



## South East Economy in 2021 – the road to recovery

The economic situation we face today is unprecedented in modern times. As we welcome the hope that a new year brings, the COVID-19 pandemic is still having a profound effect on our lives and our livelihoods at the same time that the UK's new relationship with the EU presents change and its own set of challenges and opportunities.

**The economic impact on the South East** is estimated as a potential reduction of £11bn GVA for the SELEP economy<sup>1</sup>, with many of our key sectors amongst the worst affected, for example 50% of staff in art and entertainment are in the Job Retention Scheme. There is also a disproportionate impact on small businesses, which constitutes the vast majority of the SELEP business base, with nationally only 67% of micro businesses trading compared to 86% of large businesses<sup>2</sup>. Latest estimates also suggest we could see unemployment figures in SELEP double, with an additional 69,000 people unemployed by summer 2021<sup>3</sup>.

This presents a significant blow to our economy and one that will take some time to recover from. The South East LEP, with **cross sector business leaders** as Board Directors and over 60 other businesses directly represented through its local area Boards working in collaboration with local authorities and the education sector, will support and drive this recovery with every tool in our collective armoury.

**Our commitment** to our partners and the business community is to understand the impacts on our economy, to inform Government on what the South East needs and to take clear and decisive action to support businesses to adapt, recover and support a path to renewal. This will include:

- > investing our **£85m Getting Building Fund** in shovel-ready commercial, town centre and infrastructure projects and to stimulate job creation, growth in new places and coastal regeneration across the South East;
- > deploying an additional **£2.4m COVID-19 Business Support Fund** for support programmes to help businesses impacted by the pandemic, providing targeted and practical advice and small grants to pre-starts and start-up, digitising businesses, and the visitor economy. In addition we will continue to provide our **Growth Hub** service and regular business communications;
- > investing a further **£2m** into a **COVID-19 Skills Fund** helping to upskill and re-skill individuals to enable the transfer to recruiting sectors as well as ensuring support with digital skills, kit and connectivity and developing innovative solutions to skills barriers as the crisis has accelerated the transition to digital markets and workplaces. We will also continue to work with our employer-led **Skills Advisory Panel** to address skills shortages and develop a Skills Plan;
- > utilising our extended **£1m Sector Support Fund** with an additional focus on COVID-19 recovery and helping to support those sectors most in need;
- > using our convening power to bring together **businesses leaders** from across key sectors – and particularly our gateways – amplifying the **private sector voice** of our industries to inform and influence government policy;
- > supporting the development of digital skills across businesses for those out of work and in colleges, and schools through our **Digital Skills Partnership (DSP)** and through the provision of online learning opportunities;
- > continuing to work collaboratively through the **South East Major Projects Group** to ensure the opportunities and benefits that these significant large-scale infrastructure investments will bring are maximised for the area;
- > attracting and encouraging more **commercial investment** into the South East, as well as public funding to **create jobs** now and secure growth in the future, especially for our more deprived communities; and
- > publishing our **Recovery and Renewal strategy** which will set an economic vision and clear plan, guiding the way for future investment, a greener economy, greater digital connectivity, alongside other key priorities across the area.

This strategy and programme of action will support the delivery of our recently agreed strategic priorities, all of which are underpinned by a commitment to tackle climate change, increase skills and employment, build diverse and inclusive growth and enhance our digital and physical connectivity:

### Business Resilience and Growth

We will support businesses to respond and adapt to the significant challenges they face in the short term and to promote **innovation** and **clean growth** in the longer term, ensuring that our actions and investments are targeted where they will have most impact.

### 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 will work with our gateways to support them in tackling the impacts of COVID-19 as well as the transition following our exit from the EU and help to strengthen these locations through increased capacity and reliability associated with transport and digital infrastructure. And for those who are pursuing it, we will support and champion their **Freeport** status.

### Communities for the Future

We will lead the country in delivering **33%** of the government's **Garden Communities** housing programme as well as wider housing developments across existing communities, boosting employment and growth and also driving design and innovation to support the future of living and working, that is likely to have been accelerated by the pandemic.

### Coastal Catalyst

We will improve the economic fabric of our **coastal and rural areas**, supporting traditional and emerging sectors to improve the resilience and productive capacity of these areas and encouraging public and private sector investment, supply chain development, job growth and greater digital and physical connectivity.

The **South East LEP Recovery and Renewal** plan will set an economic vision and clear plans for the future which will guide the way for future investment and activity across the area.

The strategic priorities have been agreed and the Strategy will be presented to the South East LEP Strategic Board for agreement in March.

<sup>1</sup> £11m GVA lost - OBR: Economic and fiscal outlook, November 2020, modelled for SELEP economy

<sup>2</sup> 67% SME v 86% large business impact - Wave 21 of ONS Business Impacts of Coronavirus Survey (BICS)

<sup>3</sup> Unemployment – NOMIS and the Annual Population Survey – data Qtr up to June 2020

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Local Enterprise Partnerships are uniquely positioned to **bring the voice and influence of businesses together with the public sector** to facilitate growth. It is really important for organisations like ourselves to **work with Government to support this agenda** longer term, to have clear plans in place and to use the architecture we have and the lessons learned from recent experience to enable fast implementation of interventions which support the **recovery of the South East economy**.

We have seen the resilience and innovation of our South East business community, and we know that we will all approach 2021 with **renewed determination**.

The South East LEP is here to help. The challenges are very real, but by working together we will **emerge from this stronger**.

