 30% of government's Garden Communities programme, by ensuring that the infrastructure investment is in place to help provide capacity in the transport network and expanded digital network and that supports more sustainable ways of working and our ambition to expand innovation activity.

Coastal catalyst - we will improve the ability of coastal and rural communities to successfully grow their economies by increasing reliability and frequency of transport and digital services, which are often of poorer quality and which can act as a barrier to more productive sectors and the growth of the visitor economy.

Priorities and future activities

To drive progress towards achieving our ambitions within "Infrastructure", our activities will include:

- accelerating the South East's role as a gateway for global trade and enterprise, and explore the potential of Freeport status and application of 'smart borders';
- working with Transport for the South East and Transport East, and with London and our neighbouring LEPs, to ensure infrastructure needs and investments are joined up and planned for the long term and that LEP funding supports this;
- working with government and industry providers to better understand our digital coverage, acknowledging existing 'not spots' and exploring new models for delivering digital infrastructure in hard to reach places;
- supporting the implementation of the South2East Local Energy Strategy and deliver initiatives that support sustainable energy to transition to a net zero carbon economy, including alignment with the Offshore Wind Sector Deal; and

- championing and working closely with planned strategic infrastructure that will help to drive our future success, such as the Lower Thames Crossing and Bradwell Power Station, to leverage maximum benefit to the region.

Outcomes

- 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.

Business environment

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

Our ambition

SELEP will leverage our potential for innovation, growth and trade, being the best place to start and grow a business and a global draw for innovators. We will drive productivity in businesses of all sizes by increasing collaboration, building skills and ensuring everyone has access to good employment.

By 2030, we will increase overall productivity levels through investment in our people and places, underpinned by sustainable growth and creating new opportunities for all our businesses and communities.

Context

SELEP is home to a large and diverse business base made up of local business, nationally significant organisations and global firms with an established presence here. With around 170,000 active enterprises, we accommodate approximately 6% of the UK's business base. Whilst our business community has expanded in recent years, the pace of growth has fallen behind other parts of the UK; our relative underperformance is underpinned by slightly lower business start-up rates compared with the national average. We record average performance in terms of business scale-up, although this trails behind other south eastern LEPs. High representation or growth in scale-ups can help to drive growth in employment and value in local areas, so this needs to be a priority for the coming years.

Reflecting national trends, SELEP's business stock is overwhelmingly made up of small enterprises. 90% of businesses employ nine or fewer employees (of which the great majority employ fewer than five) with little variation between different parts of the LEP. 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.

Our businesses make a major contribution to the UK economy, generating nearly £90bn GVA per annum, making it the largest generator of GVA of all LEP areas outside of London. But in relative terms, SELEP has been performing 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. Significant scope therefore exists for our business base to become more efficient and productive in the way they work.

These measures also underline the fact that SELEP is relatively under-represented in the most productive sector groups (such as ICT, finance and insurance), and some of the more productive sectors are less productive in the SELEP area than they are nationally. Looking ahead, we see particular growth opportunities within sectors such as the creative and digital industries, marine and maritime, life sciences and low carbon technology to drive up productivity across SELEP, with the right support and collaboration opportunities.

SELEP accommodates over 21 million sqm of office and industrial floorspace, the vast majority of which is industrial in nature. There is an urgent need to respond to the increasing requirement for workspace flexibility across the South East, with recent business consultation highlighting increasingly flexible working patterns, enabled by technology. However, while demand for flexible workspace is rising, supply is falling (particularly in the light of the widespread loss of commercial space through permitted development rights), and recent research indicates a shortfall in supply across a wide range of business space types and price brackets.

The LEP's Rural Strategy notes that 24% of all employed people in the SELEP live in rural areas and 31% of all self-employed people are located in these areas. Non-rural businesses located in the rural area make a significant contribution to the economy, including retail, construction, finance, hospitality and public sector. For example, 36% of businesses in Kent are in rural areas and over 50% are non-rural in nature.

Building on success

We want to maintain our highly entrepreneurial economy our positive record in supporting new business starts. Business growth has been a high priority for SELEP, reflected in the establishment and delivery of our Growth Hub, Enterprise Zone programme and major business growth initiatives delivered locally and via our universities, such as the Kent and Medway Business Fund and East Sussex Invest.

The Growth Hub, a business support initiative operating across East Sussex, Kent, Medway, Essex, Southend and Thurrock, has worked with more than 4,400 firms to help create nearly 1,000 new jobs, figures show. A report into the South East Business Hub project which supports companies across the South East Local Enterprise Partnership (SELEP) area, estimates that for every £1 spent on the programme a further £13.20 has been generated in return, creating 994 jobs.

