

Building Our Industrial Strategy Green Paper 2017 – A Response from Tonbridge & Malling Borough Council

Consultation Period Closes: 17th April 2017

Tonbridge & Malling Borough Council welcomes the opportunity to share its views on the Industrial Strategy Green Paper (January 2017) and believes that, given the changes that have taken place over the past 12 months, it is right that a strategy be introduced in order to ensure that our national economy goes from strength to strength. As stated below, one of the key challenges that the Industrial Strategy will need to address is how it is delivered at the local level, and how ownership or the strategy can be fostered in order to ensure that the worthy aims and objectives are met.

The following response has focused on those questions that the Council feels it is well placed to provide a detailed and considered response.

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?

In general terms, we support the areas of focus that are set out in this Green Paper. However, there are a couple of points that need to be highlighted when considering these three priorities of the Industrial Strategy.

Firstly, in 'building on our strengths and extending excellence in the future' it should be highlighted that there are a number of strong sectors in West Kent that perform well, but with the right investment have the potential to make a massive impact both nationally and internationally. It is recognising these opportunities and investing in success that will reap the greatest rewards nationally. In this respect, it would probably be more accurate to call this strategy a 'Business Strategy' or 'Economic Growth Strategy'. By doing so, it would more closely reflect the nature of our national economy and avoid some of the negative connotations that have blighted previous 'Industrial Strategies'

Secondly, whilst it is obviously important to close the gap between the best and worst performing in order to ensure that every area of the country contributes strongly to the economy, it is far too simplistic to have an almost exclusive focus on the 'Northern Powerhouse' or 'Midlands Engine', without giving full consideration to the plight of other areas of the UK. Just as there are hugely successful areas in the North of England and Midlands that have strongly performing economies, so there are constrained and failing areas in the South of England.

It should be recognised that whilst West Kent, and more broadly, the South East of England are viewed as prosperous and relatively productive, there are still a number of areas of deprivation and underperformance within the area that need to be recognised – it is not a homogeneously affluent area. For example, in Tonbridge and Malling Borough, Trench in Tonbridge has an unemployment rate of 2.2% (December 2016), which is somewhat higher than the average for Great Britain (1.8%) as a whole.

2. Are the 10 pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?

In general terms, the council is supportive of the ten pillars, but would like to highlight the following:

Investing in science, research and innovation – Kent is home to the East Malling Research Station, which although outside of the ‘golden triangle’ of Oxford, Cambridge and London, is one of the world leaders in biotech research and development.

East Malling Research Station was created by the regional fruit industry to provide essential R&D and over the last century has played a central role in the growth of the sector. East Malling Research, now NIAB EMR, remains an essential part of the sustainable economic success in the regional fruit industry and represents the key asset necessary for industry to diversify into high value markets in food and drink.

As highlighted in the Green Paper, despite the key role of R&D, there is still a fundamental weakness in the UK economy in bridging the gap between fundamental research and the translation of that research into commercial business propositions. NIAB EMR is addressing precisely this market failure in the biotech sector by:

- enhancing business access to leading-edge technology and expertise
- reaching into the research base for world-leading science and engineering
- undertaking collaborative applied research projects with business
- undertaking contract research for business
- through strong business-focused with a highly professional delivery ethos
- creating a critical mass of activity between business and research
- providing skills development at all levels.
- Risk reducing product introduction and launch

However, growth of NIAB EMR’s services is constrained by a lack of funding for capital investment, specifically greenhouse capacity and infrastructure, with a particular need for a modern greenhouse and energy centre that is up to the standard currently used by growers. If such infrastructure was available, it is estimated that over a five year period an additional £2.5 million of R&D projects and services to businesses could be delivered, which will translate into improvements in productivity and development of new products amounting to some £47 million. This would, in turn, be associated with a significant uplift in industry profitability and export capacity that would provide the basis for further investment by the industry.

Developing skills – it should also be highlighted that there is much work to be done in ensuring that young people have the right information to make informed decisions about what skills and qualifications are required in order to enjoy a successful career in specific sectors. Although there are examples of good careers advice, and the work of the Careers and Enterprise Company is starting to have a beneficial impact, there are still too many examples of young people not being given the support, advice and guidance required in making key decisions that will impact on their future.

Another point to make is that there is much to be gained from reaching young people well before reach 16 years old with information and guidance in order to start helping them to think about what they might do in the future. A good example of this is the Primary Engineer Programme - <http://www.primarylearning.co.uk/> - which involves promoting STEM careers to primary school children.

