



SMARTER FASTER TOGETHER

TOWARDS A LOCAL
INDUSTRIAL STRATEGY



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

“Productivity isn’t everything, but in the long run it is almost everything.”

This statement, written by Paul Krugman, Nobel Laureate in economics, almost twenty-five years ago, has never been more important.

Productivity, as measured by the amount of work produced per working hour - is the main driver of long-term economic growth and higher living standards. UK productivity has now recovered to levels seen before the 2008 financial crisis, but it still lags behind that of our major competitors. With employment levels high - particularly across the south east - the challenge of securing our future prosperity depends less on getting people into work, than on increasing the value of the work we do. This principle has guided the development of our Economic Strategy Statement.

The document sets out how the South East Local Enterprise Partnership (SELEP) will help meet this very challenge. It sets out our ambitions for the south east economy and how we will achieve them: tackling housing shortages; relieving pressure on infrastructure and improving skills across our workforce. It outlines the action we will take, over the next five years, to deliver on the Government’s National Industrial Strategy, and sets us on a pathway towards a robust Local Industrial Strategy for the south east.

No single organisation, acting alone, can secure the improvements in productivity that we seek. I am greatly encouraged therefore by the commitment and support of our partnership. Ours is genuine ‘coalition for growth’, bringing together business, universities, colleges, the third-sector and local government, in a dialogue with Ministers and Whitehall departments. Our Economic Strategy Statement focuses on priorities shared across the South East and those where we can, by working together, make the biggest difference.

SELEP has a strong track record of delivery. We will build on this, working **SMARTER** to improve productivity, working **FASTER** to accelerate housing and infrastructure delivery, and working **TOGETHER** to ensure SELEP achieves more than individual members can by working in isolation. We will be held to account for the steps we take and the impact we have.

Our strategy is sound and our partnership is in great shape. I am delighted to present this Economic Strategy Statement and to underline our commitment to work for a more productive and prosperous south east in which everyone has the opportunity to succeed.



Christian Brodie - Chair
South East Local Enterprise Partnership

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SOUTH EAST
LOCAL ENTERPRISE
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Introduction

Welcome to the South East Local Enterprise Partnership's Economic Strategy Statement. This document is our prospectus for a more productive and more prosperous economy in which everyone has the opportunity to succeed. It outlines our shared priorities and how we will work Smarter, Faster and Together to support long-term growth – both for the South East and for the whole of the UK.



THE SELEP AREA

ESSEX

SOUTHEND

THURROCK

KENT

MEDWAY

EAST SUSSEX



SELEP AREA MAP

The South East is the largest LEP area in England outside London, in terms of population and economic output.

It brings together four established and distinct economic areas in East Sussex, Essex, Kent and Medway and South Essex, and is highly diverse. Although the area contains large urban areas, no single centre dominates. Instead, it contains a wide range of settlement types and economic assets, 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 areas of outstanding natural beauty.

We have developed a map which shows a number of the economic assets found within the area. This is by no means fully comprehensive, but it aims to help with navigation of this document and to highlight those areas which present economic opportunities for the future growth of the South East economy.

THE OPPORTUNITY...

1.1. The area covered by the South East LEP (SELEP) makes a vital contribution to the national economy. Our annual economic output is around £87 billion – around 5% of the UK total. We have one of Britain's most important concentrations of vital infrastructure assets, including its largest ports, its only international rail link and two of London's airports; in addition to nine universities, some 166,000 businesses and a significant share of the country's energy generating capacity. Our population is growing much faster than the UK average, with rapid population growth in both existing towns, cities and rural communities and in emerging garden settlements. We are an integral part of the Greater South East economy, with the capacity and appetite for growth and strong business leadership.

1.2. This document replaces our previous Strategic Economic Plan (SEP). **Since the SEP was published in 2014, we can report significant positive change.** In 2018, there are 44,000 fewer Jobseeker's Allowance (JSA) or equivalent claimants in the SELEP area than there were four years ago. Between 2014 and 2016 (the latest year for which data is available), the economy grew by about 9% (equivalent to £6.8 billion in additional output). The rate of housing delivery has accelerated sharply: between 2013/14 and 2017/18, the number of housing completions increased by over 70% - one of the highest rates of growth in the country, and way ahead of the national average¹.

1.3. Alongside this, our previous Strategic Economic Plan made the case for substantial investment in the South East. Since 2014, the LEP has secured some £561 million in Local Growth Fund resources to deliver improved transport infrastructure, regeneration, business premises and skills facilities, in addition to a £160 million European structural and investment programme. Combined, this represents a significant investment in the South East economy.

SELEP's annual economic output is around

£87 billion

Between 2014 and 2016, the economy grew by

£6.8 billion

THE CHALLENGE...

1.4. The South East's recent record of economic growth gives us reason to look to the future with optimism. However, there are challenges ahead. In the short term, the immediate economic outlook is one of some uncertainty, particularly associated with Brexit.

But we face longer term challenges as well: productivity is lower than it should be; rapid population and housing growth means greater pressure on our infrastructure – and the costs associated with this are substantial; and while new technology presents major opportunities for innovation and business growth, it is also 'disruptive' and presents challenges in building a workforce and business base that is fully equipped to respond.



¹ MHCLG (2018), Housing Statistics

DEVELOPING A NEW STRATEGY

1.5. It is in this context, that we have developed this new **strategy statement**. Building on extensive consultation during 2018, **SMARTER, FASTER, TOGETHER** sets out our assessment of the opportunities and challenges that we face, our ambitions for future of the economy and the priorities on which we will focus to achieve them.

1.6. **Smarter, Faster, Together** takes a long term view, looking forward to the next decade, and particularly outlines the areas for action that we will take forward in the medium term over the next five years. However, we recognise that nationally, the policy context is evolving, particularly given the Government's intention to develop Local Industrial Strategies (LIS) over the next couple of years. We anticipate that a future Local Industrial Strategy will take some time to bring forward. This Strategy Statement is therefore a 'bridge' between the former SEP and a future LIS, highlighting some of the issues that the LIS should consider, and some areas for future exploration.



Peel Ports London Medway

KEY PRINCIPLES

1.7. In addition to the link with a future Local Industrial Strategy, this Strategy Statement is underpinned by four key principles:

- > **Strategic focus:** We have not attempted within this document to describe all the work that SELEP is engaged in – nor all the priorities that will be important at local level. Instead, **this Statement focuses on those priorities which are shared across the South East**, and where by working together, business, universities, colleges, local and national government and the third sector can make a strategic difference
- > **Partnership:** SELEP is a genuine 'coalition for growth' between business, government and education. **We will put the role of enterprise – as the driving motor of the economy – at the heart of everything we do;** and we will work in partnership with central government and its key agencies
- > **Local leadership:** Key to the success of the South East LEP is the effectiveness of our 'federated' model (described in Chapter 9) and the strategies adopted within our four economic partnership areas (East Sussex, Essex, Kent and Medway and South Essex). By focusing on our shared priorities, this Strategy Statement aims to add value to and support activity at local level

- > **Evidence-led and pragmatic:** In developing this Statement, we have looked at the economic evidence and the strengths, weaknesses, opportunities and threats that our economy faces. Some of these are long term. However, this is a strategy for growth in a dynamic free market: new opportunities and challenges will arise over time, it needs to be flexible and agile to respond to them and it must draw on continuous evaluation and evidence of 'what works'

1.8. These principles inform the remainder of this Strategy Statement. Before considering our strategic framework and priority areas for action, the next chapter takes a look at the state of our economy – and the 'drivers of change' that will influence future growth.



Launch of South East LEP skills strategy



Christian Brodie,
Chair, South East LEP



The outlook for growth: SELEP's economy and the drivers of change

Our plans for the future are based on both our understanding of the South East as a distinctive – and diverse - economy, and on our assessment of current and future trends. In this chapter, we take a look at the state of its economy and the long-term 'drivers of change' that will influence its future economic growth.

THE SOUTH EAST AS A 'PLACE'

The South East is a place of scale and diversity

2.1. 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. It brings together four established and distinct economic areas in East Sussex, Essex, Kent & Medway and South Essex, and is highly diverse: although the area contains large urban areas (particularly Medway and Southend), no single centre dominates. Instead, it contains a wide range of settlement types, 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.

There has been rapid population and housing growth – and there is more in the pipeline

2.2. Despite its diversity, all parts of the South East share common challenges and opportunities. Recent years have seen rapid growth in the SELEP area. In the twenty years to 2017, the South East's population increased by 16.6% (compared with around 14% across England). This equates to an increase of around 638,000 people: to put this into context, it is roughly equivalent to 3.5 additional cities the size of Southend, on 2018 estimated population levels.

2.3. Looking to the future, population growth is expected to remain high, with a projected increase of 15% between 2016 and 2036 (about 620,000 additional residents)². This compares with population growth of around 10% across England over the same period. Some parts of the area will experience especially rapid population growth over the next 20 years – but overall growth is projected to be higher than the England average in all four of SELEP's economic partnership areas. The 2016-36 period is expected to see moderate growth in the working age population (of around 6% across the SELEP area)³, much of our overall population growth will be accounted for by older age groups.

2.4. This has clear implications for the future pace of housing delivery. In the South East LEP, significant progress has been made (for example, housing completions reaching 12,300 in 2017/18)⁴. But 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 2036⁵, and in parts of the SELEP area, the ratio of median house prices to median earnings is among the highest in the country⁶.

2.5. 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.



Housing construction

The South East has a nationally-important stock of key infrastructure assets

2.6. From a national infrastructure point of view, the SELEP area is highly significant. In effect, it 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 the Greater South East's motorway and rail infrastructure.

2.7. This international 'gateway' function is important to the UK as a whole and yields significant benefits to the SELEP area: the transport and logistics sector employs around 100,000 people locally, and the High Speed One domestic rail network in Kent and Medway built on existing investment in the Channel Tunnel Rail Link (and with the potential for further expansion in Kent and East Sussex). However, ensuring the resilience of the South East's transport networks is a local and national challenge. While SELEP has made significant investment through its Local Growth Fund programme (based on the priorities set out in the 2014 Strategic Economic Plan), the scale of the challenge is of national significance, including through major schemes such as the Lower Thames Crossing proposed by Government.

2.8. 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.

