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Dear Secretary of State

I am pleased to enclose the Thames Gateway Kent Partnership's response to the Government's Green Paper "Building our Industrial Strategy".

The Thames Gateway Kent Partnership (TGKP) brings together the public and private sector to promote the interests of North Kent, working to encourage, facilitate and enable economic growth across the region. TGKP welcomes and supports the overall aims and ambitions of the Green Paper. We would like to draw out the following critical issues from our detailed response:

- The Green Paper assumes that prosperity and economic benefit is spread equally and uniformly across the South East. It is not: there are disparities in wealth and productivity within the South East that are greater than between the South East as a whole and the North and the Midlands. North Kent does not enjoy the economic prosperity and benefit of other parts of the South East. The final Strategy should acknowledge this and **recognise the real potential of parts of the South, notably the Thames Gateway, to raise productivity and innovation-led growth**. This potential can be realised through a sustained focus on these areas, and by investment and support from government and key partners. TGKP is ready to work with government to do this.
- The Thames Gateway is the gateway to the rest of the United Kingdom. A lack of resilient infrastructure, particularly transport and digital, is stopping the Thames Gateway from achieving its potential and is hampering growth across the rest of the UK. **Sustained investment in the strategic roads network in north Kent – the Lower Thames Crossing, the A2/M2 and the M20 – will bring considerable benefits, not just to the region, but to the whole country**. The reliability and resilience of routes from the channel ports to M25 corridor should be one of the Government's top strategic infrastructure priorities and should be explicitly acknowledged in the final Strategy.
- Investment in employment land and buildings is essential to deliver productivity improvements and business growth. **The final Strategy should recognise the importance of good quality premises that meet the needs of investors and growing businesses, and acknowledge the real supply-side challenges**. A serious shortage of good-quality commercial premises is exacerbated by Government pressure to allocate land, especially brownfield sites, for housing. Housing on its own is not the answer: sustainable, thriving

communities need housing, employment and other amenities. Quality of place is a critical driver for business as well as individual investment. **The final Strategy, and whatever legislation and policy adjustments follow the Housing White Paper, should reflect this balanced, sustainable approach to land supply.**

- TGKP are pleased to have secured Enterprise Zone status for the North Kent Enterprise Zone, comprising three sites across north Kent which are a key part of our continued drive to attract inward investment and to promote business growth. The Zone formally commenced on 1 April. Enterprise Zones are a practical, positive and dynamic way of promoting growth and investment, with potential to be catalysts for innovation and centres of excellence for high-growth technology clusters. **We would like the final Strategy explicitly to champion the role of Enterprise Zones, particularly through the targeting of Challenge Funds.**
- We would welcome a wider focus on the service sector in the final Strategy. In many areas of the economy there is substantial overlap between services and production, such as digital technologies. Having too narrow a sector-focus will limit opportunities for economic growth – emerging and growing businesses rarely define themselves according to pre-existing sector labels. **The final Strategy should acknowledge this and recognise that businesses that are not solely “industrial” in character are fundamental to the UK’s economic growth.**
- The partnership arrangements and governance to achieve the Strategy’s aims and objectives are largely already in place. **Partnerships such as TGKP work very effectively to encourage and support business growth across north Kent across the region, bringing together key organisations from the public and private sectors.** Rather than propose new, potentially competing, governance arrangements, the final Strategy should signal greater investment in established local arrangements, giving them the clout and capacity to make even more of a difference. We also hope that the final Strategy acknowledges the emerging thinking from the Government’s Thames Estuary 2050 Growth Commission and **restates Government’s commitment to working with local partners to fulfil the long-term potential of the Thames Gateway and the wider Estuary.**

The Thames Gateway Kent Partnership is committed to ensuring that North Kent achieves its considerable economic potential, contributing not just to the South-East of England, but to the United Kingdom as a whole. We welcome this opportunity to work with Government to help us achieve these aims and look forward to continuing this engagement with you as you finalise the Industrial Strategy.

Yours sincerely



Matthew Norwell
Chief Executive

THAMES GATEWAY KENT PARTNERSHIP: RESPONSE TO THE INDUSTRIAL STRATEGY GREEN PAPER CONSULTATION

The Thames Gateway Kent Partnership welcomes this opportunity to comment on the Government's Green Paper "*Building our Industrial Strategy*". Our detailed comments address the specific questions posed in the consultation document, but there are some headline points we would commend to Government.

Extending our strengths and closing the gaps

The Government's Strategy should be looking to unlock potential and support uplifts in skills, productivity, employment and wealth-creation across the whole county. This should **include those parts of the South of England that under-perform** as well as the areas of the Midlands and North of England that the Green Paper seeks to champion.

Not all of the South East is equally affluent and high-performing. Areas such as Kent and Medway – and the Thames Gateway in particular – need **continued support both to overcome the legacy of late 20th century industrial decline**, and to **realise the full potential of its key sectors** – life-sciences, advanced manufacturing and engineering, digital and creative industries, construction and logistics – **and places**, including Ebbsfleet Garden City. **Thames Gateway Kent is an area going for growth**: in the period 2011-31¹ we are looking at population increase of 115,400 (+19%) supported by 58,600 new homes (+23%) and 59,100 new jobs (+24%). Raising the economic performance of Thames Gateway Kent to the South East average would increase GVA by over £4 billion.

