

## 8.0 Conclusions and Implications

8.1 This final chapter draws together the most pertinent productivity points, challenges and opportunities explored through previous chapters to help to frame the next steps of LIS development.

8.2 It provides a summary of a wide range of data and evidence relating to SELEP’s economy and some of the strategic drivers that will influence its development over the coming years. Given the scale and diversity of the LEP area, it is inevitably ‘high level’. It focuses upon a range of factors relevant to productivity, structured around the five ‘foundations of productivity’ set out in the national Industrial Strategy. For each foundation, a series of key productivity issues and constraints are identified, followed by a summary of future-facing opportunities and potential areas for intervention that could be explored through the SELEP LIS.

### Economy and Productivity Overview



Table 8.1 Framing the LIS – Productivity Issues and Opportunities

Productivity Issue/Constraint	Future-facing Opportunities and Potential Areas for Intervention
<ul style="list-style-type: none"> <li>➤ Low GVA indicators across the board, linked to SELEP’s sectoral profile – suggests that SELEP’s workforce and economic activity is less productive and efficient than elsewhere</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence points to particular growth opportunities within creative/digital, marine/maritime, life sciences and low carbon technology – how to maximise these growth opportunities and enable local clusters/employers/sectors to thrive</li> <li>• How can SELEP better position to respond to macro trends that will influence the future of the South East’s economy, inc digitalisation, continued pressure to reduce carbon consumption and maximise resource efficiency, and ageing demographics which will increase demand for new health and social care solutions. All of these trends point to either opportunities for, or pressures to drive up, productivity</li> </ul>
<ul style="list-style-type: none"> <li>➤ Significant geographical variation in productivity performance across SELEP</li> </ul>	<ul style="list-style-type: none"> <li>• How to spread strong GVA/productivity performance across more of SELEP area (geographically and sectorally) – e.g. replicate strong performance of larger urban centres and areas close to London, in particular across SELEP’s coastal economies</li> <li>• Presence of particular sector concentrations and clusters across SELEP reflecting inherent economic assets, strengths and locational advantages. Some are characterised by higher levels of productivity than others (e.g. ICT in Essex vs hospitality and recreation in East Sussex). Bespoke strategies therefore required to support productivity growth across different sectors (i.e. distinction between raising productivity levels and expanding more productive sectors)</li> </ul>

## Ideas

**“To be the world’s most innovative economy.”**

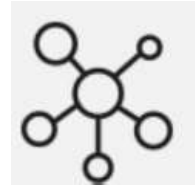


Table 8.2 Framing the LIS – Productivity Issues and Opportunities

Productivity Issue/Constraint	Future-facing Opportunities and Potential Areas for Intervention
<ul style="list-style-type: none"> <li>➤ Low levels of R&amp;D intensity and R&amp;D spending amongst SELEP’s business base</li> </ul>	<ul style="list-style-type: none"> <li>• There is already a significant stock/scale of local firms engaged in product or process innovation – how can more firms be encouraged to engage and invest, as part of growing a stronger innovation culture across SELEP?</li> <li>• SELEP has significant concentrations of employment within science and technology sectors that offer strong opportunities for productivity growth in future – how can these jobs become more engaged in R&amp;D activity?</li> </ul>
<ul style="list-style-type: none"> <li>➤ R&amp;D expenditure by higher education sector amongst the lowest in the country</li> </ul>	<ul style="list-style-type: none"> <li>• SELEP has a substantial HE base, with 9 Universities providing wide range of research strengths, within the ambit of 4 Grand Challenges. How can we make more of the existing HE presence by encouraging institutions to more explicitly respond to Grand Challenges and increase R&amp;D expenditure accordingly?</li> <li>• Scope to invest in the wider innovation ecosystem, centred around the 9 Universities and their existing networks</li> </ul>
<ul style="list-style-type: none"> <li>➤ SELEP’s share of national innovation funding substantially lower than it’s share of population and business stock</li> </ul>	<ul style="list-style-type: none"> <li>• How can collaboration between SELEP’s HE and business base be improved to better respond to innovation funding opportunities and draw down more funding for specific projects/interventions/ideas?</li> <li>• Evidence identifies particular opportunities for creating large scale collaborative R&amp;D programmes in SELEP, around agri-food, transport &amp; logistics, life sciences &amp; med-tech, construction and low carbon environmental goods and services</li> </ul>