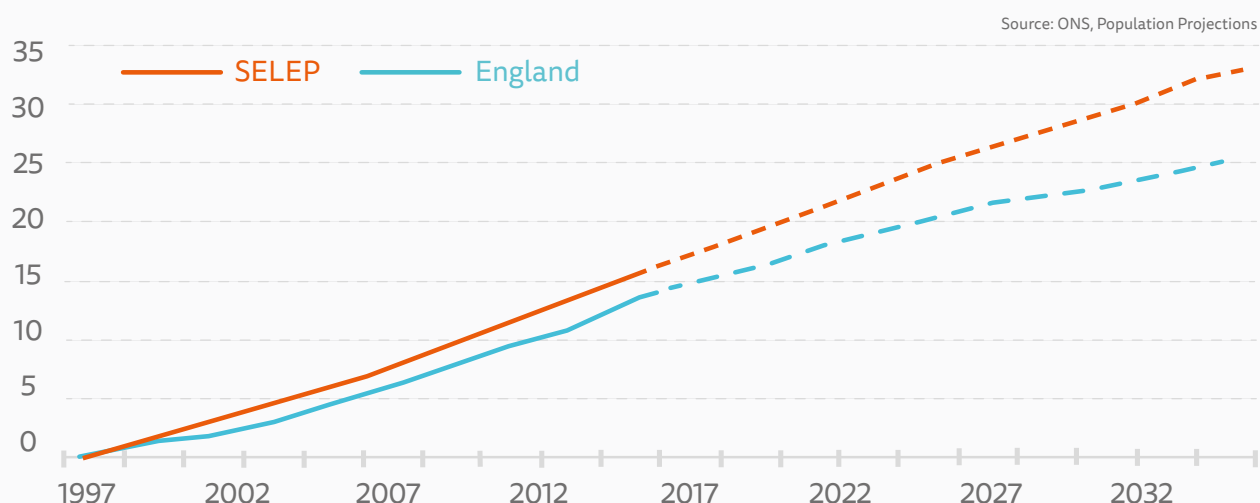
Links to neighbouring LEPs and the rest of the UK are vitally important

2.9. While SELEP has a large economy in its own right, it is also shaped by – and benefits – from its links with neighbouring areas. London has always had a profound influence on the counties to its south and east: historically, much of the South East's agricultural production was sold on the London market, and London's demand for building materials and port-related activity determined much of the area's historic industrial stock. 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.

 Population growth is expected to remain high. Projected increase of 15% between 2016 and 2036

2.10. Parts of the South East also have particularly strong 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 recent report of the Thames Estuary 2050 Growth Commission and with the development of more recent initiatives such as the Thames Estuary Production Corridor. 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.

FIGURE 1 INDEX OF ACTUAL AND FORECAST POPULATION GROWTH, 1997-2036 (1997=0)



² These data are taken from ONS forecasts, for consistency across SELEP. However, some local authorities also use locally-developed 'housing-led forecasts', which generally anticipate higher population growth figures. / ³ There is significant variance in expected working age population growth at local level. In some districts (e.g. Dartford, Colchester and Thurrock), the working age population will grow by over 15% between 2016-36. But five districts are expected to see a decline in the population aged 16-64, even as the population overall rises. (Source: ONS, Population Projections) / ⁴ MHCLG (2018), Housebuilding Statistics / ⁵ Essex County Council (2017), Greater Essex Growth and Infrastructure Framework 2016-36 / ⁶ For example, in Sevenoaks, the median house price: median earnings ratio in 2017 was 16.02 (compared with 7.91 across England as a whole. MHCLG Open Data, House price: earnings)

SELEP ECONOMY: FACTS & FIGURES

A £570m Local Growth Fund pipeline for 97 projects

Population:
4.2m



HOUSING COMPLETIONS INCREASED BY OVER
70%
BETWEEN 2013 AND 2018

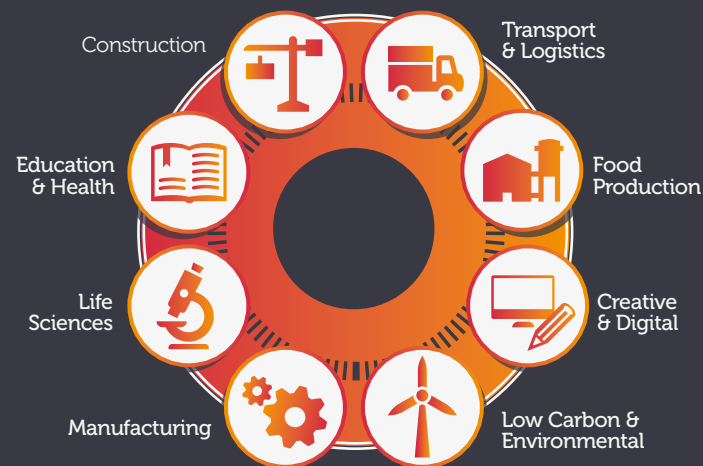
1.9
million jobs

9% job growth (between 2011 and 2016) that is
162,000
EXTRA JOBS
16% growth in business numbers

WEEKLY EARNINGS BY RESIDENCE:
£574.90
WEEKLY EARNINGS BY WORKPLACE:
£528.70

WORKING AGE (16-64) POPULATION:
2.5million
32%
of working age people are qualified to **NVQ4** or higher (lower than neighbouring LEP areas)

KEY SECTORS:



Gross Value Added (GVA)

GVA OVERALL:
£85,794m

GVA PER HEAD:
£20,792

GVA PER FILLED JOB:
£48,250
(2016)

92%
OF UK AVERAGE

175,000 people of working age have no qualifications

Our annual economic output is
£87 billion
5% of UK total and a
9% ↑
growth between 2014 & 2016

GATEWAY

8
SEA PORTS

4
ENTERPRISE ZONES

9
UNIVERSITIES

SUPPORTING
137,000
STUDENTS

170,000
BUSINESSES

HOME TO
2
OF LONDON'S AIRPORTS

The UK's only rail connection to continental Europe

THE SOUTH EAST'S ECONOMY TODAY

2.11. In 2016, the SELEP area generated output of around £87 billion, driven by 170,000 businesses and 1.9 million jobs.

The economy is expanding, with strong growth in jobs and businesses

2.12. The economy is 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%).⁷ In parallel, unemployment has fallen significantly: by September 2018, the number claiming Jobseekers' Allowance or equivalent had fallen by 44,000 since we produced the last Strategic Economic Plan in 2014, and is now at historically low levels. Increasingly, employment is becoming more diverse, with growing self-employment and part-time and freelance working. On the one hand, this leads to greater flexibility; on the other, an increase in less secure, and often low paid, employment: the changing labour market will need to underpin our future approach to workforce skills.



2.13. The South East's business stock – like that of the country as a whole – is overwhelmingly made up of small businesses (with some 90% employing fewer than ten people). Recent growth in the business stock has been strong. There were 24,000 more enterprises in SELEP in 2018, compared with four years previously (an increase of around 16%). While there was some variance across the area, the business stock grew in every local authority area across the LEP. Business views also appear to be broadly positive: despite wider economic uncertainty, the latest results of the British Chamber of Commerce business sentiment surveys in the South East show some optimism on the part of local firms, with a positive balance anticipating increases in recruitment and sales, although with concerns regarding the availability of skills and business space.⁸

There is a diverse sectoral mix, with established strengths and emerging opportunities

2.14. 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. At the level of the LEP overall, 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 SELEP area, 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 SELEP area, **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 LEP area also have a significant energy sector, associated with the nuclear industry (with Bradwell located on the Essex coast and Sizewell in close proximity) and offshore renewables.

2.15. The SELEP area also has significant opportunities in a number of industries that are highlighted nationally as areas of significant growth. Underpinned by major investment in cultural infrastructure across the area (especially in our coastal towns and through the proposed Thames Estuary Production Corridor), the **creative sector** is expanding rapidly, and there are emerging concentrations of **digital** activity. The **life sciences** sector (including drug discovery in Kent, and medical technologies across SELEP) is also significant, having emerged from a period of substantial restructuring. Finally, there are concentrations of activity in **low carbon and environmental** goods and services, partly linked with the area's large construction industry.

⁷ONS, Jobs Density / ⁸Kent Invicta Chamber of Commerce, Sussex Chamber of Commerce, Essex Chambers of Commerce (2018); BCC Quarterly Economic Survey 2018Q2 results; East Sussex Business Survey 2018

There is a strong and expanding network of universities

2.16. The SELEP area has a strong higher education presence. Combined, our nine universities support around 137,000 students at all levels and are a key knowledge and innovation asset.⁹ Particularly in places such as Canterbury and Colchester, they make a significant direct contribution to the economy as businesses in their own right, and over the past 20 years, our university presence has expanded substantially with (for example) the development of major new campuses at Medway and Southend.

2.17. The recent Science and Innovation Audits for the South and East of England set out some of the universities' key capabilities, highlighting (among other strengths), 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.

2.18. In addition to the university network, the South East's further education offer has also been consolidated and strengthened in recent years: our FE colleges maintain increasingly strong business links and play an important collective role in skills planning across the LEP through the Skills Advisory Group.

Workforce skill levels remain challenging

2.19. The last Strategic Economic Plan placed a strong emphasis on the need to increase SELEP's workforce skills levels, particularly linked with potential future business demand, and this has been a major focus of the LEP's skills investment. School attainment levels are relatively positive, and schools have a vital role in shaping future aspirations - but the skills profile of the workforce changes

slowly. Currently, around 32% of working age people are qualified to NVQ4 level or higher – a substantially lower proportion than in most of our neighbouring LEP areas. This masks very considerable local divergence: some places (such as Brentwood and Tunbridge Wells) enjoy very strong workforce skill levels – but across the LEP area overall, there are still around 175,000 people of working age with no qualifications at all. This represents both a 'demand' and a 'supply' side problem: improving overall skills levels means raising employer demand for higher level skills.

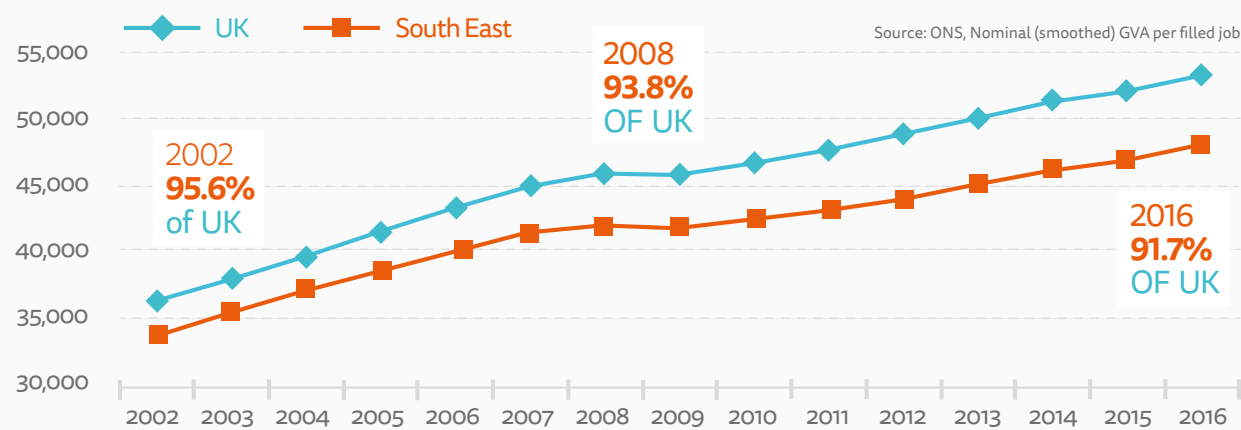
The South East's productivity is relatively weak

2.20. Despite this recent employment and business growth, the UK faces a 'productivity challenge': while the economy apparently made a strong recovery from recession, Britain's productivity (relative to that of its main competitors in Europe and the United States) has largely failed to grow. Addressing this is a major focus of the Government's Industrial Strategy.