We want to focus on growing those businesses with the potential for growth, through coaching, management, the development of leadership quality, support in accessing finance and other measures.

We have a strong track record in inward investment, driven by our three investment promotion agencies. Our proximity to London provides a major opportunity for us to mutually grow the South East economy. We will support continued efforts to attract new investment and will work with our neighbours to develop a joint approach to the UK's international gateways to ensure that their full economic potential is recognised/captured allowing for post Brexit adjustments to international trade. A number of programmes are also in place to increase the proportion of firms in the SELEP area that export, and post-Brexit, drive up the UK's export ability and its attractiveness to inward investors.

The post Brexit environment, coupled with our more localised issues that have persisted over recent years, provide a series of challenges to continued growth and performance of our business environment. Driving up the UK's export ability – and its attractiveness to inward investors – will be a high priority and one from which the South East will benefit through its role as the UK's global gateway. We need to prepare for any post-Brexit threats to our businesses and workforce and work in partnership to build a workforce and business base fully equipped to respond to new skills and technologies.

There is significant scope for social enterprise to play a key role in growing the regional economy by blending innovation and business drive with social goals that benefit the local community and

strengthen our social fabric. Social Enterprise is a significant business sector in its own right, employing up to 62,000 people and contributing a minimum of £2.3 billion to the local economy. It has a substantial contribution to make in supporting SELEP's aspirations for a more productive and more prosperous economy and with the right support and opportunities there is potential for social enterprises to grow and achieve even greater impact. We will continue to support Social Enterprise and our Social Enterprise Prospectus sets out the scope and opportunities of this sector in the SELEP area, as well as seven priorities for action to build a stronger more impactful social enterprise sector. It is our aspiration that the South East is recognised as the capital of social enterprise.

Across the South East, there is a strong record in bringing forward new managed workspace and innovation centre space (for example in the network of workspaces delivered in East Sussex) and we will build on this. However, responding to a more flexible working landscape demands a more integrated approach, linking existing and new facilities and creating the conditions for businesses to make new connections and share ideas.

SELEP will support sector development within our coastal and rural areas, identifying where investment can provide flexible workspace at a reasonable price. We want to retrofit properties to ensure they take advantage of new technology to save energy, so they can utilise the energy being generated locally. We also want to ensure property is fit for use by all types of businesses, including industrial based, micro and freelancer.

Suggested case studies – based on existing information/documents and feedback from stakeholders. To include:

Growth Hubs (including scale-up work)

Social Enterprise

Southend Airport Business Park

Showcase sectors where we are doing good things (H/S to review)

SECEN prospectus

Bexhill Creative Workspace

Links to strategic opportunities

UK's global gateway – we will create a thriving business environment that supports our businesses to grow, innovate and to trade internationally. We will also continue to build a strong business-led voice for the South East economy, supporting growth through increased exports, foreign direct investment and exposure to wider markets.

Communities for the future – we will create flexible working environments that meet the future needs for enterprise and reflect economic societal shifts towards greater work life balance and diversity of employment; ensuring property is fit for use by all sectors, including, for example, freelancers and the creative sector.

Coastal catalyst – we will develop opportunity within coastal and rural areas, supporting diversification of the economic base of our coastal areas by growing new sectors (e.g. energy, agri-tech, maritime) and increasing the productivity of more traditional sectors. Our natural resources

and assets can act as a driver for clean growth initiatives and productivity improvements, spearheaded by SELEP's existing strengths in nuclear and offshore wind.

Priorities and future activities

- To drive progress towards achieving our ambitions within “Business Environment”, our activities will include:
- establishing a more coordinated business support offer, building on the Growth Hub, backed by multi-year funding commitments and accessible to all types of enterprise including entrepreneurs, small businesses, social enterprise and freelancers;
- delivering a bespoke scale up programme for businesses seeking to grow, including supporting businesses within our coastal and rural communities;
- creating 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.
- working to secure greater participation of SME developers to accelerate growth, supported by the National Planning Policy Framework;
- identifying how all businesses in the region can access the level of digital connectivity they require;
- reviewing local procurement processes to support entrepreneurs, small businesses and freelancers; and
- optimising the growth and development of our leading sectors through effective clustering and R&D.

Outcomes

- Increased domestic and international trade
- Highly productive business trading environment which encourages business start-ups and scale-ups
- Growth in 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 and growing sectors including creative and cultural and low carbon technology

Places

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.