Kent is both the gateway to the UK and the gateway to Europe. The national economy and a major portion of our international trade depend upon **Kent's infrastructure**. That infrastructure therefore **needs to be treated as a top national priority matched by investment** – notably the Channel Ports to M25 corridor (M20, A2/M2) and, in particular, the Lower Thames Crossing. For more local infrastructure priorities and investments the Government should **move away from a culture of competitive bidding rounds and deals** to empower more devolved decision-making.

Investment in **skills training requires action at all levels** including those – primary and secondary education – on which the Green Paper is silent. Raising basic skills attainment must be addressed fundamentally through mainstream schooling: greater support at post-16 level is valuable but only part of the solution.

Making the UK one of the most competitive places to start or grow a business

The Green Paper neglects the importance of **high quality and fit-for-purpose commercial premises** to support business investment and growth. In Kent & Medway there are extensive allocations of commercial land, but a lack of premises to attract inward investors or provide for start-ups. There is a market failure in bringing forward speculative office/workshop, laboratory and innovation space for SME occupiers who make up the overwhelming majority of the business demography. New **forward-funding mechanisms are needed to incentivise public and private sector investment** and mitigate risk in speculative development to provide for business growth.

Future-proofed digital infrastructure is seen by businesses as the investment capable of doing the most to assist British companies to be globally competitive. The Government should ensure that delivery, regulatory and incentives frameworks secure digital infrastructure that meet the needs of businesses now and in the future.

The Green Paper is silent about **Enterprise Zones**, yet this national initiative has the potential to act as a distributed network of centres of excellence and catalysts for innovation. The Industrial Strategy Challenge Fund should include **dedicated funding streams** to further accelerate Enterprise Zones' delivery and seeding of innovation and enterprise locally, particularly in partnership with universities.

¹ Kent & Medway Growth and Infrastructure Framework, September 2015

In large measure we have the institutions we need to support and deliver productivity and growth, but the Green Paper **underplays the important role local authorities and partnerships** can play, for instance through their planning and economic development functions and procurement activity.

Business competitiveness and investments are strongly influenced by issues around **quality of place**. The Government needs to look holistically at the relationship between the Industrial Strategy, the Housing White Paper and outcomes from the National Infrastructure Commission to see how they can work together to create and grow attractive and economically productive communities.

Summary

1. *Does this document identify the right areas of focus: extending our strengths; closing the gaps; and making the UK one of the most competitive places to start or grow a business?*
 - 1.1. The Government is consulting on this Green Paper at the same time as issuing its Housing White Paper and an ongoing work programme under the National Infrastructure Commission. Decisions about how our infrastructure, notably digital and transport, supports growth (in housing, employment and productivity) and influences priorities and decision-making about spatial planning and place-making, need to be considered in a holistic manner. We therefore urge the Government to review the relationships and interactions between the Industrial Strategy and the Housing White Paper in particular in shaping the final versions of both.
2. *Are the ten pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?*
 - 2.1. One area where the Green Paper is virtually silent is on the supply of state-of-the-art commercial premises to meet the needs of modern growing businesses and inward investors. Interest in land for commercial development remains strong, but the Government's sustained push for new housing, particularly on brownfield sites, is crowding out commercial development opportunities. The rate of return on commercial development compared with residential is also tending particularly to militate against speculative commercial development, with pre-let bespoke development more likely. Even so, this remains challenging in areas such as Thames Gateway Kent where, though demand outstrips supply, viability is marginal. Granting Permitted Development Rights for conversion of offices to residential use has also eroded the supply of town centre commercial premises, the impact of which is compounded by constraints on land availability for commercial development elsewhere. Modern and flexible commercial premises are needed to help businesses establish and grow, and to attract inward investors. **We suggest the industrial strategy should consider the spatial and premises requirements of businesses and be accompanied by appropriate instruments and incentives – such as forward-funding mechanisms and loan-funding streams – to help local initiatives to bring forward commercial development serving target sectors and locations.**
3. *Are the right central government and local institutions in place to deliver an effective industrial strategy? If not, how should they be reformed? Are the types of measures to strengthen local institutions set out here and below the right ones?*
 - 3.1. See responses to question 36.
4. *Are there important lessons we can learn from the industrial policies of other countries which are not reflected in these ten pillars?*

5. *What should be the priority areas for science, research and innovation investment?*

- 5.1. TGKP would endorse the 'Eight Great Technologies' as priorities areas for investment. The Strategy should **make explicit that healthcare and medicine includes medtech**: the interface between medical and life sciences and advanced manufacturing is identified as a key growth opportunity in North Kent, particularly in the North Kent Enterprise Zone.
- 5.2. We would also endorse the suggestion that **creative industries should be an additional priority**. Creative industries are already a valuable part of the national economy and locally in the Thames Gateway, and culture-led regeneration is an integral part of Thames Gateway partners' vision for their areas – for example, High House Production Park and the National College for the Creative and Cultural Industries in Purfleet, and Chatham Historic Dockyard in Medway. One aspect of the potential for growth is in the area of creative production, and development of a **creative production corridor** along both sides of the Thames Estuary².
- 5.3. Investment in science, research and innovation is about people as well as companies and institutions. Universities and businesses that want to be at the cutting edge of innovation, and competing internationally, need to be able to recruit from an international labour pool to secure the quality of people they require. It will be **essential that such flexibility remains after the UK leaves the European Union**. Universities and colleges also need local flexibility to design their curricula and provision to reflect local sector strengths and priorities.

