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# South East LEP Local Industrial Strategy

Accelerating Business Productivity and Growth

Thematic Workshop

7 November 2019



# Development of the Local Industrial Strategy

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## Accelerating Business Productivity and Growth Workshop 7<sup>th</sup> November 2019 Agenda

09:45 - 10:15	Registration & Coffee
10:15 - 10:30	Welcome and Introductions, Adam Bryan, CEO SELEP
10:30 - 11:00	Introduction to the LIS and key findings from the Evidence Base
11:00 - 11:30	Table discussions – Potential ideas and solutions - Q1
11:30 - 11:40	Coffee
11:40 - 12:10	Table discussions – Potential ideas and solutions - Q2
12:10 - 12:50	Prioritisation of the propositions
12:50 - 13:00	Final Remarks and Next Steps





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# Welcome, introductions and aims



## Workshop aims

- To agree the main opportunities and challenges within this theme
- To propose what they key propositions for the LIS should be and how these should be prioritised





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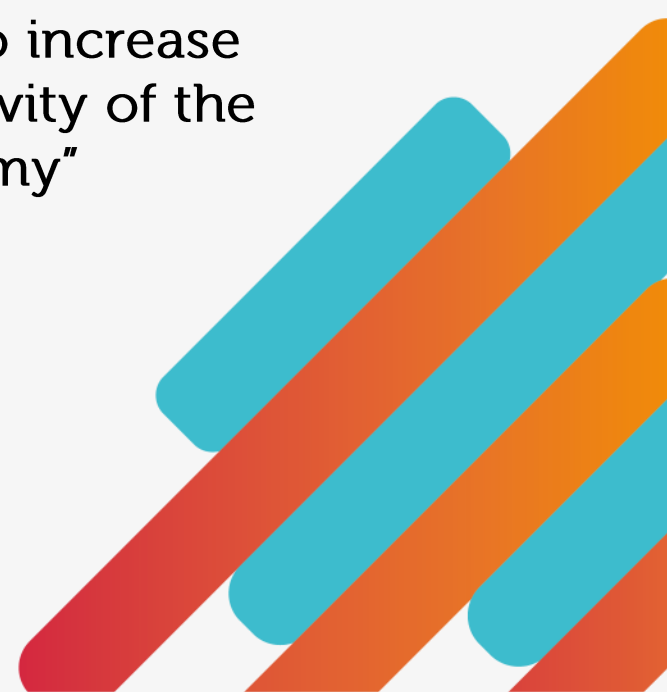
# Introduction to the LIS and key findings from the Evidence Base



## What is a LIS?

- Local development and ownership, jointly agreed with government
- Take a long term view (2030)
- Supported by robust and open evidence
- Align to national industrial strategy
  - Actively apply 5 foundations of productivity
  - Think about 'Grand Challenges' where relevant
- Must be actionable to mobilise resource
- Guide future government funding streams and local investment

**"Local Industrial Strategies should set out clearly defined objectives to increase the productivity of the local economy"**

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## What is a LIS?