Our ambition

SELEP will drive greater productivity that improves living standards, delivers growth and creates destinations of choice for residents and businesses, supporting business and trade and providing excellent employment, educational and cultural opportunities.

Context

The South East is highly diverse with no single centre dominating. This means that the LEP's key assets are widely distributed across a range of county towns, University cities, ports, coastal towns and industrial centres, plus an extensive network of market towns and rural communities.

Reflecting SELEP's dispersed economic geography, travel flows are complex, with substantial outflows to London and more tightly defined travel-to-work areas towards the coast. SELEP's strong economic linkages with London – and the Capital's future growth prospects – are also reflected through the Thames Gateway and more specific initiatives such as the Thames Estuary Production Corridor. There are also strong connections with neighbouring LEPs along the London-Stansted-Cambridge corridor, linking West Essex with its neighbours in London, Hertfordshire and Cambridgeshire; in the Haven Gateway, linked with New Anglia LEP; and between East Sussex, the Gatwick Diamond and the Greater Brighton conurbation.

We have recorded rapid population and housing growth during recent years – and there is more in the pipeline. Population growth is expected to outpace the national average, although much of our overall population growth will be accounted for by older age groups. The availability of good quality affordable housing is a key consideration, with SELEP's affordability ratio above the national average in all but one district. In light of population growth, infrastructure constraints and extensive environmental designations, housing affordability and delivery represent significant challenges to achieving continued growth and prosperity across the region.

The region contains areas of nationally significant environmental quality including metropolitan green belt, the South Downs National Park and areas of outstanding natural beauty. 72% of land area in Essex is classified as rural, while this figure is even higher in Kent at 85%. 936,000 people in SELEP live in the rural areas, which is comprised of an extensive mix of outstanding natural and farmed landscapes. Horticulture, viticulture, forestry, top and soft fruit production and diversification initiatives all contribute to the rich mix of economic activity. Creative industries also 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.

SELEP accommodates the largest stretch of coastline of any LEP in the country at over 375 miles, and just over two million of its population of four million live in Coastal districts. Its coastline has a rich diversity of towns and outstanding rural areas, displaying varying economic performance. This coastal region under-performs against inland SELEP as well as regional and national economic and social indicators, as recently explored through SELEP's Coastal Economic Prospectus. Some of the UK's most intense deprivation is found in parts of our coastal communities, with productivity

levels 8% lower than the regional average and 12% lower than the National average. The coast is often portrayed through either culturally driven success stories or the new focus for deprivation and both these images are too one dimensional.

SELEP has 3 Local Nature Partnerships located in Kent and Medway, Sussex and Thames Gateway, each at different stages of operation. Strategic priorities include strengthening the consideration of biodiversity within local plans and the growth agenda, embedding natural capital into planning and decision making, taking forward the health and nature agenda and improving the quality, extent and connectivity of our high value habitats. The climate and ecology emergency is a huge threat to future growth and economic wellbeing, and we recognise that natural capital is essential for mitigating and adapting to this. Ensuring the efficient use of our natural resources (e.g. water resources, waste, water quality, woodlands), as part of the circular economy will be increasingly important.

Building on success

The pace of housing delivery has been increasing across SELEP in recent months and years in response to a growing population. Despite this, demand for housing will exceed the current rate of delivery: in Essex, Thurrock and Southend alone, there is a need for around 179,000 new homes between 2016 and 2036. The scale of the growth agenda also has implications for the South East's long-term sustainability. In particular, the quality and energy efficiency of new development will be vital and the SELEP area will play a major role in delivering 'A Green Future', the Government's 25-year plan to improve the environment.

Our significant garden community programme amounts to approximately 117,500 new homes across the South East, alongside c.90 ha of employment land, 27 primary and 9 secondary schools that have already been committed in these projects. They include:

- North Essex Garden Communities – comprising three potential sites, West of Braintree Garden Community (up to 10,000 homes), Colchester Braintree Borders Garden Community (up to 24,000 homes) and Tendring Colchester Garden Community (up to 9,000 homes);
- Otterpool Park Garden Town – Otterpool Park is a new garden town of up to 12,000 homes and 85 hectares of employment land. It will include land for employment, schools, shops, health facilities and green space;
- Dunton Hills – up to 5,000 new homes, approximately midway between Basildon and Brentwood. There will be around 2500 new homes on the Brentwood side of the development, which will be the main Dunton Hills village. An additional 2,500 homes may be built in later stages of development;
- Harlow and Gilston – up to 8,500 new homes built in a series of six villages, each of which will have its own character;
- Ebbsfleet Garden City – with plans to develop up to 15,000 homes over the next 15 years. Ebbsfleet forms part of the plans for Thames Gateway Kent, an area covering broadly the area east of the M25, bounded to the north by the Thames River and Estuary and to the south by the A2 and the North Downs.