6. *Which challenge areas should the Industrial Challenge Strategy Fund focus on to drive maximum economic impact?*

- 6.1. In general terms it is TGKP partners' view that the Government is **over-reliant on funding competitions** and deals to determine allocation of national funding streams. This tends to result in reactive and tactical decisions rather than strategic ones, often with short-term impact rather than sustained benefit. The process also diverts scarce resources away from strategic priorities and delivery. We suggest that **further steps should instead be taken to devolve and decentralise funding decisions** in order that resources are directed according to locally-responsive economic strategies and priorities. There are several references in this response to the value of forward-funding mechanisms to unlock potential. **Any funding scheme parameters determined centrally need to enable such mechanisms to be introduced locally**.

7. *What else can the UK do to create an environment that supports the commercialisation of ideas?*

- 7.1. A key challenge in many sectors, and in commercialisation of R&D, is prototyping and scaling up design and production processes. **Support for transition through research, development, demonstration and commercialisation could be a priority strand for the Industrial Challenge Strategy Fund. This ought to be on the basis of continuous market engagement rather than competitive rounds**.

8. *How can we best support the next generation of research leaders and entrepreneurs?*

9. *How can we best support research and innovation strengths in local areas?*

- 9.1. Supporting research and innovation at local level depends amongst other factors on availability of innovation-style space with flexible terms to enable start-up, incubation, expansion and growth

² <https://www.london.gov.uk/press-releases/mayoral/thames-estuary-vision>

of enterprises. Such premises are in short supply because they rely on speculative provision, whereas the prevailing model for commercial development is on the basis of bespoke and pre-let units. SMEs, particularly micro-businesses and start-ups, are not generally in a position to fund such developments.

- 9.2. There are various models, privately- or publicly-led or joint ventures, for bringing forward schemes but the critical element is forward-funding on affordable terms to address a market failure and mitigate risk for development partners. **Such a forward-funding mechanism, and a dedicated strand of Industrial Strategy Challenge Fund could perhaps be particularly targeted at Enterprise Zones and other sites prioritised by Local Strategic Partnerships.**

Developing Skills

10. *What more can we do to improve basic skills? How can we make a success of the new transition year? Should we change the way that those resitting basic qualifications study, to focus more on basic skills excellence?*

- 10.1. We welcome new approaches to support basic skills and improve English and maths delivered at post-16. However, the main issue that needs to be addressed is why so many young people are failing at schools to achieve the requisite standard. There are clearly structural issues around pedagogic approaches and curriculum design at primary and secondary levels. Simply re-taking qualifications that young people have already failed at school often leads to poor attendance and lack of motivation to achieve when they go onto college. Colleges offer a fresh start for young people, an opportunity to gain practical vocational skills that lead them into either employment or higher education. With poor results on re-takes, **basic skills would be improved by ensuring that English and maths were applied and relevant to the vocational areas and therefore more suited for both the individual and the employer.**

- 10.2. The proposals for a 'Transition Year', first mentioned in the Post-16 Skills Plan, remain very unclear. For instance, if arrangements are truly going to be tailored to the needs of the individual learner, might this be undertaken in the same institution as their 11-16 schooling, or is it envisaged that this would always be catered for by an FE Institution? **Both scenarios, and other variants, have considerable implications for both learners and institutions and clarity and guidance are needed.**

- 10.3. The fifteen routes proposed in the Post-16 Skills Plan and endorsed in the Green Paper largely encompass the more vocational occupations that characterise sector interests in the North Kent economy. As a general principle, whilst the local employment market is an important consideration in shaping educational provision and learner choices, **even technical and vocational education should not be purely utilitarian and driven by (narrowly) local business/employer requirements.** That would constrain learners' career choices and trap individuals in local markets compared with the greater freedom and options implicitly available via academic pathways.

- 10.4. Also in the context of the proposed fifteen routes, given the far greater number of existing routes, qualifications and accrediting bodies, the trajectory for achieving rationalisation looks very ambitious and likely to involve long transitional 'tails' which providers will need to be appropriately resourced and supported to manage.

11. *Do you agree with the different elements of the vision for the new technical education system set out here? Are there further lessons from other countries' systems?*

- 11.1. A real concern is that the major shift in apprenticeship reform has not yet been embedded, therefore there is no real evidence that employers will be able to commit to the extent expected,

both in growing the number of apprenticeships and involvement in technical education. This will vary around the regions and the success of the Strategy is heavily dependent on the willingness of local employers to be more involved than they have ever been before, almost regardless of the state of local employment and whether or not there are skills shortages.