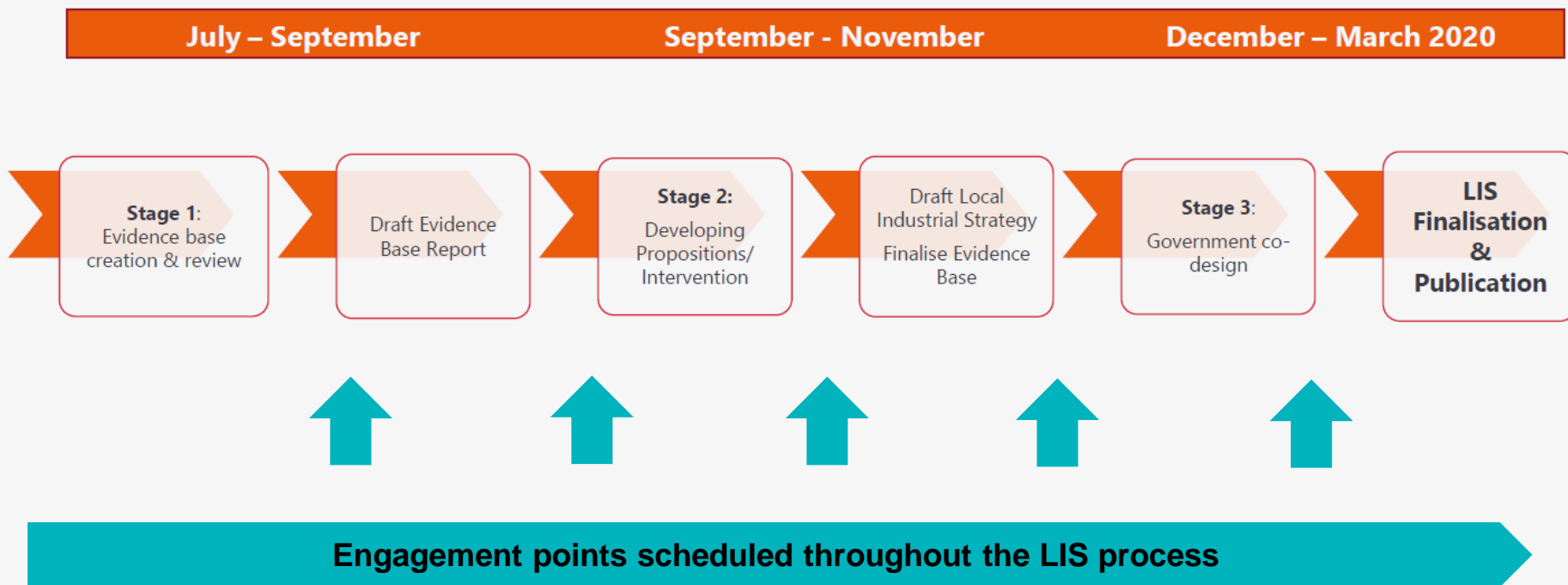
- A future looking local strategy, feeding into the government's Industrial Strategy
- An evidence-led strategy highlighting specific strengths and opportunities that could achieve greater productivity impact
- Support and underpin the allocation of future government growth funding
- A mechanism through which private, public and other partners agree productivity-generating, long term ambitions for the area



- An economic plan for SELEP, including lists of potential projects
- Replacement for other local economic policy or plans, but better coordinating and aligning them at a LEP level for greater gains
- A bidding document in itself
- An exclusively public sector strategy for growth



# Timeline and approach







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## Emerging cross-cutting themes



# Emerging themes for SELEP LIS

1. Building new communities for the future



2. Modelling future connectivity



3. Accelerating business productivity and growth



4. Maximising natural assets



## Why this theme?

- Business productivity is a central focus for the Local Industrial Strategy and across SELEP productivity is currently lower than the national GVA average
- Innovation is a key measure in raising productivity. Innovation performance needs to be stimulated and existing relationships need to be strengthened to increase innovation spend and impact
- Supporting business scale up is crucial if we are to rival London and other economic strongholds to ensure ensuring SELEP is able to support growing businesses
- Wide scale infrastructure developments offer the opportunity to provide high quality workspace in order to attract and retain businesses