2.21. In the South East, productivity (measured as GVA per filled job) was £48,250 in 2016, about 92% of the UK average. This 'deficit' has been present for many years (and is linked with our relatively weak workforce skills profile), but has widened somewhat since the 2008/09 recession. (Figure 3).

2.22. The 'productivity deficit' does not apply everywhere in the South East: the west of Essex and west Kent have productivity levels higher than the UK average (and the UK average is in turn skewed by London's very high productivity levels). 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.

FIGURE . 2 PRODUCTIVITY (GVA PER FILLED JOB, £)



⁹ HESA (2018). Note however that some of these (at the Universities of Brighton, Sussex, Greenwich, Anglia Ruskin and University of the Creative Arts) will be based at campuses outside the SELEP area.





SELEP area makes a substantial contribution to **UK energy generation.**

New nuclear facilities are planned and major offshore wind generation capacity

Offshore Wind Farm

THE SOUTH EAST ECONOMY TOMORROW: FUTURE TRENDS

2.23. Looking to the future, the South East's economy will be shaped by a number of social and technological trends, highlighted in the Government's Industrial Strategy as 'grand challenges' that will impact the UK as whole:

GRAND CHALLENGES

Future technology trends impacting on economic growth

The impact of 'digital enabling technologies' and the increasing ability to analyse vast volumes of data. This has already had a profound impact on the economy (for example in the transformation of much of the media and retail sectors). Examples particularly relevant to some of the key sectors in the South East include:

- in manufacturing, the growth of additive manufacturing, and the ability to create prototypes, or small batches of finished goods without extensive production capacity
- in life sciences and medical technologies, the ability of computing to drive down the costs of drug discovery and the development of connected medical devices
- in health and social care, using data to monitor patient response, ultimately helping to improve medical outcomes and drive down care costs
- in the construction industry, the use of robotics in modular and prefabricated construction
- changing consumption patterns, for example in the rise of online retail, social media and the consumption of news and media in digital form

The ageing population, and the associated implications for the labour market (highlighted above) and for future healthcare demand (and the goods and services that will need to be provided to support) and housing policy

Decarbonisation, energy security and the need for greater resource efficiency, driven both by Government regulation, and by the advent of lower carbon technologies.

The future of mobility, in the light of (over the next decade) the introduction of electric and autonomous vehicles, with potentially significant implications for the South East's large transport and logistics sector, access to energy supplies, and the way in which we plan towns, cities and transport systems.



Future of mobility

2.24. These 'technology trends' have a number of implications for our future strategy. In the first place, they will create opportunities for firms at the 'leading edge' of innovation – such as those involved in the development and commercialisation of new technology. But they will also have an impact on the wider business base, as firms adopt new technologies in order to remain competitive. This will have particular implications both for future workforce skills and management capacity – but improving levels of technology adoption and adaption across the economy are likely to have significant future productivity benefits¹⁰.

2.25. Technology will also have broader 'disruptive' consequences. The impact of this on the retail sector is already visible in many town centres and high streets, and in some sectors and occupations, employment will fall, even if jobs are created in aggregate.

¹⁰See for example the report of the Made Smarter Review, 2017

BRINGING IT TOGETHER: OPPORTUNITIES AND CHALLENGES

2.26. This brief overview of the SELEP area's economy highlights a number of implications for our economic strategy:

- first, the **scale and diversity** of the area is a major strength: it means that we can share capacity and resources and – as the overview indicates – there are many challenges and opportunities that we have in common. But it also means that we cannot capture everything in a single central strategy – so across the LEP, activity needs to be driven locally, while we work together on the issues that impact the area as a whole
- second, **the scale of planned housing growth is significant** – but ensuring that it is delivered, with the right infrastructure, and with the right employment opportunities to support it, is essential
- third, while we have a diverse and growing business base and a substantial stock of 'knowledge' assets, our **productivity levels are lower than they should be**, given our location. This has clear implications for the need to promote workforce skills – and support productivity growth.

2.27. In summary, this means that we need to:

Work '**SMARTER**' – translating our impressive jobs and business growth into a long-term increase in productivity.

Deliver '**FASTER**' – developing solutions to unlock the housing and infrastructure that we need, and to ensure the efficient connectivity that will underpin productivity gain.

Work '**TOGETHER**' – both across SELEP, and with our neighbours in London and or neighbouring LEPs, across the Greater South East, with Government and with business.

OPPORTUNITIES

Between 2011 and 2016, the number of jobs in the area grew by **162,000** an increase of 9%



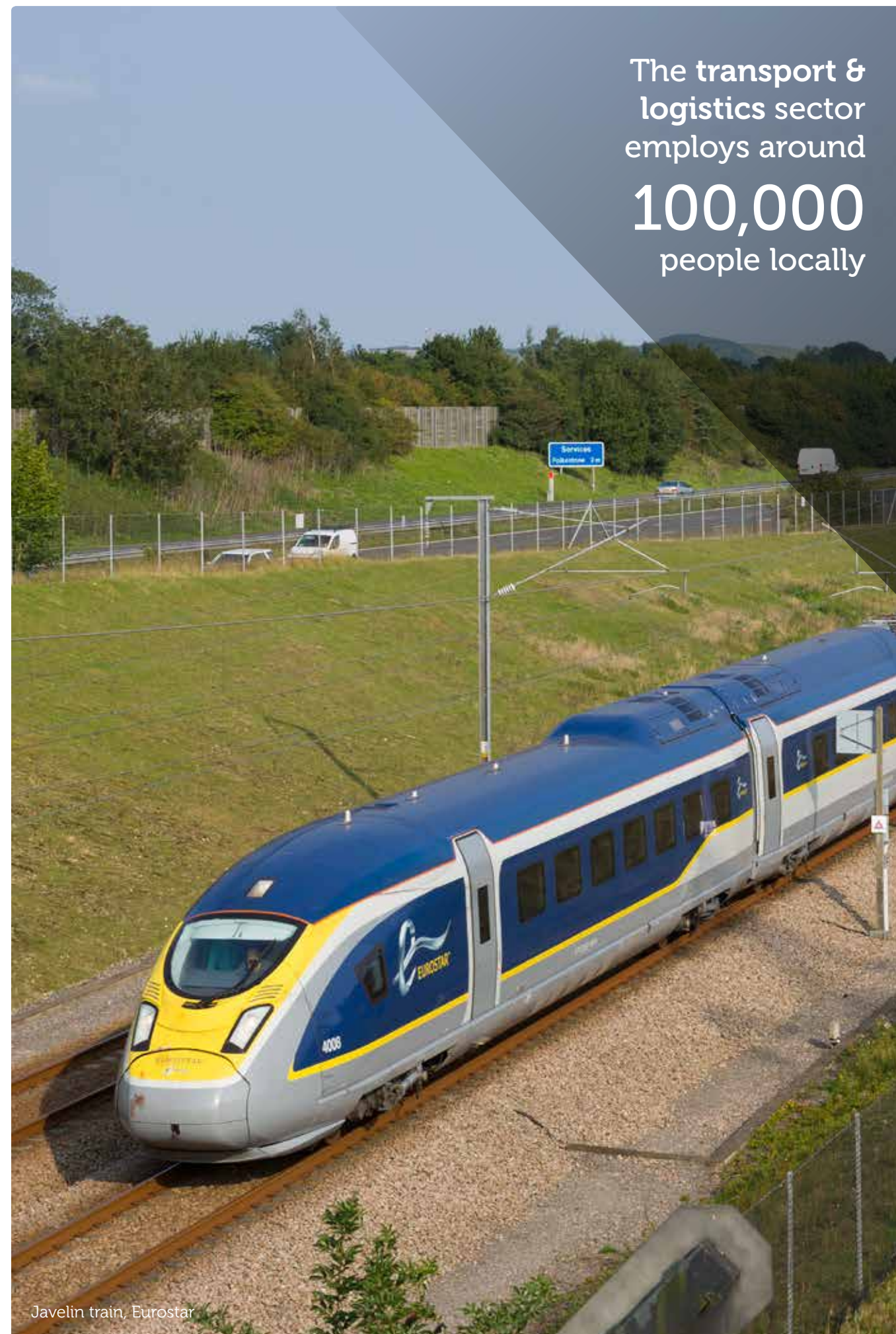
In the twenty years to 2017, the South East's population increased by **16.6%**

In Essex, Thurrock and Southend alone, there is a need for around **179,000** new homes between 2016 and 2036



175,000 people of working age with no qualifications

The transport & logistics sector employs around **100,000** people locally



Javelin train, Eurostar



Strategy: Ambitions for the future

Looking ahead to the next ten years, we will create an economy that is **'smarter'**; we will achieve **'faster'** delivery of the infrastructure and connectivity we need for the economy that we want; and we will work better **'together'** across SELEP and with our neighbours. This chapter introduces our key ambitions and the key priorities that flow from it.



