

## Enterprise M3 Board Meeting

28 November 2019

### A Local Industrial Strategy for the EM3 Area – Item 6

Enterprise M3 Board is asked to:

**NOTE:** Progress and the next steps in the development of the local industrial strategy (LIS) including the detailed evidence base which has been submitted to Government.

**NOTE:** There will be a presentation and discussion at the board that will highlight some of the key pieces of evidence and their implications.

#### 1. Background

- 1.1 The Board agreed that detailed development work for the LIS would focus on nine long term strategic priorities for the area which were set out in detail in the 'Developing Our Approach' document issued at the time of the AGM. Additional detailed analysis has been undertaken particularly on the performance of our towns, on skills and employment, on the strength of our science and innovation ecosystem and priority sectors and on the low carbon sector. Much of this work is now nearly complete and will be followed by deliberative sessions with stakeholders and partners.

#### 2. Evidence Base

- 2.1 The next major staging post is the submission of a detailed evidence base – which has been circulated separately to Board members - to the Analytical Panel convened from across Government Departments which will meet on 3 December. The evidence base is a specific product focused on a Government audience and reflects the approaches which have worked well for other areas. In particular there are expectations about addressing the five foundations of productivity; hence the structure that has been followed and also the length – the role of the Panel is to test that the evidence that is being brought to bear is soundly based and comprehensive. A positive reaction from the Panel is helpful in providing an agreed basis for a strategy.
- 2.2 Whilst there is inevitably considerable uncertainty about whether the full original intentions for local industrial strategies will be affected by changes in Government policy after the General Election the message from officials is to continue with the work as planned and to the original timetable. This also makes sense for us because the evidence and analysis are required whatever the eventual product.
- 2.3 In that context, whilst the evidence base manifests as a specific product to go to the Panel, the work involved extends wider to focus on some of the logic chains from the analysis to the types of interventions that might be considered. Those issues are outside the remit of the Panel; but they are central to the strategy.
- 2.4 Hence when we publish the evidence base, we are aiming to use it as a starting point for a further stage of deliberation with partners and stakeholders. Accordingly, the intention is to publish the evidence base on the LEP website alongside some of the other studies that are now being completed but positioning it in terms of the further lines of enquiry that we wish to pursue and the propositions and interventions which could support the ambitions in our LIS.
- 2.5 The evidence base also includes reference to some of the other strategic work being done across the area. This includes:
  - The initial statement that the six LEPs within the Greater South East (Hertfordshire, Thames Valley Berkshire, Enterprise M3, South East LEP, Solent and Coast to Capital) have developed to express what they bring to the national economy and how they can work better with London. The intention is that this should form a common backdrop for Local Industrial Strategy discussions between each LEP and Government;
  - The Hampshire 2050 Commission;
  - The Surrey Place Ambition;
  - The Transport for the South East draft strategy.

- 2.6 The Action Groups, particularly the Skills and Talent Action Group, Transport, Enterprise and Innovation are helping to steer and develop some of the themes (skills, smart mobility, people, innovation). We are also intending to hold an expert panel to look at some of the logic chains and the underlying issues on productivity; a workshop session run by the Design Council on how to implement smart mobility in our towns and rural areas; a workshop run by Centre for Towns following up the detailed analysis about the performance of places across the area; a low carbon and clean growth workshop looking at interventions that could help to address some of the main causes of greenhouse gas emissions in the area.
- 2.7 Some of the broad messages that are emerging from the evidence and analysis about the area are summarised in the introduction to the evidence base. These reinforce that the economy and the area are at something of a crossroads: there are major strengths but also signs of stress which need to be addressed.
- 2.8 On the positive side the characteristics include that:
- The economy is much more diverse than most other areas of the UK and much of it is complex, knowledge based, and high value add.
  - In principle this makes the economy more resilient, adaptable and capable of diversification from existing strengths.
  - Innovation is primarily led by business and there is a strong story on the commercialisation of knowledge.
  - Another major part of the economy services and supports a largely affluent but increasingly elderly resident population.
  - Employment is very high, the skills base is very strong and economic inactivity is low.
  - Exports of services by value are the highest outside London.
- 2.9 Less positively:
- The area is polycentric with a lot of longstanding small settlements which are heavily constrained but also close to a world city which exerts a major influence over them;
  - The area exhibits the 'cost of success': investment, particularly on infrastructure, has lagged behind growth;
  - There is now a marked loss of jobs from the area which seems to be due in part to competitive pressures from neighbouring areas;
  - This loss of jobs is across almost the whole of the EM3 area and includes some of the sectors which are most significant for the economy.
- 2.10 In terms of where this might lead us in terms of the strategy:
- There is scope for vertical interventions which may be sector based to support more collaboration and innovation but which may need to distinguish more clearly between different stages of innovation – from mission orientated 'Grand Challenge' type; to emerging strengths (the next gaming or satellite niche sectors for which the area is well known) to more incremental change which is typically business led.
  - There is scope for diversification from existing strengths including in the low carbon sector.
  - Horizontal interventions on housing, infrastructure and the viability and vitality of our towns – including the availability of suitable commercial premises and workspaces - remain crucial and reinforce the messages from the SEP.
  - Business led collaboration could design and commission some of these interventions including on skills and premises and that given the loss of jobs and the tightness of the labour market this is likely to be crucial.
  - Collaboration with local government needs to identify where and how physical change and infrastructure enhancement could best happen (as is being taken forward in Hampshire and Surrey).

### **3. Conclusion/Recommendation**

- 3.1 The Board is asked to note the approach set out in this paper for the development of the LIS.

Kevin Lloyd  
Local Industrial Strategy Lead  
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