## Points for exploration

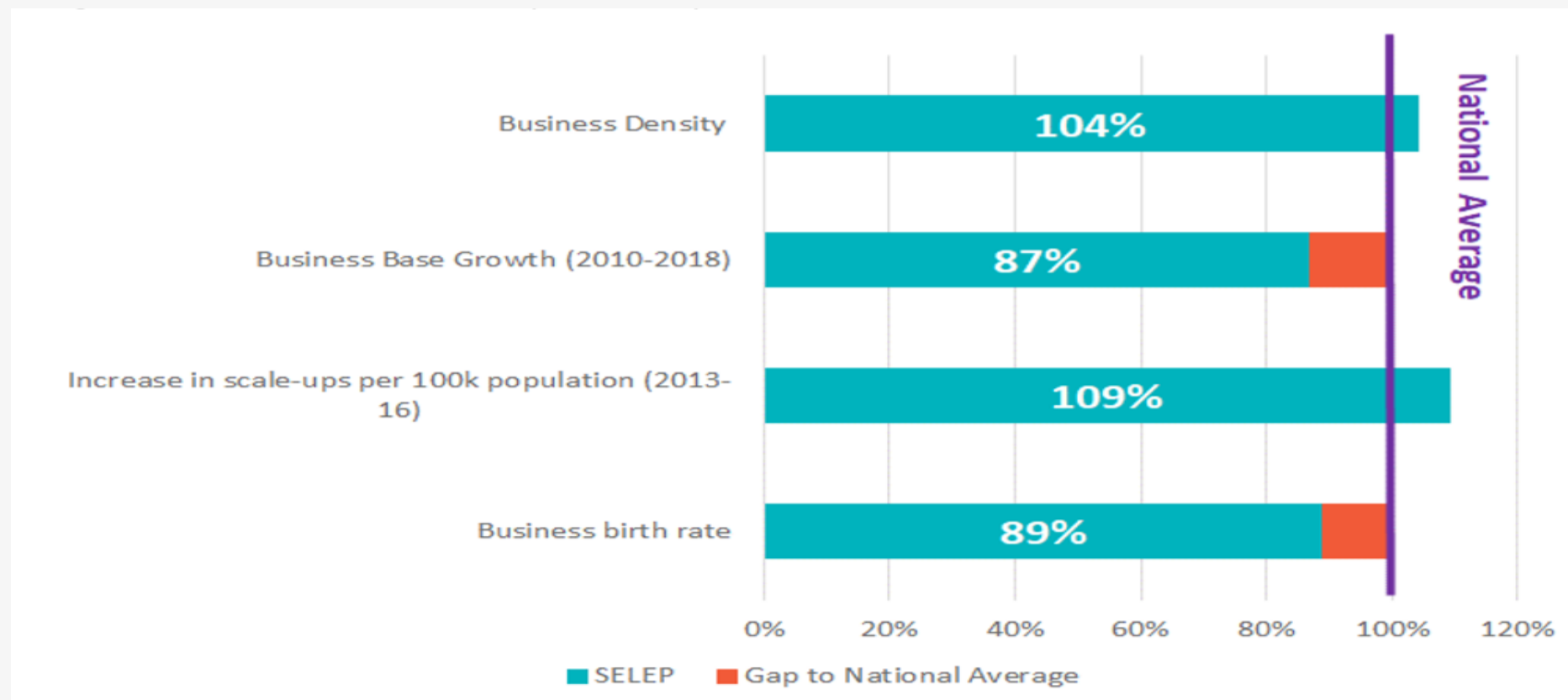
- How can we increase investment in R&D and innovation?
- What type of business support do companies require?
- What are their needs (particularly SMEs) in relation to R&D, skills, workspace, finance, connectivity (both physical and digital)?
- How do we bring H.E. and businesses together more to collaborate? What role might the LEP have in this?
- Where do clusters exist that can drive sector productivity and growth e.g. creative, maritime, logistics?