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

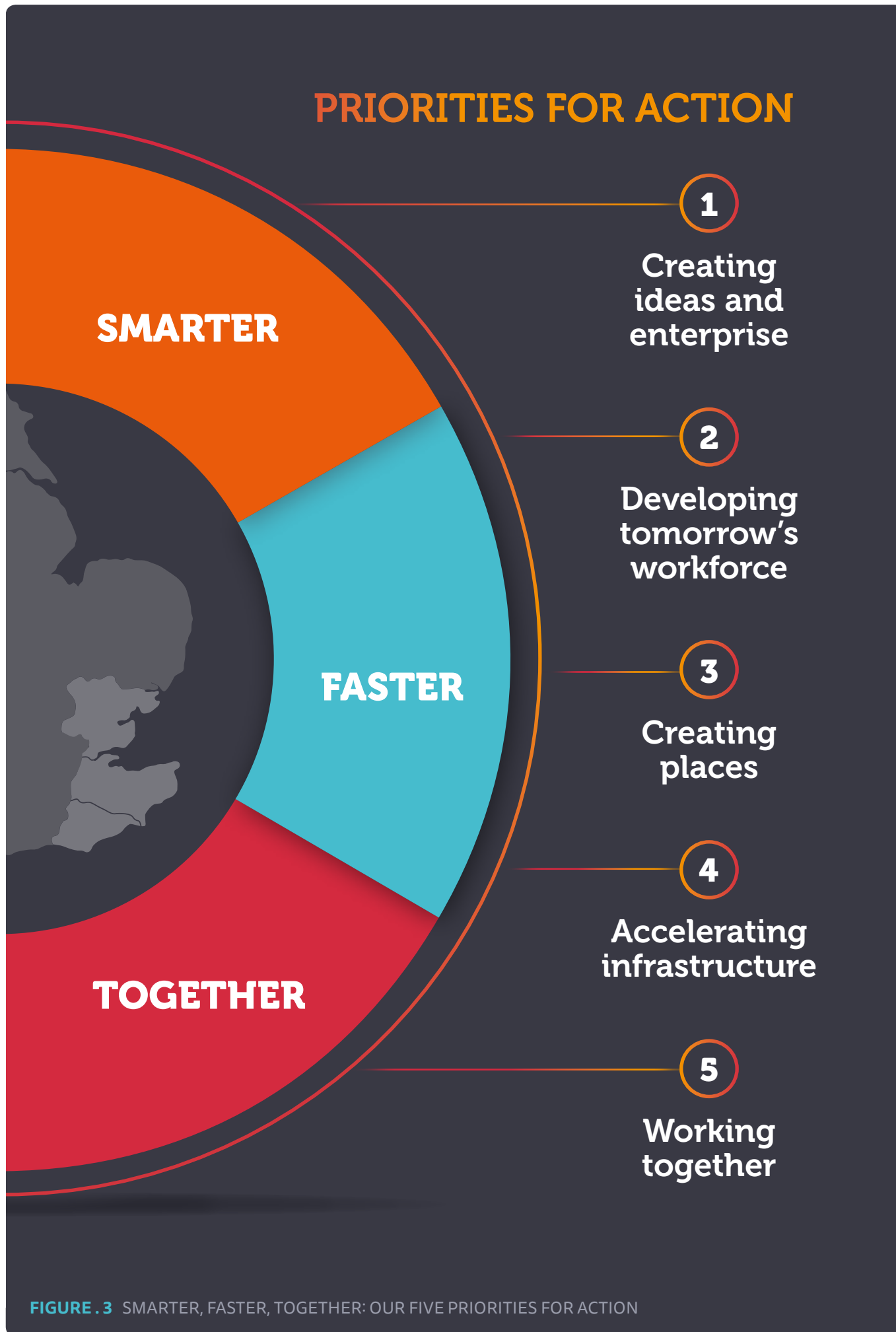


FIGURE .3 SMARTER, FASTER, TOGETHER: OUR FIVE PRIORITIES FOR ACTION

SMARTER, FASTER, TOGETHER: HEADLINE AMBITIONS

3.1. Through this strategy, we will:

Work SMARTER: Increasing the productivity of the South East LEP area

3.2. By 2030, we aim to bridge the gap in GVA per filled job between the South East and the rest of the UK. This is a challenging goal: achieving it would be worth around £20 billion to the SELEP economy¹¹. However, it is not unrealistic, given our location and the performance of our neighbours¹².

3.3. This ambition has two further implications:

- > **We must raise productivity across the SELEP area.** While productivity levels vary across the SELEP area, only two 'areas within the LEP' currently enjoy productivity at a level greater than the UK average. As the LEP is a 'polycentric' area in which all localities have a more or less equal economic role, it follows that to achieve our ambition, we will need to achieve an uplift across the board
- > **Productivity improvements matter in every sector,** including those at the 'leading edge' of innovation, and those in the wider economy. Within an economy such as SELEP's – with a diverse sectoral mix and several sector strengths that are quite locally concentrated, it follows that we will need to focus on the whole economy, while recognising that some sectors will face specific opportunities and challenges.

Deliver FASTER: Accelerating housing and infrastructure delivery to meet planned growth

3.4. Over the next decade, we aim to build on our recent success to bridge the gap between planned housing need and the pace of delivery. This will mean exploring new solutions to meet viability gaps – which remain significant across much of the SELEP area. It will also mean ensuring that the strategic infrastructure that SELEP needs to support growth and ensure resilience will need to be secured.

Work better TOGETHER: Collaborating across the Greater South East, with Government and with business

3.5. Alongside both of the above, we aim to contribute to an increasingly coherent voice for the Greater South East, recognising the importance of our connections with London and our neighbours and that many of the challenges and opportunities that we face are shared with them – and we will build an increasingly strong relationship with business and with our other partners within the LEP.

Beyond the headlines; making it happen: Priorities to deliver our ambitions

3.6. To deliver our longer term ambitions for the decade ahead, our strategy identifies five priorities to guide SELEP's actions for the medium term over the next five years (Figure 3).

3.7. In each of the chapters that follow, we set out the opportunities and challenges associated with each of our priorities and explain their implications for action over the next five years.



¹¹ Based on East of England Forecasting Model projected labour productivity for SELEP and the UK, at 2018 prices / ¹²Achieving UK average productivity levels would bring SELEP approximately into line with Coast to Capital LEP – although Coast to Capital's productivity growth rate has been slower than that of SELEP over the past decade



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

PRIORITY 1

Creating ideas and enterprise

Creating, adapting and adopting new ideas is at the heart of our ambition for a 'smarter' economy. This means supporting our innovative capacity in our 'leading edge' businesses – but it also means increasing the opportunities for creativity across the economy, enabling businesses with the potential for growth to expand.

1

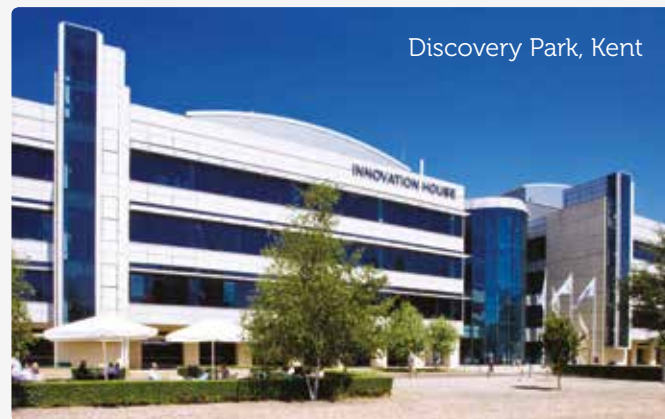
WHERE WE ARE NOW

4.1. The previous Strategic Economic Plan set out an ambition to create “the most enterprising economy in Britain”. There is clear evidence that the South East is highly entrepreneurial, and there has been significant success over the past few years. Start-up and survival rates are strong, and the overall business stock has expanded rapidly, within the context of (at LEP-wide level) a diverse sectoral mix. Linked with our earlier ambition, 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.

4.2. In aggregate, we have a substantial stock of innovative activity, through our universities and research centres as well as through the business base. However, there are indications that business capacity for innovation is not as high as it could be: business expenditure on research and development is relatively low for example, as is participation in Government-backed innovation programmes¹³.

SUPPORTING ENTERPRISE; SUPPORTING PLACES

THE ENTERPRISE ZONE NETWORK



Discovery Park, Kent

The South East benefits from four Enterprise Zones, established to drive economic growth in specific locations, focused on key sectors, themes and opportunities that are relevant across the South East.

In **Harlow**, our Enterprise Zone is at the heart of the London to Cambridge Corridor in close proximity to Stansted Airport, with a focus on medtech, life science, ICT and manufacturing. The recent relocation of Public Health England to Harlow has brought the Zone to national prominence, with the location selected due to Harlow’s proximity to both London and Cambridge and access to the UK’s Innovation Corridor.

Continuing the life sciences focus, **Discovery Park** in East Kent has repurposed Pfizer’s former European R&D centre into a centre for innovative SMEs focused on drug discovery and its supply chain. Offering world-class laboratory facilities designed around the concept of ‘integrated research’ for chemical, pharmaceutical and analytical research.

In **North Kent**, the Enterprise Zone’s has three exceptional locations, Ebbsfleet Garden City, Kent Medical Campus and Innovation Park Medway. It is well placed to attract companies and investors due to High speed rail and road networks with great connectivity to London and Europe, a collaborative business environment where innovative, high-value companies and growing businesses can thrive.



Innovation Park Medway, Kent



2,500 jobs created at Discovery Park

Data Campus, Harlow Enterprise Zone



Kao Park, Harlow Enterprise Zone

Each North Kent Enterprise Zone site has a primary sector focus, supported by complementary specialisms and supply chain services. These specialisms include Medical & Life Sciences; Health & Education; Engineering & Advanced Manufacturing, and Creative & Digital industries.

In **Newhaven**, our Enterprise Zone focuses on manufacturing and creative industries, linked with the development of the Newhaven Growth Quarter.

Newhaven is fast emerging as a centre for clean, green and marine technologies and rapidly growing businesses across all sectors. The Enterprise Zone, comprising eight sites in key positions around the town, covering



Growth Quarter, Newhaven

approximately 79 hectares, aims to facilitate the economic regeneration of the town and shift it to a higher-value economy over the next 25 years.

Enterprise Zones (EZs) are about the long term growth of key sites with strategic economic potential, and all of the EZs in the SELEP area involve substantial investment from local partners and the private sector, as well as an initial package of Government incentives.

The results so far have been impressive – with around 2,500 jobs created at Discovery Park alone. Supporting their future growth (and the development of other key locations for higher value economic activity) will be a long term priority for the future.

¹³ SELEP, Evidence Base 2017

PRIORITIES FOR THE FUTURE

4.3. Looking ahead, we aim to focus on actions that are likely to generate an increase in productivity over time. Over the next five years, and building on the continued development and expansion of our Growth Hub and existing activity, we will seek to:

- > **Encourage those businesses with the capacity for innovation and high growth to scale up:** While the SELEP economy is very effective in generating large numbers of new enterprises, most of them remain micro (in fact, micro businesses account for a higher proportion of business stock than in any other LEP outside London).

In the South East, we have an entrepreneurial economy, and we will maintain our positive record in supporting new business starts. But we will particularly 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.

- > **Increase the adoption of new technologies and processes:** The Made Smarter review of productivity in the manufacturing sector highlighted the 'gap' between the UK's 'leading edge' innovators and the ability of the broader SME population to adopt new systems and processes, faced with the high costs (in terms of, for example, reskilling or temporary constraints on production)¹⁴. Bridging the gap could help to increase productivity within individual businesses – but a failure to do so could equally lead to a long term loss of competitiveness. To respond to the 'grand challenges' of the Industrial Strategy (particularly in responding to technology change), we will need to take a more concerted approach.