Upgrading infrastructure – whilst this section focuses on a wide range of key infrastructure (energy, transport, water, flood defence, digital infrastructure, housing etc.), it seems to ignore the very real need for modern office and industrial premises. This is especially key in West Kent as a considerable amount of commercial accommodation in our main towns has been converted to residential use, and only a small amount of this has been replaced. Whilst it is understandable that Government has had a focus on stimulating housing growth due to historic under-provision, this loss of commercial space will continue to

impact the economy if the options faced by start-ups, local businesses looking to expand or inward investors are constrained by the lack of offer. As such, part of the infrastructure debate should focus on this very real requirement.

The planning system should be able to secure an appropriate portfolio of commercial sites to meet the needs of the business community in the local authority area without the threat of change of use to housing. A range of commercial premises in terms of size, quality and price are an important part of the overall infrastructure that enables business growth.

It is the availability of land and premises that is one of the greatest constraints to growth in the local economy, and this needs to be recognised within the strategy.

Supporting businesses to start and grow – in recognition that growth in the economy (certainly in Kent if not elsewhere in the country) is stimulated to a great extent by start-up and micro-businesses, this section could be strengthened to have a greater focus on the promotion of entrepreneurship in the first instance, but also supporting the growth in business incubation facilities that help to nurture and grow fledgling businesses.

In addition, there appears to be very little reference to the role that Enterprise Zones could play in the growth of the economy, which is surprising given the prominence that has otherwise been given to this mechanism for stimulating economic growth.

Cultivating world-leading sectors – we welcome the focus of the initial work on sector deals, especially on life sciences given the role played by NIAB EMR in our national economy.

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?*

As mentioned at the start of this response, one of the key issues will be making sure the strategy can be translated and delivered locally. The South East Local Enterprise Partnership, being the largest LEP in the country, is too big to effectively tackle local economic growth, and as such we feel there is a fantastic opportunity to employ public/private partnerships (at an appropriate scale) to play a role in driving forward the aims and objectives of the strategy.

In West Kent, the West Kent Partnership (www.westkentpartnership.org.uk) is a well-established and well-respected public/private partnership that takes a strategic approach to economic development and regeneration across Sevenoaks District, Tonbridge & Malling and Tunbridge Wells Boroughs. Specifically, the partnership aims to:

- Represent the interests of the West Kent sub region and provide a strong and influential voice on matters of particular concern to its local communities, especially around economic development, transport and essential infrastructure.
- Identify the key issues facing the West Kent area, address the need for investment and develop joint actions.
- Promote West Kent as a great business location.
- Explore bids for external funding that will help to drive economic growth.
- Provide an effective working relationship with the Kent & Medway Economic Partnership and The South East Local Economic Partnership

- Promote effective, joint co-operative working both within the partnership and between the Partnership and other local agencies and bodies.
- Consider and influence the plans, strategies and agendas of other key agencies to ensure that West Kent interests are properly represented.
- Aim to ensure that the plans and strategies prepared by public agencies align with emerging joint priorities.
- Add value on economic development and infrastructure issues to the community strategies for each District and Borough in West Kent, promoting good practice and better joint working

It is through local institutions such as the West Kent Partnership, that the Industrial Strategy could be brought to life at the local level. *It is therefore essential that both local authorities and businesses are recognised as playing a vital part in the delivery of the strategy.*

4. *Are there important lessons we can learn from the industrial policies of other countries which are not reflected in these ten pillars?*

As well as having a view on the long-term, it is also important that we avoid the temptation for short-term distractions and the perceived need to make changes to institutions and initiatives as the strategy progresses. A case in point is the approach to skills development over the past 30 years - the dismantling of apprenticeship programmes, the desire to get as many people as possible in to University, the introduction of University fees and the attempts to re-establish apprenticeships – which has created a lack of continuity and certainty. At the same time, Germany has retained its apprenticeship programmes and to a large extent, the institutions behind them, which has helped to embed familiarity amongst business there. It has also benefited from a devolved system of governance that has enabled a localised approach to building the national economy.

Although it is difficult to enshrine long-termism when elections take place every 5 years, a stable, long term approach that provides greater certainty would be welcomed by business.

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

For understandable reasons, a large amount of research funding is focused towards universities. However, this does create a situation where areas without a university presence, and the associated clustering of businesses, run the risk of missing out on the positive spin-offs and widening the performance between the best and worst performing economies.