- 11.2. The profile of the local economy will have a real impact on how successful this approach is. In North Kent, the vast majority of employers (99.6%) are SMEs, of which 89% are micro-businesses; and their commitment to providing genuine work experience and training opportunities will depend on individual company circumstances and the quality of the jobs in the market. **Securing three months' work experience at Level 3 will be difficult.** For example, based on 2015/2016, 3,420 placements would be required for students in FE on EFA funded Level 3 vocational qualifications across North Kent. Recognising that 16,730 of North Kent's 18,795 companies (BRES, 2015) are micro-enterprises with fewer than 10 employees, finding that volume of work experience placements will be a challenge and will in any event take time to develop.
- 11.3. The creation of a new system of technical education is welcome as, over the years, technical education has been tinkered with to the point that is now unwieldy, confusing and often out of date. The new framework as described in the post-16 Skills Plan will create a simpler, more streamlined system for technical education; however, if the routes are to be led by employers, then **it is essential that all employers/sectors are well represented and that each route reflects the make up of the sector rather than an over reliance on large corporations.** This is especially important when nationally-driven strategies do not reflect what is happening locally. **There needs to be a strong correlation between full time technical qualifications/education and apprenticeships in order to allow individuals the opportunity to move around the system.**
- 11.4. TGKP welcomes the idea of a network of Technical Institutes to champion particular technical education specialisms. The quantum of funding proposed, spread across the whole country, suggests it would be primarily aimed at equipment and learning resources to extend specialist, higher level provision at existing institutions rather than capital build projects: that seems right. There is at least one potential candidate proposal in Thames Gateway Kent, in the form of a collaboration between MidKent College and North Kent College covering digital skills and digital creative sectors. **We look forward to more information about the parameters for proposals and how we might provide support.**

12. *How can we make the application process for further education colleges and apprenticeships clearer and simpler, drawing lessons from the higher education sector?*

- 12.1. This starts with decent, impartial Careers Information, Advice and Guidance (CIAG) accessible at schools, colleges and across the area. Feedback from employers and providers, e.g. through the Kent & Medway Skills Commission's Guilds, concurs with the **need for strengthened CIAG.** Employer engagement is critical to provide information and raise awareness about opportunities, but this must be complemented by professionally-qualified and impartial – not necessarily independent – careers advice and guidance. The extent and quality of careers IAG is patchy both inside and outside the school/college environment. **As well as being better resourced nationally, CIAG is also something on which greater weight should be placed in school and college self-assessments and external inspections.**
- 12.2. Any sort of application process for vocational/technical routes would need to be local, simple and streamlined. The HE sector delivery works because it is a national system and there is an expectation and willingness of potential students to move to a place of study away from home. This is not the case for the vast majority of young people between 16-18 years of age.
- 12.3. One aspect of the proposed Technical Institutes that is unclear is whether these are aiming primarily at post-18 learners or would include post-16 learners commencing level 3 courses.

Mobility and affordability might well prove to be barriers for many young people trying to decide whether to pursue a higher-level technical qualification, as they already are for many young people considering academic options. **Careful consideration needs to be given to support arrangements, particularly for those higher-level technical qualifications that would not necessarily be delivered through an apprenticeship.**

12.4. The proposed review of loan arrangements, including the option of maintenance loans for post-19s in technical education is welcome, but this will need to be looked at holistically alongside apprenticeship routes to **ensure different pathways are equally attractive** and that individuals' decision-making is not driven by funding considerations.

13. *What skills shortages do we have or expect to have, in particular sectors or local areas, and how can we link the skills needs of industry to skills provision by educational institutions in local areas?*

13.1. We agree with the emphasis the Green Paper places on the need for digital proficiency. This is something that needs to be mainstreamed in schools, but to help in up-skilling and re-skilling the existing workforce there also needs to be an effective support network for adults and employers. **We suggest that the final version of the Strategy will need to be give clarity about publicly-funded digital skills training.**

13.2. Educational institutions can be responsive to the specific skills needs of an area as long as these are defined clearly. Unfortunately the make up of companies in most sectors and their specific needs are quite different. Aspects of skills training available through education institutions will be generic to try and cater for most needs; consequently courses will not necessarily address specialist requirements, which can be hard to deliver cost-effectively.

13.3. Although there are some shortages in skills in some sectors such as health and social care, retail, transport and logistics, part of the reason is due to those sectors being seen either as a stop-gap (e.g. retail) or unattractive due to low/poor wage structures in the sector. **The scope for addressing skills can be strengthened by educating employers to understand better the various roles that education institutions and private (or contracted) training providers can undertake:** typically, vocational/generic sector training which leads to more specific/specialist apprenticeship training in the workplace.

14. *How can we enable and encourage people to retrain and upskill throughout their working lives, particularly in places where industries are changing or declining? Are there particular sectors where this could be appropriate?*

14.1. Whatever the education system brings to training younger people, the Green Paper rightly identifies the need for ongoing lifelong learning and upskilling amongst the existing workforce, both for different roles in their existing companies as technology and processes evolve, and also to prepare for different roles elsewhere as the economy changes. Nationally we need to have a range of incentives for employers to allow and support up-skilling and retraining, including flexible working/learning patterns and arrangements such as day release that can be moulded according to a company's day-to-day business needs. **The most effective way to encourage people to retrain and upskill is through providing subsidies to encourage this.** Currently we are not seeing any significant change annually in the numbers of adults undertaking training since the introduction of loans.