- > **Support the process of knowledge transfer** between the universities in SELEP and our business base. 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.

- > **Respond to the increasing need for workspace flexibility:** In consultation, businesses highlighted 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 brackets¹⁵

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.

- > **Ensure that the South East is Britain's gateway for trade and investment:** Nationally, both exporting and foreign direct investment correlate with higher productivity, as exposure to wider markets stimulate competitiveness and take-up of new processes and solutions. The South East has a strong track record in inward investment, driven by its three investment promotion agencies: our proximity to London provides a major opportunity which we must exploit, and we will support continued efforts to attract new investment.

However, perhaps surprisingly, given its proximity to nearby European markets, the proportion of firms in the SELEP area that export is relatively low¹⁶, although a number of programmes are in place to increase international trade and the Chambers of Commerce play a significant role in driving export activity. Post-Brexit, driving up the UK's export ability – and its attractiveness to inward investors – is likely to be a high priority, and one from which the South East will benefit.



4.4. Alongside these priorities, two considerations are important:

- > **First, there is already a lot happening**, delivered by central and local government, by the 'Ug' group of universities and by the private sector. This includes the South East Growth Hub and a range of sector-specific and general support programmes supported through European funding, as well as locally-delivered schemes, such as the Kent and Medway Business Fund and East Sussex Invest. Looking to the future, the aim should be to neither duplicate existing provision, nor to centralise it – rather, our focus is on addressing significant gaps where they exist, and on developing a stronger, better coordinated 'network' of support, at local level and across the LEP

- > **Second, some (although not all) solutions are likely to be sector-specific.** For example, the workspace needs of businesses in the creative sector will be different from those in manufacturing; building on the recommendations of the Government's Made Smarter review, the approach to technology adoption is also likely to have a sectoral dimension. This reflects the 'sector-focused' approach adopted by Government within the Industrial Strategy. Our working groups (such as the Creative Economy Network) will have an important role in developing solutions, alongside industry-led sector groups more broadly.

¹⁴ Made Smarter Review (2017) / ¹⁵ Essex County Council (2016), Grow on Space Study / ¹⁶ BIS (2013), Inward investment and trade in LEPs



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

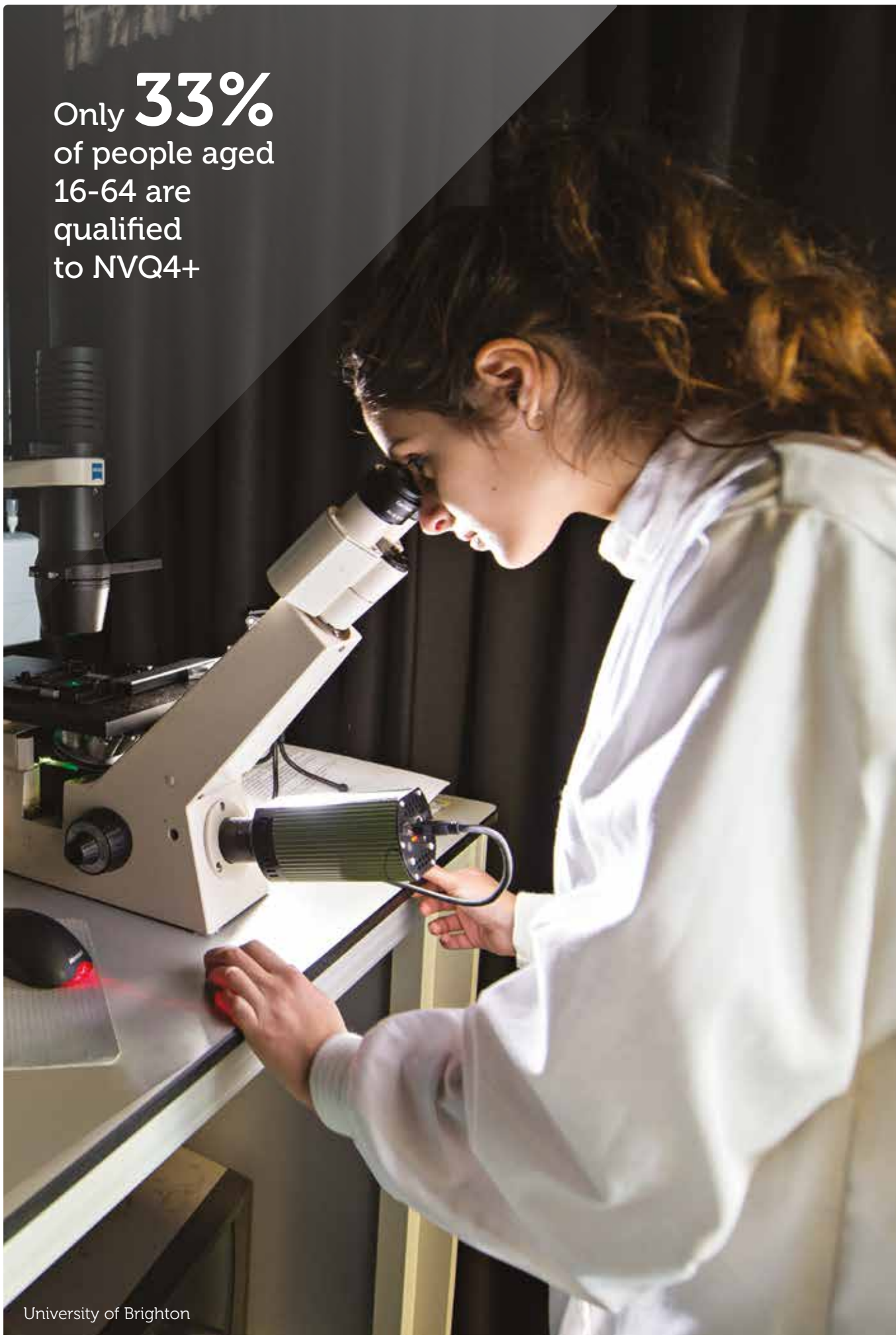
PRIORITY 2

Developing tomorrow's workforce

A skilled workforce will be vital in delivering the productivity gains that this strategy demands. But higher skills are also the route to better pay, better jobs, and better progression in work.

2

Only **33%**
of people aged
16-64 are
qualified
to NVQ4+



University of Brighton

WHERE WE ARE NOW



5.1. 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 2016/17¹⁷. 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 likely to be 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
- > At the same time, some key routes to skills progression are under pressure. The number of apprenticeship starts has flatlined in recent years, and participation in further education has fallen, in the context of significant funding pressures.

5.2. 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 if the migrant workforce falls post-Brexit; and while there is rising demand for higher-level skills, there are also pressures on the availability of people with intermediate skills.

5.3. In this context, there has been a coordinated effort across SELEP and the employment and skills bodies within its economic partnership areas to build a strong dialogue between skills providers and employer demand and to improve the 'demand and supply' evidence base. Earlier in 2018, the LEP published its **Skills Strategy**, setting out a partnership vision, a five year ambition for skills and a 'route map' of key actions:

SELEP SKILLS STRATEGY VISION

“To help deliver a flourishing and inclusive economy across the biggest LEP area in the country equipping employers, adults and young people with the skills, conditions and aptitudes required for significant growth today and tomorrow.”



Download our
SKILLS STRATEGY
2018 - 2023

www.southeastlep.com/our-strategy/skills

¹⁷ South East LEP, Skills Strategy

PRIORITIES FOR THE FUTURE

5.4. Consistent with the Skills Strategy, and working with our Skills Advisory Group we aim to build aspiration and innovation, among learners, employees, business owners and providers. Over the next five years, we will:

- > **Increase industry-relevant qualifications for all ages**, particularly at higher and degree level. As part of this, the Skills Strategy's five year plan emphasises the need to increase the take-up of apprenticeships and to support employers in engaging with the range of qualifications on offer, including the Government's new T-Levels from 2020
- > **Simplify the skills landscape for employers:** a perennial challenge, given the complexity of the system and the frequency with which schemes are introduced and changed. The LEP is currently making significant headway with (for example) the establishment of the employer-led Skills Advisory Panel. However, employers are keen to engage in influencing the system further and we have particular challenges in making the 'system' work in a strongly SME-oriented economy. Looking to the future, we will seek to expand the support available for training providers and employers, **and we will develop proposals for targeted devolution, where we can demonstrate that local employer engagement and local funding can deliver better economic outcomes.**
- > **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
- > **Support the capital investment in our further and higher education capacity that our growing population and business base needs to succeed.** In the context of the pace of technological change, this will include investment in new scientific facilities for wider economic application (as well as for educational purposes), linked with the role that our universities and colleges have in driving economic growth. It will also include investment in the capital facilities associated with the key subject areas (for example in relation to STEM skills) that are likely to be in high future demand.



Ashford College redevelopment, Local Growth Fund project

5.5. In addition to these priorities, it is worth noting that **the majority of those who will be in the workforce in twenty years' time are already in the workforce today.** In the context of the technology trends outlined in Chapter 2, **retraining the existing workforce** will be important, to mitigate the labour market downsides of technology-driven change, ensure that SELEP's businesses can adapt in the ways outlined in relation to Priority 1, respond to the need for higher productivity in the light of overall workforce pressures, and address the 'grand challenge' of our ageing population. The Government's National Retraining Scheme announced in 2017 (and subsequently expanded in 2018) is intended to support this: we will support its delivery. Where appropriate, we will seek to enhance this, for example, through more extensive, all-age careers guidance. We will also seek to understand better – and respond to – the links between **workforce health (including mental health)** and employment, improving access to work and better opportunities within it.

5.6. Finally, in the context of a tight labour market – especially for people with advanced STEM skills and the wider range of technical capabilities – **there is a particular challenge for skills providers in recruiting teaching staff.** This is likely to be a long term issue, and we will need to explore potential solutions with employers and providers.

5.7. Some of these priorities will be delivered through continued partnership working. Our Skills Advisory Board and the network of local employment and skills partnerships are making strong progress. However, we need to find mechanisms to simplify and better coordinate the skills landscape, and **we will seek to advance proposals for devolved and pooled funding, where local decision-making will ensure better choices and greater responsiveness.**

INVESTING IN SKILLS:



THE SOUTH EAST'S SKILLS CAPITAL PROGRAMME

Following our 2014 Strategic Economic Plan, the South East LEP and its partners have invested substantially in our skills infrastructure.