These new settlements, as well as our other scalable housing developments and wider infrastructure investment, will not only deliver housing and employment growth across the SELEP

area, but also provide wider opportunities to boost productivity growth and innovation within its key sectors, industries and business base. For instance, development of new garden communities could provide a test bed for developing SELEP's capabilities within innovative technology, such as low carbon technologies and modern methods of construction.

While we have a large economy, it is also shaped by – and benefits – from our links with neighbouring areas. Not least London and London remains an important employment destination and a major market for South East businesses. Parts of the South East also have strong links to London's future growth. In particular, a shared strategy for the Thames Estuary has been advanced for many years which we will continue to work with and champion the aims of the Thames Estuary Growth Board. Elsewhere, there are strong connections with neighbouring LEPs along the London-Stansted-Cambridge corridor, linking West Essex with its neighbours in London, Hertfordshire and Cambridgeshire; in the Haven Gateway, linked with New Anglia LEP; and between East Sussex, the Gatwick Diamond and the Greater Brighton conurbation. We will continue to work with partners to champion and accelerate progress across these important economic corridors.

The Rural Strategy sets out a vision for the LEP's rural areas as a growing rural economy with a highly skilled workforce in full employment; Creating opportunities for the establishment of new businesses, the development of existing ones, increased job opportunities and a thriving culture of entrepreneurship support this vision; good access to services, improving skill levels, the availability of affordable housing and reduced journey times to work are essential elements of the vision and to ensuring a good quality of life in rural communities.

The SELEP area contains some of the country's highest quality and most productive agricultural land and provides local agricultural businesses with a competitive advantage, with SELEP home to many well-known local brands (e.g. Tiptree, Chapel Down) as well as international and SME presence. Rising demand for quality and growth of a 'premium' market' is likely to support local expansion, with vineyards and wineries across Kent and Medway, Essex and East Sussex having a key role to play in particular. This is complemented by SELEP's existing research strengths in agriculture and food science, for instance at the University of Greenwich, Canterbury Christ Church University and Writtle University College, with scope for more collaboration across the business and higher education community.

Agriculture and related activities such as food and drink production and agri-tech, makes an important contribution to SELEP's overall economy and is a sector that has seen significant diversification over recent years, and we will focus on supporting further innovation and productivity within these sectors.

SELEP's tourism sector currently attracts over 5 million visitors per annum and the economic value of these visitors in 2017 was £230m, an increase from £221m in 2015 and we aim to focus on increasing this further through targeted support for sectors such as tourism, creative. We also recognise the importance of continuing to develop a strong creative and cultural offer. Building and maintaining socially vibrant town centres, high quality evening and night-time economies and a strong cultural offer are crucial both to the future success of our communities and in attracting and retaining investment and enterprise in the region. We will continue to invest in the regeneration of our towns and new communities.

Suggested case studies – based on existing information/documents and feedback from stakeholders. To include:

Beaulieu Park and Ebbsfleet Garden City

Regeneration of existing communities – e.g. Margate

Thames Estuary Production Corridor

Devonshire park Eastbourne

Pioneering Places East Kent and Folkstone Seafront/music town

Sussex modern

Links to strategic opportunities

UK's global gateway – we will ensure communities across the region benefit from the growth of our gateway locations, supporting the development of our growing sectors and economic corridors and ensuring that this growth is managed in a sustainable way to protect our natural environment.

Communities for the future – we will be a leading location for smart places, building and adapting communities to be the best places to live and work, ensuring they are sustainable, connected, fit for modern living and working and provide age appropriate housing and environments that support wellbeing.

Coastal catalyst – we will take a proactive approach that builds positively to close the gap in economic performance and inclusion that exists with coast and the rest of the region, as one of our most undeveloped and unappreciated opportunities. In doing this we will also focus on improving our towns, housing stock and connectivity and increasing job and training opportunities.

Priorities and future activities

To drive progress towards achieving our ambitions within “Places”, our activities will include:

- delivering clear plans to address connectivity challenges in coastal and rural areas, such as a Rural Connectivity Programme;
- developing the visitor economy, ensuring culture is embedded in its growth potential, including as part of the government's Tourism Sector Deal;
- supporting development of the vibrant and innovative viticulture sector in our rural areas;
- applying learning from innovative community development activities to existing communities;
- supporting regeneration of our towns through the government's Future High Street Fund and Towns Fund programmes;
- working collaboratively to protect and enhance our natural resources, and explore opportunities to create new opportunities from our assets, for example to support resilience in the rural economy; and
- developing a 'planners toolkit' to help unlock barriers and promote design that supports healthy living, age appropriate homes, clean growth, workspace delivery and cultural vitality.