14.2. At the same time as trying to make training provision responsive to local employers' requirements, Government and providers should not lose sight of the value of transferrable skills that can be utilised as people move between occupations. Many people train in a particular occupation when leaving school/college/higher education, but follow a career path that leads in quite different directions, relying on both generic skills and application of acquired skills in other

fields. In some cases, skills shortages in particular trades or professions can encourage people with closely matching skills to change career: for example, around the Millennium a shortage of plumbers led to many mechanical engineers accessing a short “transition” programme to make the switch. **There may be scope for training providers and sector bodies to do more around mapping and promoting close-matching skills requirements in different occupations, including emerging technologies and industries.** This would help inform training provision and CIAG.

Upgrading infrastructure

15. *Are there further actions we could take to support private investment in infrastructure?*

- 15.1. Delivering future-proofed superfast broadband and mobile connectivity is probably the most critical infrastructure investment that will help British businesses’ competitiveness. The roll-out of digital (broadband) and mobile infrastructure has been skewed towards domestic customers and is less well geared to the needs of business and commercial developments. **A more business-oriented framework with forward-funding mechanisms to ensure superfast broadband is provided to commercial developments** would help ensure that digital connectivity supports business competitiveness and help remove potential barriers to business investors’ locational decisions. Investment in digital infrastructure needs both to prioritise areas of greatest opportunity – such as Enterprise Zones – as well as areas that are currently poorly served.
- 15.2. This pillar of the strategy is strongly focused on the North and Midlands. The economies of the North and Midlands rely heavily on goods and services supplied through the channel ports to M25 corridor, notably the A2/M2 and M20 as well as the M25/M26 and Dartford-Thurrock Crossing. **The strategic roads network in Kent and Medway, particularly the channel ports to M25 corridor, therefore plays a critical gateway function for the whole UK economy, for passengers and freight, and should be treated as a national infrastructure priority with investment to match including the upgrading of the A2/M2.**
- 15.3. TGKP and its partners have repeatedly called upon the Government to make an **early decision on the route of the Lower Thames Crossing and to commit to the associated improvements needed to the strategic network in Kent so as to ensure the resilience of the channel ports corridor.** The Green Paper refers to problems with the delivery of infrastructure schemes and projects being delayed by years. Those issues are compounded by the delays in Government decision-making, and the Lower Thames Crossing is a case in point. Whilst we are pleased that a decision on the preferred route has finally been announced, this has come a full year after the route consultation closed in March 2016. **Government decision-making on major infrastructure schemes needs to be accelerated in order that delivery timetables can be achieved.**
- 15.4. The Green Paper also highlights the importance of being able to pool labour markets more effectively. This is just as much an issue for North Kent, and across the South East, as it is for the North and Midlands; hence transport connectivity is critically important. **Key infrastructure investments such as the extension of Crossrail from Abbey Wood towards Gravesend are vital to support growth, address existing capacity constraints, and improve connectivity both within North Kent and across the wider South East labour market area.** TGKP is working with other partners to prepare the Strategic Outline Business Case for Crossrail Extension for submission to Government later in 2017 and **we ask for Government’s constructive engagement in the programme of work to develop the SOBC to powers.**

16. *How can local infrastructure needs be incorporated within national UK infrastructure policy most effectively?*

- 16.1. The models of Mayoral devolution and combined authorities have not gained traction across the

whole country. There needs to be pragmatism and flexibility to **develop and entertain models of local involvement with Government in infrastructure planning and investment that are not predicated on mayoral devolution**, and improved mechanisms to factor local strategies and priorities into decision-making on the infrastructure projects pipeline. Existing local governance arrangements are robust: new arrangements take time and energy to develop and divert capacity from delivery.

16.2. Ports and logistics are key sectors for North Kent, Kent & Medway and the Thames Gateway more generally, reflecting both historic and present-day function as the gateway to Britain. There is already considerable public and private investment in ports and associated infrastructure and development as evidenced in particular at the Port of Dover, Sheerness (Peel Ports), Port of London, Tilbury and DP World London Gateway Port. The Port of Dover alone serves as the gateway for a significant proportion 17% of all traded goods entering and leaving the UK and 60% of short sea passenger journeys to and from the UK. **The Government's Industrial Strategy must align with highways and rail investment priorities and programmes in particular, to ensure that strategic networks have the capacity and connectivity to support ports and logistics activity.**

17. *What further actions can we take to improve the performance of infrastructure towards international benchmarks? How can government work with industry to ensure we have the skills and supply chain needed to deliver strategic infrastructure in the UK?*

17.1. Businesses and representative organisations are reporting serious concerns about sectors' capacity to meet the skills and supply chain requirements of nationally significant infrastructure projects, particularly civil engineering and construction. Government needs to facilitate a joined-up conversation – perhaps through the Infrastructure and Projects Authority – to look strategically at the skills and capacity issues associated with infrastructure delivery across the piece **to ensure the requisite workforce is available** and to optimise phasing of nationally-significant projects, such as Hinckley Point C and Lower Thames Crossing, to give certainty over delivery.