This includes a £37 million capital programme delivering industry-relevant training facilities, supporting projects focused on engineering skills in Medway, Southend and Braintree; digital technologies at Harlow; construction in Basildon and Chelmsford, and logistics in Swale and Thurrock – among other specialisms.

Linked with our wider work supporting the Careers Enterprise Network and raising awareness of economic opportunities across the economy, investment in new facilities is leading to new learner recruitment and new partnerships with business.



Stansted Airport College, Local Growth Fund project



PRIORITY 3

Accelerating infrastructure

To deliver our ambitions for a 'smarter', 'faster' LEP, we must ensure that we secure the right infrastructure to support future growth. Since our first SEP was published in 2014, we have developed a strong track record, although infrastructure funding gaps remain significant.

3

WHERE WE ARE NOW

Transport infrastructure

6.1. Since we published our Strategic Economic Plan in 2014, the South East LEP has made a significant contribution to infrastructure delivery through the allocation of some £580 million from the Local Growth Fund. 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. Looking to the future, the approach that Government will take to local transport infrastructure funding is currently unknown. However, as the recent Growth and Infrastructure Frameworks in Kent and Medway and Essex, Thurrock and Southend, and the combined Infrastructure Delivery Plans in East Sussex demonstrate, the scale of the investment required to deliver the infrastructure needed to support planned growth is far greater¹⁸.

6.2. From a strategic perspective, the major, long-term infrastructure priorities are well articulated. 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 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. As set out in Chapter 2, many of these are important national strategic assets
- > **Improved rail connectivity** in terms of speed, frequency and reliability. The South East includes Britain's only international rail connection, its only dedicated high speed rail line, and direct access (from Essex) to Crossrail. However, these services do not yet benefit all parts of the LEP area, and 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 SELEP area
- > **The transport infrastructure needed to ensure the existing and new settlements are successful and sustainable** - ensuring (linked with Chapter 7) that high quality public and sustainable transport contributes to the attractiveness of the South East as a place to live, work and invest.

Technology infrastructure

6.3. Transport infrastructure is vitally important to the South East LEP, given the extent of new development and our role as a major 'gateway' between the UK and Europe. However, the increasing importance of digital technology in driving the future of the economy also means that our digital communications networks will need to become ever faster and more sophisticated, in all parts of the SELEP area.

6.4. The local broadband partnerships in East Sussex, Kent and Medway, and Essex, Thurrock and Southend are well advanced in ensuring superfast broadband access to the great majority of homes and businesses – but we will need to ensure that we respond to the Government's ambition to connect every home and business to full-fibre by 2033, and are able to take advantage of the opportunities associated with the introduction of 5G mobile infrastructure and the increasing sophistication of consumer and business demand.



Crossrail



Newhall Be housing development, Harlow

Over
12,000
homes were
completed in 2017/18
a 70% increase on
four years previously

Accelerating housing

6.5. In an area in which the ratio of house prices to earnings is above the national average in all but one district¹⁹, the need for new housing is high. Since 2014, substantial progress has been made in increasing the delivery of new housing: over 12,000 homes were completed in 2017/18, a **70% increase on four years previously**. While actual completions continue to lag behind planned need, positive progress has been made in working with planning authorities and with developers' groups in each of SELEP's economic partnership areas. However, reflecting our proximity to London, **housing affordability** remains a key challenge, and one which is more acute than in other parts of the UK.

6.6. High levels of housing and infrastructure investment also create economic opportunity within the SELEP area's important construction sector (worth around £9 billion to the SELEP economy), and the potential added value to be gained from supporting business growth in sustainable methods of construction is well-established.

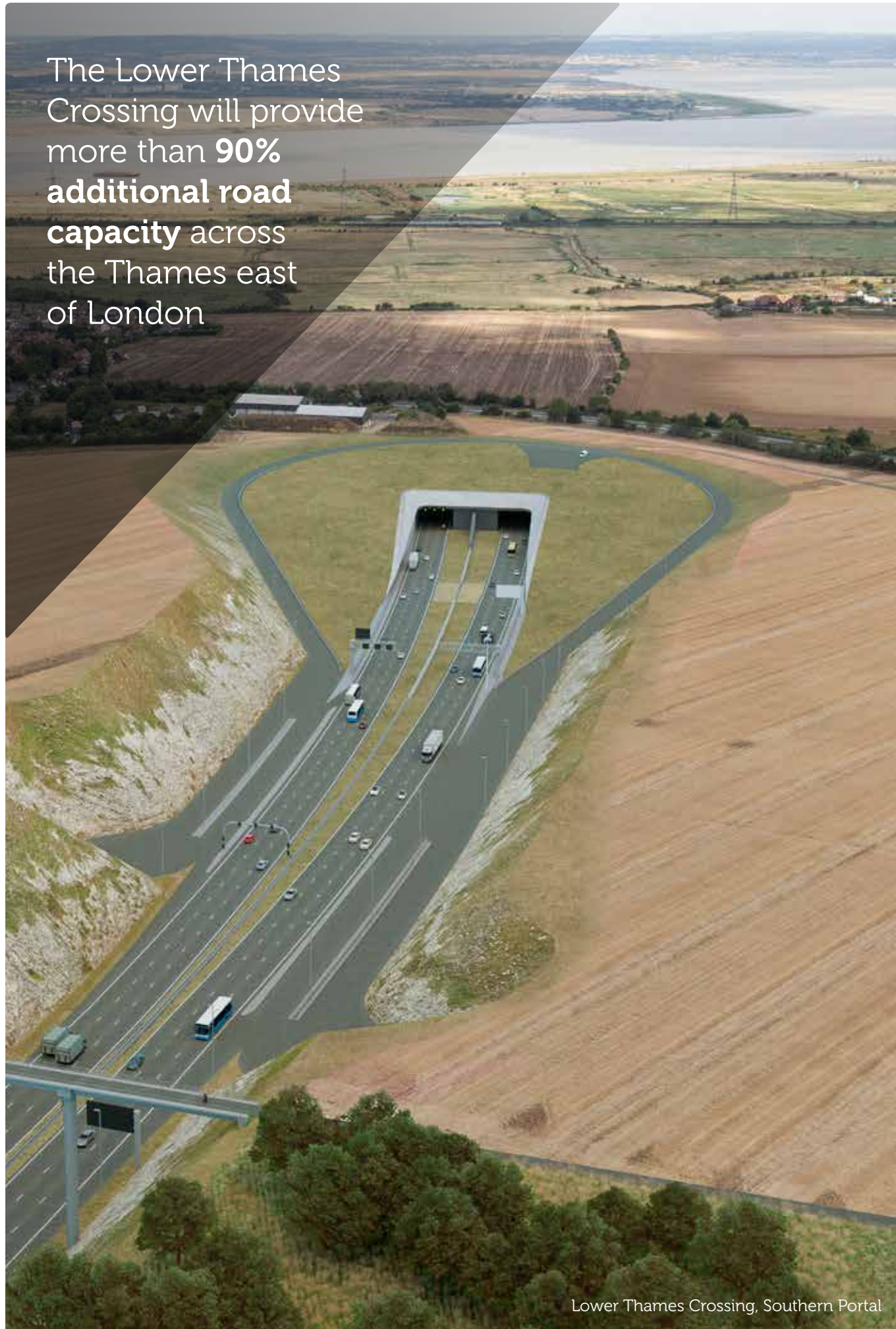
Ensuring resilient energy infrastructure

6.7. Our growth agenda will only be delivered if we are able to ensure efficient and sustainable utilities networks. Working with our neighbouring LEPs, we are progressing the **South2East Energy Strategy**, which sets out how local energy generation to support heat, power and transport could be developed, making use of private sector investment, and supporting the 'decarbonisation' grand challenge set out in the Industrial Strategy.

¹⁸ The recent 2018 update to the Kent and Medway Growth and Infrastructure Framework estimates a total funding gap to 2031 of 3.6 billion.

¹⁹ MHCLG, Earnings to House Price Ratio. The England average is 7.9; in Medway, it is 9.5, and in Sevenoaks (the highest ratio in the SELEP area) it is 16.02

The Lower Thames Crossing will provide more than **90% additional road capacity** across the Thames east of London



Lower Thames Crossing, Southern Portal

PRIORITIES FOR THE FUTURE

6.8. Our strong record in driving up housing growth is, in part, linked with the supportive environment that we have created in the South East, with developers' groups and planning authorities working closely with SELEP. Looking to the next five years, key areas for action include:

Securing sustained improvements in our national transport infrastructure stock, including:

- > delivery of the **Lower Thames Crossing**, all its stated scheme objectives and the consequential improvements that must be delivered on the wider road network
- > enhancements to our **strategic road and rail networks and connections to ports and airports**. This will include working closely with Highways England and Network Rail and alongside Transport East and Transport for the South East (our two Local Transport Bodies) to prioritise future schemes and ensure appropriate investment.

Securing, with Government support, investment in the local infrastructure that unlocks housing and employment growth, developing new funding solutions (including mechanisms such as tax increment financing) in the light of the identified overall 'gap'. This will build on the substantial work that has been carried out at local level to understand the costs and funding options associated with the range of infrastructure (including community and environmental infrastructure) to meet the needs of our growing population.

Investing in digital and advanced technology, to support increasingly sophisticated communications networks and the applications associated with them, and to

Sustaining efforts to drive up levels of housing (and commercial development) delivery over time, building on our existing successful track record and the protocols and mechanisms for information sharing that have been put in place (with the support of the LEP's Housing and Development Group) between local authorities and developers.



Infrastructure improvements, A2500 roundabout, Local Growth Fund project



Developing new approaches to delivery, linked with the scale of the South East's development opportunity. In particular, these include:

- > exploration of the potential for offsite construction (and the accelerated delivery and new manufacturing-related opportunities that this could deliver)
- > responding to the recommendations of Sir Oliver Letwin's recent Independent Review of Build-out Rates, particularly with regard to the need to encourage a more diverse housing offer
- > linked with this, supporting efforts to create a more diverse housing development market, linked with increased opportunities for SME developers with a stronger stake in the local economy

Developing new approaches to ensuring energy provision, in particular building on the emerging South2East Energy Strategy and, more broadly, building the case for the opportunities associated with the nuclear and renewables sector

Linked with this, developing technology-led solutions to support the increased sustainability of new developments and infrastructure, working with industry and with the data-related and engineering capabilities of the South East's universities to manage rising energy demand (and increasing cost pressures)



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

PRIORITY 4

Creating places

The scale of growth that the South East will see over the coming decade is significant, and some of the changes facing businesses and people in work will be transformational.

But greater productivity is only useful if it improves living standards and the communities within which we live: as well as delivering 'growth', we need to create places to which South East residents and businesses aspire.