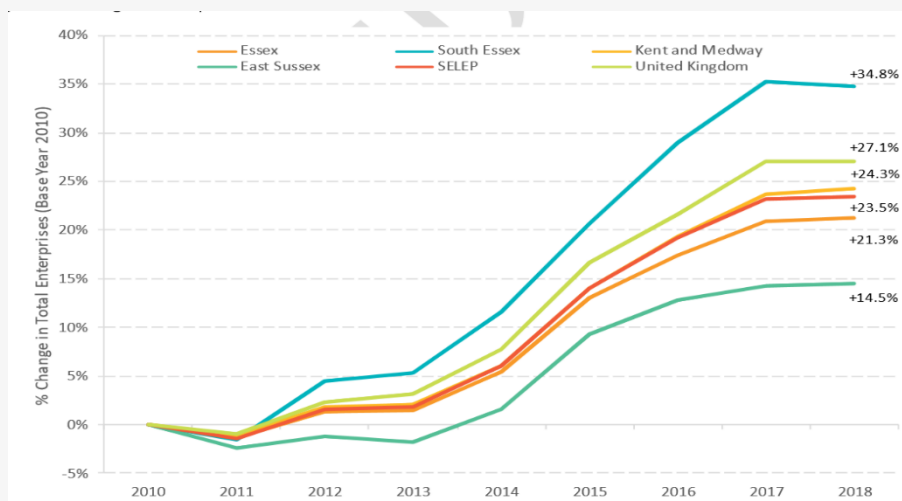
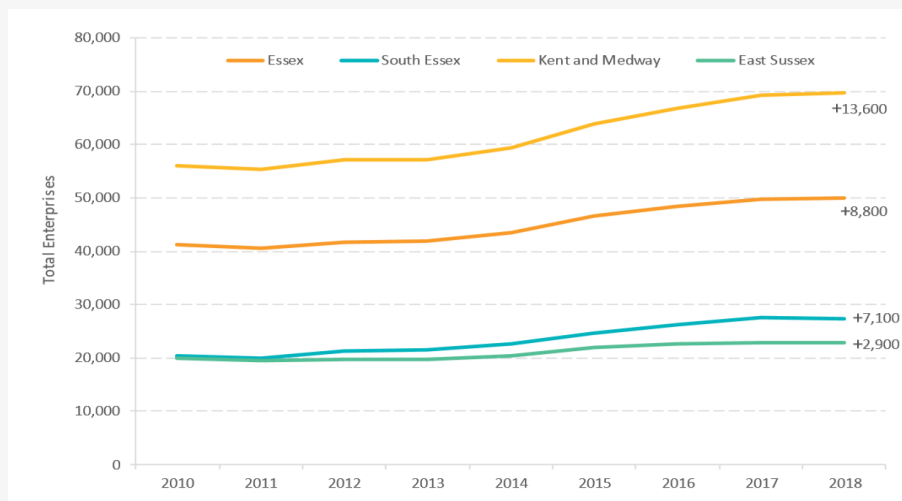


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# Business Environment Productivity Scorecard



# Business Growth



- In recent years, SELEP'S business stock has grown strongly: there were around 24,000 more enterprises in the SELEP area in 2018 than four years previously (an increase of around 16%).
- However, only South Essex outperformed UK-wide average rates of business growth over this period. Essex, Kent and Medway and East Sussex all fell behind the UK average.



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## Scale-up businesses



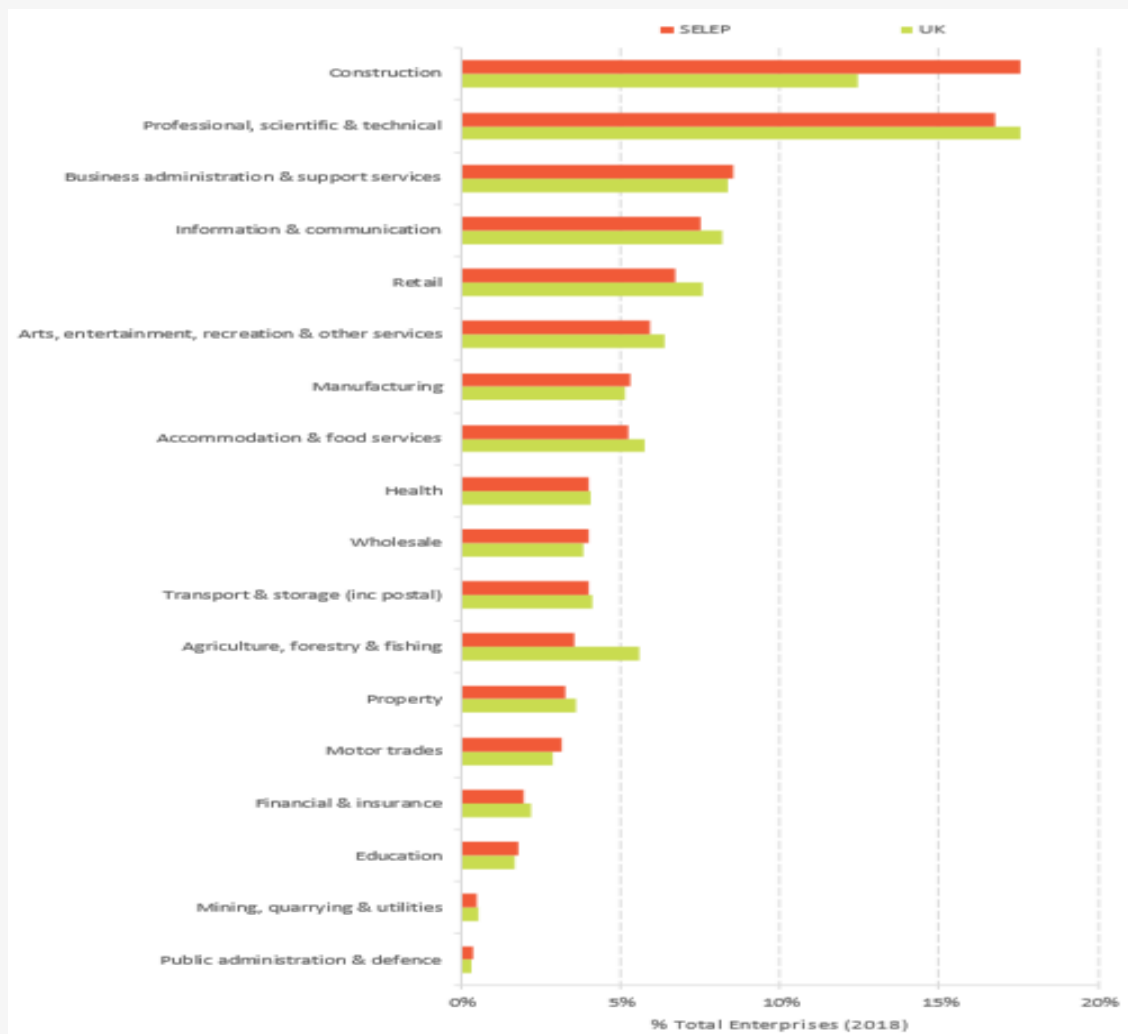
- SELEP records average performance in terms of scale-up density and scale-up growth compared with other LEP areas across the country.
- It does however perform relatively poorly compared with other south eastern LEPs such as Thames Valley Berkshire, Enterprise M3, Greater Cambridge and Greater Peterborough.