Supporting businesses to start and grow

18. *What are the most important causes of lower rates of fixed capital investment in the UK compared to other countries, and how can they be addressed?*

18.1. We welcome the recognition given in the Green paper to the support needed by companies with moderate growth ambitions as well as high growth, and to the need for patient capital. This chapter focuses extensively on issues around access to finance, but ignores physical barriers to business expansion – notably the shortage of good quality fit-for-purpose commercial space. As highlighted in paragraph 2.1, the market is not supplying flexible or hybrid office / workshop / laboratory-type space suitable for start-up and growing SMEs. **We suggest the Government should introduce more incentives to stimulate the speculative development of such premises, particularly in areas such as Enterprise Zones. The North Kent Enterprise Zone could be a test-bed for new delivery models. This could also tie into unlocking more patient capital funding streams looking for long-term return on investments.**

19. *What are the most important factors which constrain quoted companies and fund managers from making longer term investment decisions, and how can we best address these factors?*

20. *Given public sector investment already accounts for a large share of equity deals in some regions, how can we best catalyse uptake of equity capital outside the South East?*

20.1. Question 20 is once again predicated on a perception of uniformity across the South East Region. However, echoing comments elsewhere about economic disparities within the South East Region, **we would encourage the Government to conduct a more granular analysis as to the uptake of equity capital and adopt a more nuanced approach in the targeting of any national initiatives to stimulate take-up** so that Kent & Medway businesses are not disadvantaged.

21. *How can we drive the adoption of new funding opportunities like crowdfunding across the country?*

22. *What are the barriers faced by those businesses that have the potential to scale-up and achieve greater growth, and how can we address these barriers? Where are the outstanding examples of business networks for fast growing firms which we could learn from or spread?*

22.1. The Green Paper highlights the UK's success in the level of business start-ups, but gives less attention to business survival. Feedback from businesses in North Kent highlights the importance of various transition phases in a business's evolution: progress from start-up to rapid growth is the exception rather than the rule. Businesses may need more support as they negotiate milestones such as first year accounts, tax returns, business planning etc. and managing the regulatory, legal, fiscal and other requirements (e.g. pension auto-enrolment) associated with scaling up, for instance the transition from sole trader (either self-employed or limited company) to micro business employing other people, micro to small, small to medium etc. Feedback suggests that **many young businesses fail because of lack of business administration skills rather than because of the quality of their ideas, products or services**. Some of those skills might be strengthened through peer support networks; others might benefit from more generic nationally-funded support.

Improving procurement

23. *Are there further steps that the Government can take to support innovation through public procurement?*

23.1. Public procurement is recognised as a powerful instrument to provide supply chain opportunities for UK companies, though there remain challenges in structuring tender processes and contracts in such a way as to enable SMEs to compete. The Green Paper seems to focus on Government procurement and **could usefully explore further how other public procurement could be used to build up SME supply chains**. Whilst procurement may support supply chains, **it is less clear how far this serves as a driver of productivity** and whether it justifies inclusion as one of the ten pillars in its own right. **Early clarity is also needed about likely public procurement frameworks post-Brexit**.

23.2. We welcome the support the Green Paper gives to a balanced scorecard approach whereby social and economic considerations are factored into the design of procurements. At a purely technical level, though, outcome-based specifications could be difficult to appraise at procurement stage and the **Government should offer good practice guidance** to show the benefits of different approaches.

24. *What further steps can be taken to use public procurement to drive the industrial strategy in areas where government is the main client, such as healthcare and defence? Do we have the right institutions and policies in place in these sectors to exploit government's purchasing power to drive economic growth?*

Encouraging trade and inward investment

25. *What can the Government do to improve our support for firms wanting to start exporting? What can the Government do to improve support for firms in increasing their exports?*

25.1. The chapter refers on page 85 to Government's programme of trade missions for the Northern Powerhouse and Midlands Engine. **We would ask the Government to consider developing a similar programme for the Thames Estuary / Thames Gateway, including a suitable pitch book about opportunities, promoting this as a national priority** alongside the Northern Powerhouse and Midlands Engine. With major investments already taking place in the Estuary area, including DP World London Gateway and Ebbsfleet Garden City, and with the prospect of other nationally significant potential investments including the London Paramount Entertainment Resort and transport infrastructure such as the Lower Thames Crossing and extension of Crossrail to name just a few of the higher profile project proposals, there are some key opportunities that could interest foreign direct investment and sovereign wealth funds. **We would therefore welcome the Government undertaking more analysis of investment opportunities in the South East and Thames Gateway in particular and would be keen to explore how this Partnership may assist with and inform that process.**

25.2. Despite some of the major opportunities on the horizon, and its proximity to London and Europe, it remains a challenge for Kent & Medway to attract major investments and to raise the export performance of Kent & Medway businesses. Of the nine statistical English regions in the UK Business Population 2016 statistics, the South East ranks second highest after London for the proportion of sole traders, and second lowest nationally for the proportion of small, medium and large companies. This is perhaps indicative of high levels of entrepreneurship and self-employment, but it also indicates there may be a range of issues holding back inward investment by larger companies and company growth in parts of the South East despite its economy being the biggest in England after London and bigger than Scotland, Wales and Northern Ireland put together.