An aerial photograph of a residential neighborhood with a large white number '4' overlaid on the left side. The image shows a mix of housing styles, including terraced houses and larger detached homes, with green spaces and trees interspersed. The background is a teal gradient that transitions into the text area.

4

WHERE WE ARE NOW

7.1. The previous chapter highlighted the scale of our growth ambitions and the very substantial infrastructure investment that will be needed to deliver them. However, while this is a key part of our 'economic growth' story, it is not the only part. First, to be successful and sustainable, communities need to be about more than just housing delivery. Second, most economic growth will take place in existing businesses and existing communities: we need to ensure that our towns and cities remain (and become increasingly) attractive places to live, work and invest.

7.2. The good news is that much progress has been made. In many of our coastal towns (for example), perceptions have been transformed by new cultural investment effectively linked with wider regeneration; elsewhere, better connectivity and commercial and educational investment have helped to drive regeneration and growth. Following many years of planning and early infrastructure development, our first Garden Communities are being delivered.

7.3. However, there is more to do. Given the scale and settlement pattern of the LEP area, there is no obvious economic 'hierarchy' of towns. This is also true of each of the four economic partnership areas: all have a range of places of similar size and importance, and all of them will make a contribution to economic growth (as will our rural communities). This means that investment in one place won't necessarily translate into benefits across the LEP area: by virtue of our spatial pattern, we need to work across our range of communities. However, many of our places face common challenges, for example associated with changing retail patterns and the need to develop a new or specialist 'offer'.

7.4. More broadly, our natural environment and landscapes are central to the South East's attractiveness and quality of life. These assets will need to be carefully managed to create a "sense of place", adding economic value to both businesses and communities.



CREATING PLACES



Harlow & Gilston Garden Town



IN NEW SETTLEMENTS...

The South East is at the forefront of plans to develop a new generation of 'garden communities', responding to population growth and changing housing demand through sustainable new developments. New housing at Ebbsfleet Garden City is now well underway, linked with its excellent rail connectivity. Elsewhere, plans are well advanced for the development of the North Essex Garden Communities (linking Colchester, Tendring and Braintree), Dunton Hills Garden Suburb in Essex and Otterpool Park in Kent – and just over the border in Hertfordshire, Gilston garden village will have a strong relationship with neighbouring Harlow.



...AND IN EXISTING COMMUNITIES

However, much of the South East's growth will be in existing settlements. This provides an opportunity to increase 'urban scale' and offer an increased range of employment and educational opportunities and cultural infrastructure. As our existing and new communities expand, it will be vital that we invest in the wide range of assets that make them great places to live, work and visit.

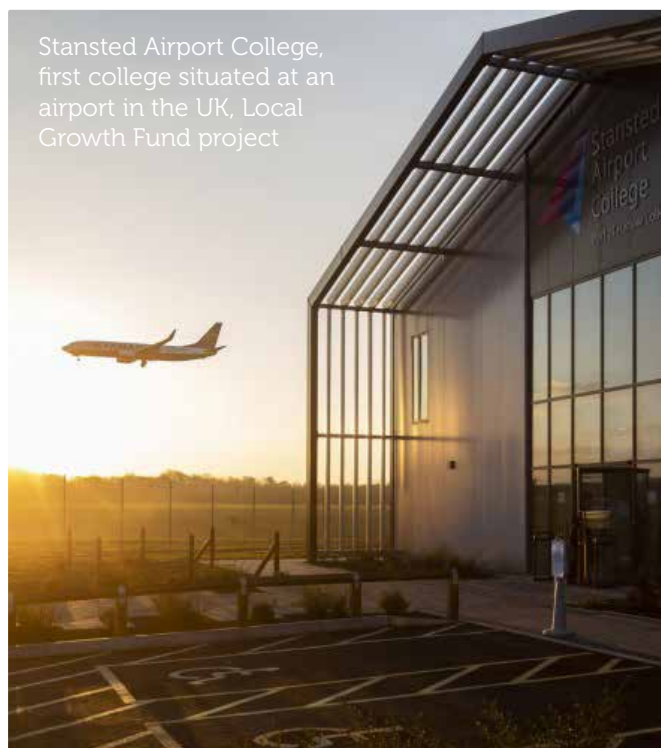


PRIORITIES FOR THE FUTURE

7.5. Over the next five years, our priorities include:

Putting the South East's towns, cities and rural communities on the 'front foot' in responding to new technology and changing work patterns. Better digital connectivity is transforming the way that we work: home working is easier, flexibility is expected, and there is much greater demand for easily accessible, flexible work and meeting space. At the same time, many town centres have suffered from technology-driven changes to retail patterns – so there is an opportunity to repurpose the High Street to provide new opportunities for modern business growth.

We will also build on this to exploit the potential of the South East as a leading location for **'smart place'** initiatives, taking advantage of better digital communications to use public data more creatively (and develop new commercial opportunities from its use). Much of the 'smart cities' debate has been focused on metropolitan areas – but in the South East, we have major opportunities, associated with our existing population density, the scale of new development, and the 'big data' expertise within our universities. Over the coming years, we will seek to unlock this potential.



Stansted Airport College, first college situated at an airport in the UK, Local Growth Fund project

Supporting quality of life and quality of place, and recognising the economic opportunities that derive from – and depend on – this. In particular, working with our local authorities and businesses (and other bodies such as development corporations where they exist and the emerging sub-regional joint strategic plans), we will seek to:

- > **Develop the 'economic narrative' both for our Garden Communities and other major settlements,** and for existing places that will see extensive growth over the coming decade – ensuring that new homes are not just accompanied by jobs and infrastructure, but by long term economic opportunity that supports the wider growth of the South East
- > **Support – and maximise – investment in those assets that deliver long term quality of place and distinctiveness.** This includes the role of cultural infrastructure (both in terms of major assets and the wider ability of places (linked with the changing technology and work patterns set out above) to benefit from a more diverse and creative employment and population base
- > **Create places that will be successful for the long term,** valuing the 'natural capital' and environmental quality that we enjoy in the South East, embedding it in place making and making the best use of technology to ensure that our communities are smart, resilient and sustainable.



Supporting businesses' role within the community. Many businesses in the South East are at the heart of public and community service delivery – for example, in social care, training, environmental services and transport.

All will be impacted by the long term trends set out in Chapter 2, as well as public service cost pressures but will be vital for the success of new and existing communities. It will be important that the growth of social enterprises and other public service businesses is supported through the actions set out in Priority 1.

Better digital connectivity is transforming the way that we work





PRIORITY 5

Working together

While the South East LEP covers a large and complex geography in its own right, it is by no means isolated. Our links to London and other parts of the Greater South East are vital, and we will need to build on our wider regional connections.

5

WHERE WE ARE NOW

Working together with our neighbours...

8.1. Functionally, there are very strong links between the SELEP area and its neighbours. Most of the LEP area is in viable commuting distance of the capital, and the commuter flows are very significant, especially from those districts on the fringes of the M25 (such as Sevenoaks, Dartford, Thurrock, Brentwood and Epping Forest). Potentially, these connections could become more significant as technology and changing working practices reduce the need for the daily commute, making more distant locations (such as the South Coast towns) viable options. Aside from commuting patterns, London is a major market for businesses in the South East, and the SELEP area is an attractive location for investors needing proximity to the capital.

8.2. Within the Thames Gateway, there is a long established joint strategy, based on the shared growth potential (and similarities in industrial and land use terms) of East London, South Essex and North Kent; this has been reinforced by specific sectoral initiatives, such as the Thames Estuary Production Corridor.

8.3. Beyond London, there are also important connections between West Essex, Hertfordshire and Cambridgeshire along the M11 Corridor, and between North Essex and Suffolk across the Haven Gateway. In the west, Brighton is a major employment location serving much of East Sussex, as is Gatwick.

8.4. In addition, several key transport routes run across LEP boundaries. These include the A12 and Great Eastern Main Line via Essex to Norwich; all of the commuter rail network into London (including the TfL Rail and (soon) Crossrail service to Shenfield); and the A27/A259 into Brighton and Coast to Capital.

8.5. Increasingly, we are looking to neighbouring LEPs to develop a shared approach to key issues, where there are likely to be benefits and economies of scale in doing so. The current **South2East Energy Strategy** (developed in partnership with Enterprise M3 and Coast to Capital LEPs) provides an example of this. To plan future strategic transport investment, we are also an integral part of two **sub-national transport bodies** (Transport for the South East, covering East Sussex, Kent and Medway; and Transport East, covering Essex, Southend and Thurrock).

Working together with Government

8.6. Our relationship with Government is also important. The Government is a sponsor of much of the work that the LEP does, and is therefore a vital strategic partner. This will be reinforced by the Government's decision to progress Local Industrial Strategies through a 'co-development' process. Potentially, this offers an opportunity for a strengthened relationship, focused on a strategic partnership between central Government and business, local government and education leadership.