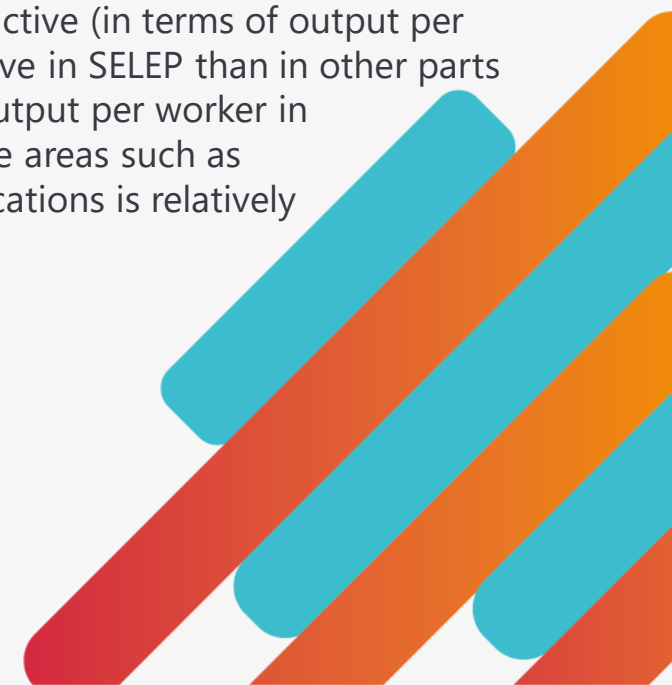
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# Enterprise by Industry



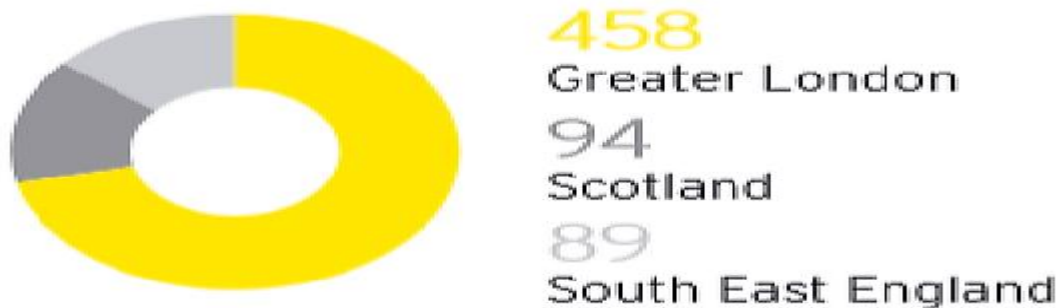
SELEP is relatively under-represented in the most productive sector groups. The ICT and finance and insurance sectors account for a smaller share of businesses in SELEP. Conversely, less productive sectors (such as wholesale and motor trades) account for a relatively high share of the business base.