UPD

## People

**“To generate good jobs and greater earning power for all.”**

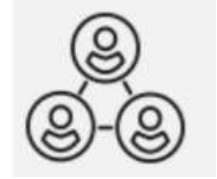


Table 8.3 Framing the LIS – Productivity Issues and Opportunities

Productivity Issue/Constraint	Future-facing Opportunities and Potential Areas for Intervention
<ul style="list-style-type: none"> <li>➤ Relatively low proportion of working-age population and an ageing society across many parts of SELEP</li> </ul>	<ul style="list-style-type: none"> <li>• Ageing population particularly evident in coastal areas of SELEP – how can SELEP’s coastal communities be regenerated and revitalised to attract broader demographic mix and more economically-active population to drive productivity enhancements? Enabling skilled young workers to be able to locate within SELEP is critical for the future competitiveness of SELEP as a business location</li> <li>• How can we harness the power of innovation to help meet the needs of SELEP’s ageing society, responding directly to this Grand Challenge. Are there initiatives or activities where SELEP can lead the way nationally?</li> </ul>
<ul style="list-style-type: none"> <li>➤ SELEP’s population lacks many of the higher level skills that will be crucial to drive productivity growth in future</li> <li>➤ Significant spatial variation in resident higher level skills across SELEP area</li> </ul>	<ul style="list-style-type: none"> <li>• How can we better promote higher education opportunities associated with SELEP’s substantial HE and FE offer to encourage upskilling amongst local population?</li> <li>• Targeting coastal communities in particular, where skills levels are generally lowest</li> </ul>
<ul style="list-style-type: none"> <li>➤ Pockets of persistent socio-economic deprivation, constraining the ability of some residents to contribute to the economy/labour market</li> </ul>	<ul style="list-style-type: none"> <li>• Addressing these long term challenges offers potential to deliver significant net gains for SELEP, by increasing labour market participation and reducing welfare dependency</li> </ul>

## Business Environment

**“To be the best place to start and grow a business.”**



Table 8.4 Framing the LIS – Productivity Issues and Opportunities

Productivity Issue/Constraint	Future-facing Opportunities and Potential Areas for Intervention
<ul style="list-style-type: none"> <li>➤ Levels of business start-up trailing behind other areas and national average, suggests entrepreneurial culture not as strong as it could be</li> </ul>	<ul style="list-style-type: none"> <li>• How can SELEP’s growing population be encouraged to start-up their own business, and in doing so, boost the local culture of enterprise and create new employment opportunities</li> </ul>
<ul style="list-style-type: none"> <li>➤ SELEP’s business base underperforms when it comes to scaling-up, constraining the ability of highly productive firms to grow and maximise their economic output</li> </ul>	<ul style="list-style-type: none"> <li>• How can existing SELEP firms be supported to overcome barriers and obstacles to scale-up and growth?</li> <li>• This might be linked to other opportunities around skills development/upskilling, accessing innovation funding and quality business space</li> </ul>
<ul style="list-style-type: none"> <li>➤ Low business representation in most productive sector groups (e.g. ICT, finance and insurance), and some of the more productive sectors are less productive in SELEP than they are nationally</li> </ul>	<ul style="list-style-type: none"> <li>• How can SELEP attract/target high productivity sectors to locate and grow here? How can SELEP’s unique assets and USPs (such as HS1, its airports) be exploited as part of this offer?</li> <li>• Maximising the potential of SELEP’s existing innovation clusters (such as science parks, Enterprise Zones etc) to support and facilitate commercial spin-offs/business start-ups linked to high tech, high value sector activity</li> </ul>