Outcomes

- Our strategic locations and nationally significant infrastructure assets provide a unique opportunity to create a leading environment for increasing two-way trade with Europe and the world
- The region is the 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
- Our array of natural resources and assets, most prevalent in our coastal and rural communities, 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

Implementation and Evaluation

This Local Industrial Strategy will set the direction for the South East economy.

Built upon solid foundations of clear evidence, it highlights where SELEP, government and other partners will work together to maximise key strengths and tackle major challenges.

Governance

At the local level, the SELEP Board will lead the implementation of this Local Industrial Strategy through its existing governance and delivery structures, embedding the strategy's priorities into its annual work programme. This will be subject to the usual processes of reporting and agreement through SELEP's 'federated' structure with our four economic partnership areas. The Cities and Local Growth Unit will work with SELEP to engage government in delivery at the local level as necessary.

Funding

This Local Industrial Strategy does not include any new spending commitments outside of existing budgets. Instead, it will inform the strategic use of local funding streams and, where relevant, spending and decisions at the national level. It will also help SELEP decide on its approach to maximising the long-term impact of the new UK Shared Prosperity Fund once its details and priorities are announced.

To demonstrate progress towards the long-term vision set out by this Local Industrial Strategy, the Strategy contains a number of specific actions. Where these actions are locally led, these will be drawn from local budgets which exist for those purposes; where relevant, SELEP will review the funding criteria associated with distribution of local budgets to ensure alignment with the ambition and strategic opportunities set out in this strategy. Where actions are shared between SELEP and government, they will be funded from existing local and departmental budgets, with funding allocated for those specific purposes.

This strategy does not represent all the priorities and action being developed by SELEP or partners within the South East. SELEP will regularly review the latest evidence to continue designing the most effective approaches and interventions to be at the forefront of the future UK economy. This strategy sets out long-term ambitions and will continue to evolve as the economy changes.

SELEP will comply with all of the monitoring and evaluation requirements of each particular funding source, in addition to the wider requirement to monitoring the implementation of the Local Industrial Strategy as a whole.

Monitoring outcomes

This Local Industrial Strategy sets out SELEP's long-term aspirations and the specific outcomes local partners are aiming to achieve, together with future priorities and actions. These will help guide future action and evaluate progress.

By 2050, the SELEP area will aim to have secured:

- delivery of new approaches to living, working and moving people and goods around, supporting clean growth and sustainable development, while also helping to overcome traditional infrastructure constraints to growth;

- increased expenditure by both businesses and the higher education sector in research and development expenditure and increased commercialisation of innovation activity;
- greater collaboration between businesses, universities and other partners in the SELEP area and more connectivity of workers and flows of investment between these areas;
- skills provision which is more aligned to, and responsive to changes in, employer needs;
- a significant increase in the percentage of firms scaling up across the SELEP area, and an improved match between the demand for, and supply of, commercial premises; and
- increased productivity across sectors and wider successful adaptation to technological change which supports inclusivity across the SELEP area.

In order to ensure the opportunities in this Local Industrial Strategy are met, SELEP will monitor the progress of the outlined commitments by developing a local Implementation Plan setting out clear milestones, deliverables and timings for the actions set out in this strategy. In line with the national Local Enterprise Partnership Assurance Framework, SELEP will produce an annual delivery plan and a qualitative end-of-year report to evaluate how they and other partners have contributed towards achieving Local Industrial Strategy objectives.

Evaluation

The government is committed to devolution where there is a strong evidence-base, robust governance and delivery track-record in place. Robust evaluation is an essential element of demonstrating the effective use of existing public funding.

SELEP proposes that progress in meeting the area's Local Industrial Strategy ambitions is monitored through two mechanisms:

- a set of SMART LEP deliverables will be defined, which will be measured and reported on as part of the LEP's Annual Delivery Plan; and
- a set of wider economic indicators will be defined, which the LEP can track and report on, and which will – if deviating from projected trajectories – serve as a prompt for discussions with the SELEP Board, government and the four economic partnership areas around possible actions.

SELEP will examine opportunities to embed evaluation into programmes and policies where possible. SELEP will also continue to assess the latest evidence on 'what works' for interventions, in collaboration with independent experts.