Some more productive sectors are less productive in the SELEP area than they are nationally. However, the construction sector stands out as being highly concentrated, highly productive (in terms of output per worker) and more productive in SELEP than in other parts of the country. However, output per worker in (generally) more productive areas such as Information and communications is relatively low.





## Top three UK regions for FDI in 2018 (number of projects)



The fall in UK FDI in areas seen by investors as likely to be negatively impacted by Brexit such as ...

**35%** ↓

**manufacturing** (projects down 35% in 2018 against market decline of 6%)

**50%** ↓

a 50% decline in **HQ** projects to a level one-third of that in 2015

**32%** ↓

**automotive** (down 32% in a market that grew by 1%)

**17%** ↓

**R&D** projects (down 17% against 15% growth)

**3x** ↓

and **chemicals** (down three times the level of market decline)

... clearly demonstrate that Brexit is impacting the UK relatively more than Europe

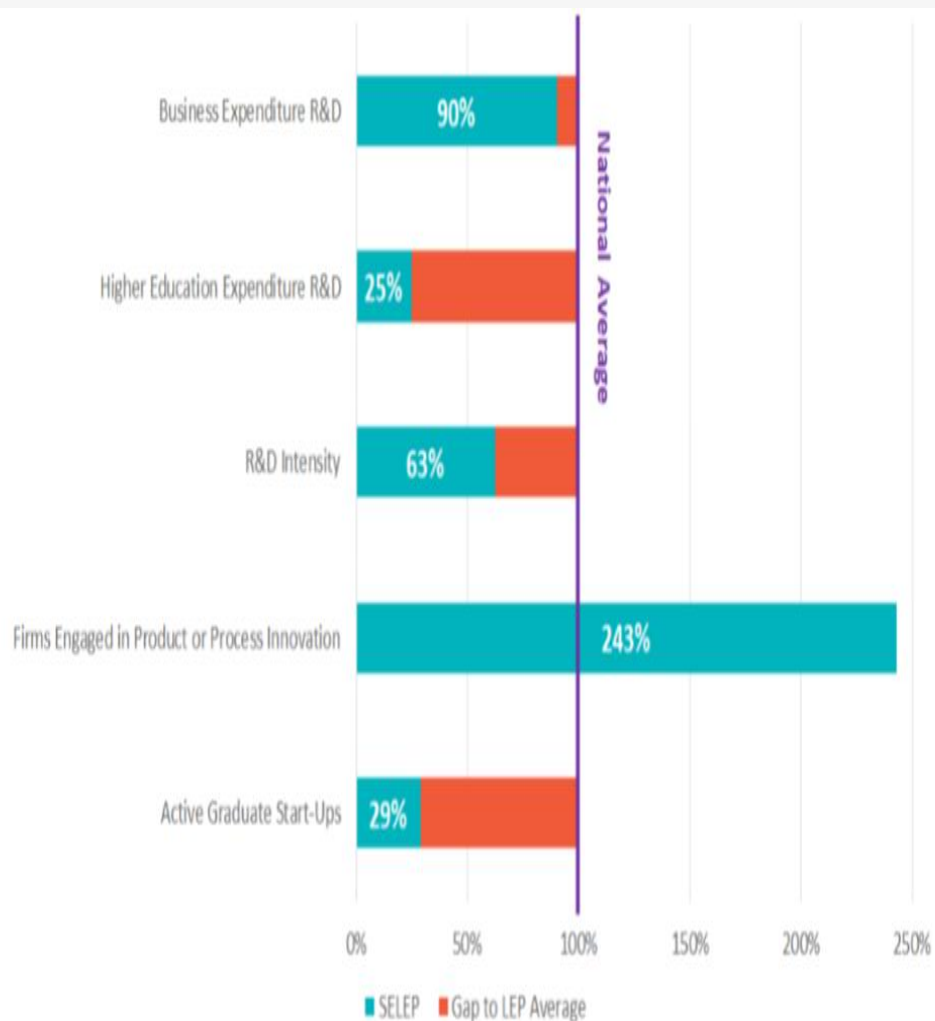
## Inward Investment

- SELEP is one of the UK's highest performers
- South East LEP benefitted during 2018/19 from 43 new investments and the creation of 4,204 new jobs and safeguarded an additional 75 jobs. This is a reduction of 10% on the 2017/18 figures,
- However, Inward Investment is starting to look different

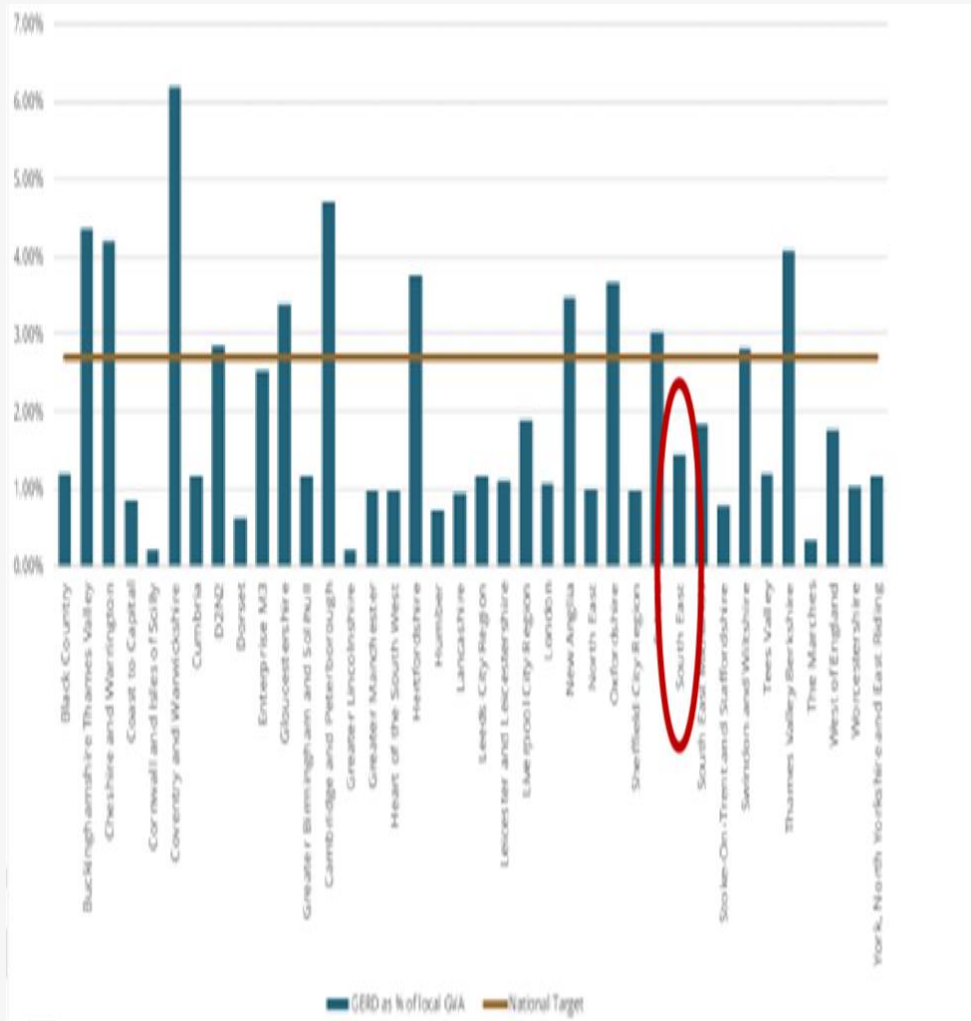


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# Innovation



- SELEP falls behind other parts of the country across most of the key innovation metrics considered, but particularly with regard to higher education expenditure on R&D and graduate start-ups.
- The LEP area performs better in terms of business related innovation, with a large critical mass of firms engaging in product and process innovation and with business investment in R&D not far off the national average.