26. *What can we learn from other countries to improve our support for inward investment and how we measure its success? Should we put more emphasis on measuring the impact of Foreign Direct Investment (FDI) on growth?*

Delivering affordable energy and clean growth

27. *What are the most important steps the Government should take to limit energy costs over the long-term?*

27.1. We welcome the emphasis on low carbon energy. The South East remains a major player in renewable energy, particularly offshore wind, with Kent, Essex and East Sussex all hosting and servicing offshore wind farms including what is still the largest offshore scheme in the world, the London Array. There remains potential for further expansion subject to the right combination of investment horizons and clarity about the long-term contracting and regulatory framework.

28. *How can we move towards a position in which energy is supplied by competitive markets without the requirement for on-going subsidy?*

28.1. Newer energy technologies will inevitably require some introductory support to enable them to establish market presence and compete against long-standing technologies. We suggest, though, that **all subsidies should be tapered relative to the maturity of the technology** with a clear timetable for the operation of tapers established at the outset to encourage early adoption

without incurring unsustainable costs.

29. *How can the Government, business and researchers work together to develop the competitive opportunities from innovation in energy and our existing industrial strengths?*

30. *How can the Government support businesses in realising cost savings through greater resource and energy efficiency?*

30.1. One area where more progress is particularly needed is raising the energy efficiency and utilisation of renewable sources in commercial and industrial buildings, including **retrofit of industrial premises**, e.g. for solar generation and energy efficiency. Energy efficiency benefits are enjoyed by leaseholders and occupiers who do not necessarily have the power to install the measures, whilst the freeholders/developers have the power to install measures, particularly at construction stage and also retrofitting existing stock, but would not necessarily recover their costs through leases or rents – the same conundrum as in the residential rental sector. **This is an area where new incentives and financing models are needed that take account of different interests.**

Cultivating world-leading sectors

31. *How can the Government and industry help sectors come together to identify the opportunities for a 'sector deal' to address [sic] – especially where industries are fragmented or not well defined?*

31.1. In refining its proposals the Government needs to give more **clarity about the relationship between the proposed idea of sector deals and spatial geographies**. The sector deals concept seems to be rooted in a model where there are big players such as automotive or aerospace. These involve a very broad cross-section of supply chain companies many of which would also be supplying to other sectors, particularly engineering. As the question indicates, many sectors are fragmented with varying levels of representation or organisation (e.g. through trade associations) and distributed in very different patterns across the country.

31.2. We welcome the attention given to life sciences, digitalisation and creative industries. These are seen as important to the future economic growth of North Kent. **We would like to see the Government more actively engaging with and promoting opportunities for sustainable construction and modular/offsite fabrication**, which is going to be crucial to enable the volume and pace of housebuilding required to address the market failure of insufficient supply nationally. This also links to the Housing White Paper and **the importance of new homes being of high quality, building community and contributing to quality of place, which acts as a driver for business investment decisions.**

32. *How can the Government ensure that 'sector deals' promote competition and incorporate the interests of new entrants?*

33. *How can the Government and industry collaborate to enable growth in new sectors of the future that emerge around new technologies and new business models?*

Driving growth across the whole country

34. *Do you agree the principles set out above are the right ones? If not what is missing?*

34.1. The Green Paper presents a crude differentiation between the 'needy' North and Midlands and the 'prosperous' South East. **A much more nuanced analysis is required.** The South East is not uniformly prosperous and the North and Midlands are not uniformly needy. The economic

'gravity' of London has a distortive pull. Productivity per filled job³ is £47,853 in Kent compared with £51,784 in England, £61,318 in Berks & Bucks and £79,949 in Inner London, illustrating some of the differential to be found in the South East.

34.2. A closer look at relevant metrics illustrates that whilst the South East and London are the only regions of England to exceed the national average measures of GVA per head, **the difference between the South East and London is far greater than between the South East and the North East, England's worst-performing region.** Moreover, Kent and Medway have lower GVA per head than many comparators in the Northern Powerhouse and Midlands Engine: for example, Greater Manchester's GVA per head is higher than Kent's:

	GVA(I) per head of population, 2015 ⁴	% variance from England average	% variance from South East average
England	26,159	0%	-6%
North East	18,927	-28%	-32%
North West	21,867	-16%	-21%
Cumbria	22,490	-14%	-19%
Greater Manchester	21,626	-17%	-22%
Lancashire	19,628	-25%	-30%
Cheshire	30,099	15%	8%
Merseyside	19,319	-26%	-31%
Yorkshire and The Humber	20,351	-22%	-27%
East Midlands	20,929	-20%	-25%
West Midlands	20,826	-20%	-25%
East of England	23,970	-8%	-14%
London	43,629	67%	57%
South East	27,847	6%	0%
Kent	20,977	-20%	-25%
Medway	17,338	-34%	-38%
Kent Thames Gateway	20,878	-20%	-25%
East Kent	17,273	-34%	-38%
Mid Kent	23,002	-12%	-17%
West Kent	27,617	6%	-1%
South West	23,031	-12%	-17%

34.3. GVA analysis of the South East shows the variations within the region, with Kent 25% below the regional average whilst Berkshire, Buckinghamshire and Oxfordshire are 28% above the regional average.