Working and engaging with business across the South East LEP

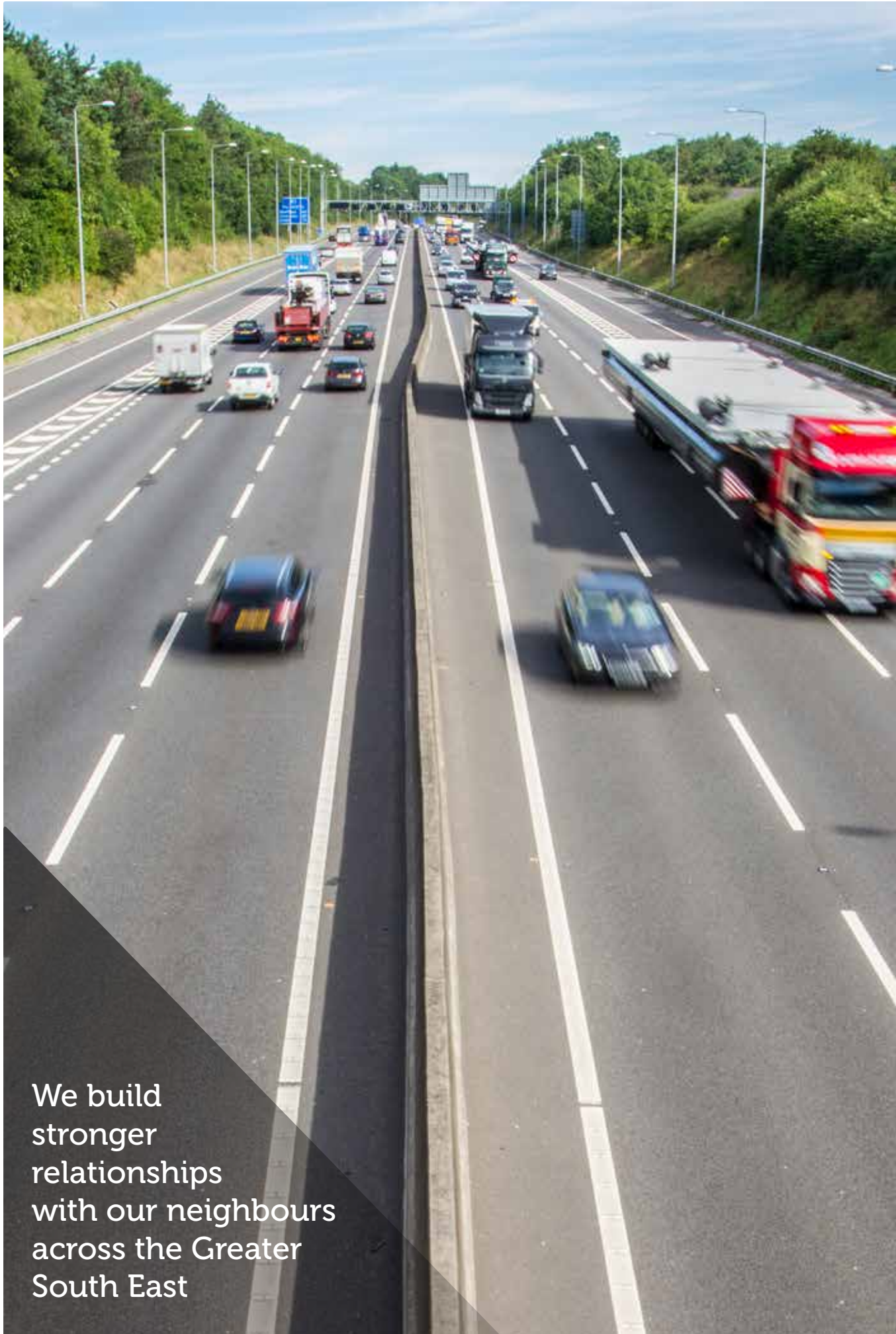
8.7. Finally – but most importantly – business voice and leadership is at the heart of the South East LEP's role. SELEP is a 'coalition for growth' across business, government and education, and it is vital that we put business at the core of our strategy development and decision-making.



South East LEP business engagement event



London Gateway port, DP World



We build stronger relationships with our neighbours across the Greater South East

PRIORITIES FOR THE FUTURE

8.8. Building on our existing links, we will seek to develop our relationship with London, our neighbouring LEPs, Government and business. Over the next five years, we will:

- > **Work with partners to develop a new economic narrative for the Thames Estuary**, building on the work of the Thames Estuary 2050 Growth Commission earlier in 2018
- > **Build stronger relationships across the Greater South East**, including London and our other neighbouring LEPs in Coast to Capital, Hertfordshire, Cambridgeshire and Peterborough, and New Anglia.
- > **Develop a strong dialogue with the key national and regional agencies in relation to future transport investment.** This will include (for example) joint working with regional partnerships such as Transport for the South East and Transport East, as well as with Network Rail, Highways England and the port and airport operators
- > **Work with complementary strategic partners to develop a shared understanding of the opportunities for economic growth.** For example, we will work closely with the Local Nature Partnerships in the SELEP area to develop an understanding of how Natural Capital can underpin and inform sustainable economic growth
- > **Develop the South East LEP's role in dialogue with Government**, building on the opportunity presented by future Local Industrial Strategies and skills strategies (and our collaboration in wider regional initiatives)
- > **Strengthen our wider relationships with the South East's business community**, working through our business Board members and representative bodies to build a strong business-led voice for the South East economy.



Department for Business, Energy & Industrial Strategy



Inclusive Growth event, South East LEP



High House Production Park, Thurrock



The next steps forward

This Economic Strategy Statement sets out the South East LEP's shared ambitions, taking a long term view to the decade ahead and identifying priorities for action for the next five years. But it does so in the context of a changing policy environment – so we will need to adapt and revise it over time.



SOUTH EAST
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THE NEXT STEPS FORWARD

Delivering the Economic Strategy Statement

9.1. The Strategy Statement will guide the work of the South East LEP and its Executive Team, working with the Strategic Board, our working groups and the four economic partnership areas. In this context, we will:

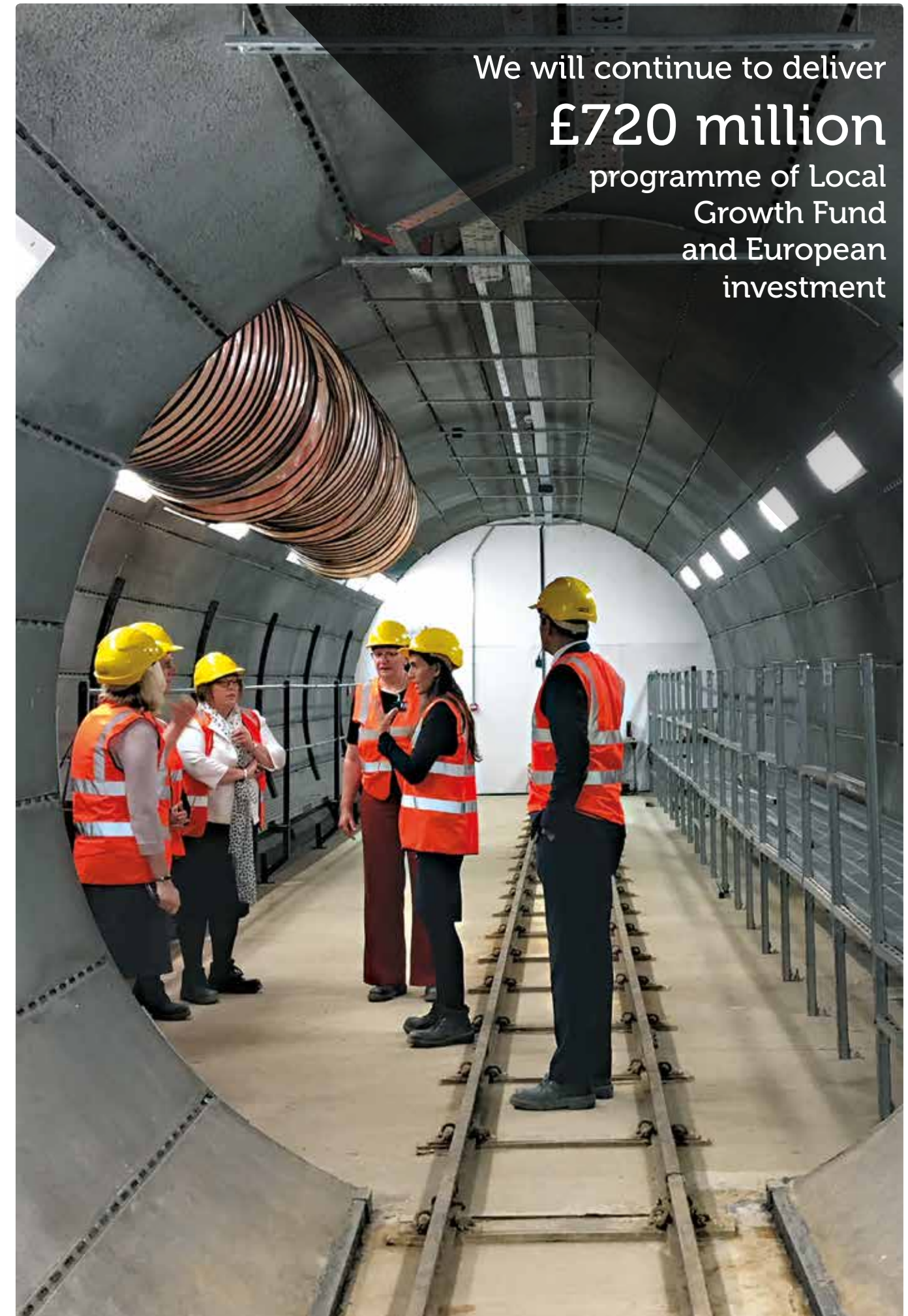
- > **Continue to deliver** our major c.£720 million programme of Local Growth Fund and European investment – ensuring that funding is invested efficiently and effectively in high quality projects and programmes, in line with our Assurance Framework
- > **Focus our actions** in line with the priorities set out in this Strategy Statement. Our annual SELEP delivery plan indicates what we will do over the next 12-18 months: this will be regularly updated alongside our Annual Report and Business Plan
- > **Maintain a dialogue with Government** on the issues that matter to the South East – planning for the future of our successful Enterprise Zones, building the case for future infrastructure, economic growth and skills solutions and developing SELEP's role within the Greater South East economy

Preparing for a Local Industrial Strategy

9.2. This Economic Strategy Statement is the starting point for a new Local Industrial Strategy for the South East LEP: it sets out our broad priorities, aligns them with the national Industrial Strategy and the trends and drivers that underpin it, and provides a guide to our collective actions over the next five years.

9.3. However, we will need to move quickly in preparing our LIS: the Government has asked all LEPs to prepare Local Industrial Strategies, by early 2020. With additional funding from Government to support this, the preparation of the LIS provides an opportunity to take a more in-depth, granular view of our local economy, looking at (for example) the drivers of SELEP's relatively low productivity and its dynamics at local or sectoral level.

9.4. In early 2019, we will start to prepare our evidence base for the new LIS. In line with the principles set out in this Strategy Statement, it will be vital that business is at the heart of the design of our emerging Local Industrial Strategy.



AREA MAP

The South East is the largest LEP area in England outside London, in terms of population and economic output.

It brings together four established and distinct economic areas in East Sussex, Essex, Kent and Medway and South Essex, and is highly diverse.

Although the area contains large urban areas, no single centre dominates. Instead, it contains a wide range of settlement types and economic assets, 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 areas of outstanding natural beauty.

We have developed a map which shows a number of the economic assets found within the area. This is by no means fully comprehensive, but it aims to help with navigation of this document and to highlight those areas which present economic opportunities for the future growth of the South East economy.

If you would like further details of any sites or locations featured in the map please contact:
hello@southeastlep.com

FOLDED MAP

Our Economic Strategy Statement focuses on priorities shared across the South East and those where we can, by working together, make the biggest difference. Our commitment is to work for a more productive and prosperous south east in which everyone has the opportunity to succeed.


No single organisation, acting alone, can secure our ambitions for the south east economy. We would, therefore, like to thank to all those partners who have been involved in developing and shaping this document. This is testament to the commitment, expertise and strength of our partnership.


SELEP is a 'coalition for growth' spanning business, government and education – we strive to put engagement and collaboration at the heart of our strategy development and decision-making.





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Follow us and be part of the journey:
Smarter, Faster, Together

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