Whilst the university presence in West Kent is limited, there are a number of research institutions delivering cutting-edge work in the area, and these bodies should be fully recognised in the strategy.

10. *What more can we do to improve basic skills?*

Firstly, something is clearly not working well in the teaching of basic skills. By the time students come to apply to our local FE colleges, many do not have A*-C grades in English and Maths. Indeed, at Mid Kent College, around 80% of applicants don't have the required basic qualifications. More needs to be done to address these problems before young people are at the point of leaving school.

Secondly, it should be highlighted that there is a fair amount of confusion about what the best routes to impartial careers advice are. At present, there is understandably an emphasis from schools on getting their students in to university rather than providing an objective assessment of the options open to them.

Thirdly, there needs to be far greater interaction between education establishments and their surrounding business community. Whilst there are some great examples of this happening at the moment, there is still a considerable amount of work to be done in this area in order for young people to:

- Be made aware of how basic skills are relevant to the needs of the business community.
- Be inspired about their career options.
- Have role models from the business community that foster aspiration.

We are currently working with the Careers and Enterprise Company at the West Kent level to establish an Enterprise Adviser Network (EAN) that will address both of these points.

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?

The table (taken from the Kent Workforce Skills Report, 2015) below takes information from recent studies to highlight specific sector issues in Tonbridge & Malling, such as skills requirements:

| Sector | T&M (Location Quotient) | Forecast 2013-22 (K&M) | Notes (sector related issues) |
|--------------------|-------------------------|------------------------|--|
| Energy & Utilities | 2.9 | 11% | <ul style="list-style-type: none"> - sector currently employs 1,700 people in T&M - relatively small sector within K&M - diverse workforce - need to improve image of the sector and ensure appropriate apprenticeship frameworks are in place |
| Primary Industries | 1.7 | -3% | <ul style="list-style-type: none"> - quite small in employment terms - over half the workforce are in skilled trades - decline mostly as a result of automation - need for skills in following areas: succession planning, environmental management skills, risk management, scientific knowledge and technology transfer and better ICT skills. |
| Transport | 1.5 | 10% | <ul style="list-style-type: none"> - sector employs 3,500 people in the borough - around a third of the workforce are drivers - focus on lower level qualifications - need to attract new recruits; promote clearer development pathways and professionalise the workforce. |
| Construction | 1.5 | 17% | <ul style="list-style-type: none"> - sector currently employs 3,500 people in the borough - sector is dominated by micro-business - construction workforce is more susceptible to changes in the economy - Increasing demand for higher level skills - new skills required to keep up with changes in the sector (low energy requirements/higher spec) |
| Retail | 1.3 | 3% | <ul style="list-style-type: none"> - sector currently employs 7,400 people in the borough - nearly half of all employment is focused on sales and customer services. - need to improve image of sector as a career opportunity |
| Financial & | 1.2 | 13% | <ul style="list-style-type: none"> - sector employs 3,900 people in the borough |

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| Insurance | | | <ul style="list-style-type: none"> - highly qualified workforce - need for more professional staff, as well as IT, leadership and management and customer service skills - training and skills development in risk management and regulatory compliance is a high priority. |
| Arts & Recreation | 1.1 | 8% | <ul style="list-style-type: none"> - sector currently only employs 100 people in the borough. - current climate of public funding increases importance in growth of self-employed workers - High level technical skills and knowledge will continue to be essential. |
| Digital & Media | 0.9 | 16% | <ul style="list-style-type: none"> - sector currently employs 2,600 people - demand for corporate managers - skills shortages in a range of associate professional and technical skills. |
| Accomm. & Food Services | 0.8 | 12% | <ul style="list-style-type: none"> - sector employs 3,300 people in the borough - 55% of workforce are qualified to Level 2 or below - need to increase the workforce, improve customer service, improve the apprenticeship offer (matching training supply to employer needs) |
| M'facturing | 0.7 | -10% | <ul style="list-style-type: none"> - sector currently employs 3,200 people in the borough - sector is focussed on medium to large companies - diverse workforce but skilled trades account for 22% of workforce - issue of making sector attractive to new recruits |
| Life Sciences | 0.6 | 6% | <ul style="list-style-type: none"> - sector employs 200 people in the borough - workforce is professional and highly qualified - future skills needs relate to R&D, the production process and management |
| Health | 0.5 | 3% | <ul style="list-style-type: none"> - sector currently employs 3,600 people in the borough - although low growth, due to its size, it is expected that 2-3,000 additional workers will be needed across the county by 2022. - 3 priorities for action are – efficiency and innovation; having a skilled workforce and sustainability. |