	GVA(I) per head of population, 2015	% variance from England average	% variance from South East average
South East	27,847	6%	0%
Berkshire, Buckinghamshire and Oxfordshire	35,550	36%	28%
Surrey, East and West Sussex	27,276	4%	-2%
Hampshire and Isle of Wight	25,711	-2%	-8%
Kent	20,977	-20%	-25%
England	26,159	0%	-6%

34.4. TGKP partners acknowledge the Government's commitment to the 'Northern Powerhouse' and 'Midlands Engine' as national priorities to help rebalance the economy and to spread the benefits and impacts of economic growth across the country. As has been made clear by the creation of the Thames Estuary 2050 Growth Commission, **there remains unfinished business to realise the potential of the Thames Gateway both as an economic force in its own right and supporting**

³ ONS, Sub-regional Productivity, January 2017.

⁴ ONS, Regional gross value added (income approach) reference tables, December 2016

London's growth and sustainability as a global city.

34.5. The success of the Northern Powerhouse and Midlands Engine is also heavily dependent upon the efficient functioning, in particular, of the infrastructure networks provided in the Thames Gateway and the Kent corridor to the Channel Ports. The majority of 16,000 daily commercial vehicle movements through Kent's Channel Ports are destined for or originate from beyond the M25, including the Midlands and the North. As well testified elsewhere, **these transport infrastructure networks are under strain and need to be treated as national priorities for investment**, including the Lower Thames Crossing and the associated strategic road networks in Kent and Essex.

34.6. The under-performance of the Thames Gateway - where partners seek to overcome the legacy of industrial decline, under-investment in skills, poverty of aspiration and negative perceptions – is also the mark of its potential. Raising the performance and productivity of this corridor – which already has the highest concentrations of manufacturing in the South of England – to match the best and provide an economic counter-balance east of the Capital to the dominance of the Thames Valley to the west should be a national priority alongside the Government's ambitions for the North and Midlands. **For Thames Gateway Kent alone our ambition is to raise GVA performance to the South East regional average by 2026, adding between £2-4 billion plus per year to the North Kent economy.**

35. *What are the most important new approaches to raising skill levels in areas where they are lower? Where could investments in connectivity or innovation do most to help encourage growth across the country?*

35.1. The Green Paper makes no reference to Enterprise Zones despite the Government's own website describing these as being "at the heart of the Government's long-term economic plan". **Enterprise Zones have the potential to spearhead innovation and clustering of advanced technology and high growth businesses, and should be discretely targeted for Government funding to help accelerate their delivery.** The Enterprise Zones network offers a platform to support structured investment in science, research and development and its commercialisation, away from the London-Cambridge-Oxford 'golden triangle', as well as within it.

35.2. High Education Institutions have a critical role as incubators and springboards for innovative businesses. These need to be more firmly embedded with business communities and as catalysts for innovation. We are looking to build strong links with universities at each of the North Kent Enterprise Zone sites. **We encourage the Government to incentivise and support the development of innovation space at sites on or adjoining universities and the establishment of university presence on sites such as Enterprise Zones and Science Parks, including forward-funding mechanisms for speculative development (see 2.1 and 9.2).**

Creating the right institutions to bring together sectors and places

36. *Recognising the need for local initiative and leadership, how should we best work with local areas to create and strengthen key local institutions?*

36.1. The Green Paper underplays the role that local authorities and local partnerships such as TGKP can play as enablers and through the exercise of economic development and other functions. These are already effective mechanisms for bringing public and private sector interests together. There seems less evidence of institutions being missing than that Government could be investing more in the role local government, which is present across the whole country, can play to support and champion key pillars of the strategy.

37. *What are the most important institutions which we need to upgrade or support to back growth in particular areas?*

38. *Are there institutions missing in certain areas which we could help create or strengthen to support local growth?*

38.1. As a priority area for investment and growth, the Thames Gateway has seen various governance and institutional arrangements over two decades. The Thames Gateway Strategic Group brings together representatives from London, South Essex and North Kent together with the Thames Gateway Minister and other stakeholders. The Thames Estuary 2050 Growth Commission is expected to bring forward recommendations about the institutional arrangements that might best enable the Gateway to achieve its long-term potential. **Our ask of Government is to work closely with existing stakeholders and structures across the Thames Gateway, including the London Mayor and local authorities and partnerships including our own, to develop and re-energise institutional arrangements that maximise collective impact across the Thames Estuary.**



The Thames Gateway Kent Partnership is a public-private partnership, established since 2001, promoting sustainable economic-led growth and regeneration in North Kent.

The top priorities in our *Plan for Growth 2014-20* are:

- Delivering growth in key locations
- Attracting and retaining investment
- Focusing on quality
- Supporting businesses – growth key industry sectors
- Supporting businesses – increasing innovation, enterprise and creativity
- Improving skills, qualifications and employability

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