UPDATA

## Infrastructure

**“A major upgrade to the UK’s infrastructure.”**



Table 8.5 Framing the LIS – Productivity Issues and Opportunities

Productivity Issue/Constraint	Future-facing Opportunities and Potential Areas for Intervention
<ul style="list-style-type: none"> <li>➤ SELEP’s transport infrastructure (in particular road and rail) suffers from congestion despite receiving major investment</li> </ul>	<ul style="list-style-type: none"> <li>• The international gateway role played by SELEP underlines the case for future investment in the area’s infrastructure networks, particularly post-Brexit</li> </ul>
<ul style="list-style-type: none"> <li>➤ Ensuring the continued resilience of SELEP’s transport networks is a local and national challenge, with a number of strategic infrastructure priorities identified</li> </ul>	<ul style="list-style-type: none"> <li>• How can SELEP’s unique infrastructure assets (such as the UK’s only rail connection to continental Europe, and future growth at Southend Airport) be harnessed/maximised to boost productivity growth at both the local and national level?</li> <li>• A number of major long-term infrastructure priorities are well articulated (inc government’s proposed Lower Thames Crossing, road corridor improvements and improved rail connectivity (inc GEML, Crossrail to Ebbsfleet, HS1 to East Sussex) – but what is the relative role of each in driving productivity improvements?</li> </ul>
<ul style="list-style-type: none"> <li>➤ Identified risks from flooding and coastal erosion across many coastal parts of SELEP as the climate continues to change</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities for local research institutions (e.g. Natural Resources Institute at University of Greenwich at Medway) to respond to climate change challenges through pioneering innovative resource management solutions</li> <li>• Targeting productivity improvements through resource efficiency, spearheaded by SELEP’s existing strengths in nuclear and offshore wind energy</li> <li>• Explore the potential for climate change resilience to act as a driver for clean growth initiatives and emerging sector opportunities</li> </ul>

## Place

“To have prosperous communities across the UK.”



Table 8.6 Framing the LIS – Productivity Issues and Opportunities

Productivity Issue/Constraint	Future-facing Opportunities and Potential Areas for Intervention
<ul style="list-style-type: none"> <li>➤ Dispersed nature of SELEP’s geography, economic areas and assets, posing challenges to achieving critical mass of economy activity, agglomeration and collaboration between different organisations (in particular where areas compete with each other)</li> </ul>	<ul style="list-style-type: none"> <li>• SELEP is a complex economic area with no single centre dominating – this can provide opportunities for local economic distinctiveness and for different centres within SELEP to develop their own unique economic identity, and in turn, contribution to productivity growth and prosperity</li> <li>• Opportunities to maximise growth potential and collaboration opportunities within existing business clusters/hubs (e.g. Enterprise Zones, science parks and other business parks)</li> </ul>
<ul style="list-style-type: none"> <li>➤ Housing provision – key challenges relating to housing supply, both in terms of quantity and relative affordability</li> </ul>	<ul style="list-style-type: none"> <li>• Significant opportunities to accelerate housing (and wider mixed use) delivery through new settlements and urban extensions across SELEP area (inc Otterpool Town Garden Town, North Essex Garden Communities and Ebbsfleet Garden City)</li> <li>• How can these new settlements also contribute to business-led productivity growth through provision of high quality business space/accommodation, but also act as test beds for new technologies and growth sectors?</li> </ul>
<ul style="list-style-type: none"> <li>➤ Evidence points to particular challenges to growth and prosperity in coastal and rural areas, which represent a significant proportion of the SELEP area</li> </ul>	<ul style="list-style-type: none"> <li>• How can SELEP’s rural and coastal economies more effectively harness natural capital, heritage and cultural assets to diversify its economic base and enhance its contribution to economic prosperity?</li> <li>• Particular opportunities around creative industries, marine and maritime, agri-food and low carbon technology</li> <li>• Technological change and ‘quality of life’ offer have the potential to create new opportunities, e.g. increasing ability (and willingness) to work remotely opens up new employment choices in coastal and rural parts of the LEP area</li> </ul>

## Next Steps

- 8.3 This high-level evidence summary is intended to inform the next steps of SELEP LIS preparation by providing an overview of key recent trends relating to productivity and some of the strategic drivers that will influence its development over the coming years. As part of the development of the LIS, further analysis will be needed of the most pertinent challenges and opportunities facing the SELEP area and its constituent parts.