- The UK government has set out a target to increase overall expenditure in R&D to 2.4% of national economic output by 2027<sup>11</sup>. SELEP's R&D levels are currently in the order of 1.5% of GVA
- SELEP lags slightly behind the LEP network average in relation to business-led innovation activity. £729 for every FTE job in SELEP; the LEP network average of £811.

# Potential proposition

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



## Grand Challenges:

Clean Growth  
A.I.& Data

## Productivity Foundations:

Business Environment  
Ideas  
People  
Places

## SELEP USPs:

Access to  
international trade as  
UK's largest gateway

Strong Inward  
Investment track  
record



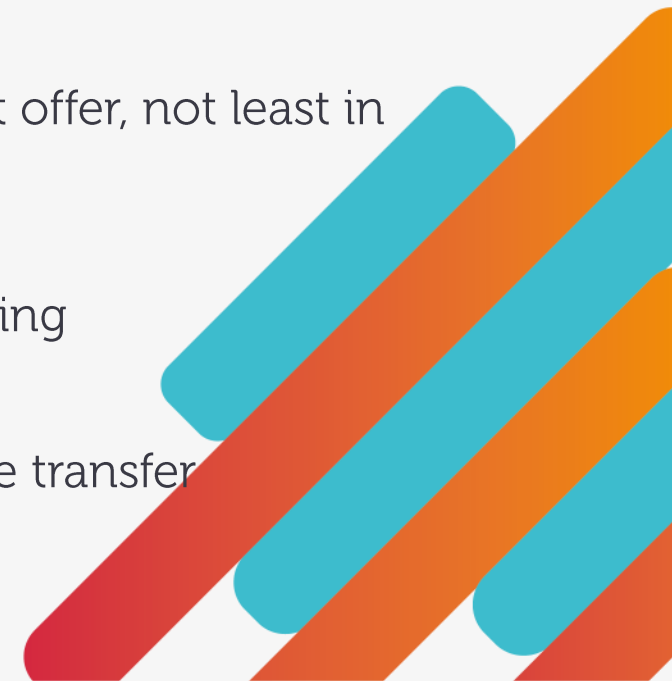
### 1. Develop a high-quality business support offer to meet the future needs of business

- Strengthen how business understands and accesses business support e.g. access to finance, apprenticeships
- Develop mechanisms that ensure we coordinate and share learning around the most effective ways of improving business productivity
- Establish a Scale-Up Programme to support breakthrough businesses to grow to faster
- Develop and implement an innovation, research and development offer and consider how it can improve innovative firms' access to finance and access programmes in universities, catapults, and technology innovation networks
- Ensure it meets the changing needs of businesses adapting to new ways of working and new technology



## 2. Providing the conditions businesses required to increase productivity across SELEP

- Ensure that we utilise our collective knowledge and best practice effectively, across sectors and scale of business to encourage improved productivity
- Assess local provision of Workspace units against current and future workspace needs
- Enabling all businesses in the region to access to the level of digital connectivity they require to optimise their productivity
- Identify how the region can coordinate and strengthen its inward Investment offer, not least in response to the impact of Brexit
- Provide support to businesses seeking to improve their productivity by adopting innovative business models, leadership and management skills
- Develop a range of supply chain programmes, supporting innovation and the transfer and adoption of new technologies across a wide range of sectors



# Developing our solutions

## Key tests:

- Clearly linked to improving the **productivity** and growth potential of the region
- Offer **distinctive** solutions that respond to our particular strengths and opportunities
- **Realistic** and deliverable, with clear implementation plan



# Developing our solutions

1. Are the ideas and solutions the right ones, are there others?
2. What ideas and solutions do we want to focus on for the LIS in order to drive productivity growth?
3. Have we addressed skills and workforce capabilities, promotion of clean growth and support for inclusive communities?





## Next steps

- Ongoing stakeholder engagement and discussion
- Refine and supplement the evidence base
- Work up the priorities, propositions and proposed interventions
- Drafting LIS strategy and co-design with government