Table 1: Sector Growth Potential

Building upon the points made above about areas for possible improvement in provision, in simple terms it can also be highlighted that the main issues highlighted for those sectors that are high growth or have strong representation in the borough (as per the KCC Workforce Skills Evidence Base, 2015) are:

- Requirement for an improvement to the apprenticeship offer and development pathways (especially in Accommodation & Food Services; Energy & Utilities and Transport)
- Need to address shortages in technical/higher level skills (Health; Digital & Media; Finance & Insurance)
- Improvements required to the image of certain sectors (especially in Retail and Energy & Utilities)

On top of this, discussions with local businesses (via the T&M Local Strategic Partnership and the West Kent Partnership) and a recent skills working group meeting (on 08 November 2016) have also highlighted the following general issues where it is felt more needs to be done (especially with regards school sixth form students):

- The need for training in helping the development of softer/life-style skills.
- Further support is needed to fully demonstrate the real careers options that are available through greater interaction with businesses, involving opportunities for college staff to carry out visits to businesses, and the development of more courses involving real workplace experiences.
- A greater focus on pathways to employment.

There are a number of emerging local mechanisms for linking the skills needs of industry to skills provision by educational institutions. There include:

- A number of sector-specific guilds up and running in the county that are focussed on ensuring the skills needs of employers are prioritised by education establishments. The sectors include Advanced Manufacturing and Engineering; Construction; Hospitality; Social and Health Care; Life Sciences and Land-Based Industries.
- As mentioned previously, the West Kent Careers and Enterprise Company will, subject to funding agreements, be up and running in September 2017.

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

In instances where new commitments of national importance are brought forward, greater weight needs to be given to the knock on impacts on local infrastructure. A case in point in Tonbridge & Malling is the Lower Thames Crossing. We very much welcome the inclusion of this commitment in the Industrial Strategy, however we are concerned about the localised impact on the A229/Blue Bell Hill (Variant C) which is one of the key link roads between the M2 and the M20, and is regularly congested during peak hours. When assessing business cases, greater consideration should be given to these more localised investments within the context, and as part, of national schemes.

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

There are likely a number of factors at play here. Whilst Kent does perform well when it comes to Inward Investment, as illustrated by the positive working relationship between Locate in Kent and public and private partners, one of the key issues that stifles demand is the availability of modern, high quality premises and 'oven ready' plots for commercial development.

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?*

As mentioned already, one of the key barriers in West Kent is the lack of modern, commercial premises. In recent years, there has been a steady stream of office block conversions to residential use, especially in Tonbridge, which has led to a steady loss. This loss has not been countered by a boom in new commercial developments. Whilst these conversions have helped to address the housing crisis, it has done very little to help local businesses expand and create new job opportunities. As such, more needs to be done to promote the creation of new office accommodation and to help unlock employment sites for mixed use developments that include much needed commercial provision.

It is not our local experience that the planning system has constrained business growth, especially in light of the number of unimplemented planning permissions, but it is much more a case that the financial

viability/attractiveness of residential development to developers in comparison with bringing forward commercial development means residential developments deliver a much higher rate of return to investors. Despite this, we are fortunate to have a small handful of commercial developers operating in the area that have illustrated the viability and attractiveness of commercial development – such as Nepicar Park near Wrotham and recent developments in Aylesford.

In recent years there has been a growing emphasis on Enterprise Zones as a means of achieving greater growth. It would seem somewhat of an oversight to not include these in to the discussion.

34. Do you agree the principles set out (in the strategy) are the right ones? If not, what is missing?

Overall, the principles set out are commendable, however it is important to note the following:

- Although London and the South East outperforms the rest of the UK economically, it will be important to not lose focus of what makes the South East economy successful, and ensure that it continues to play as strong a role as possible in driving growth.
- Related to the above, it should be stressed that the commitment to invest in rail in the North and Midlands should not mean that the case for improvements to the commuter lines, especially in from West Kent, is overlooked.

Conclusion

Overall, the council welcomes the Green Paper and is supportive of the aims and objectives of the strategy in stimulating economic growth and prosperity. Our key points are set out below:

- 1. To succeed, the strategy needs the right mechanisms at the local level to ensure effective delivery.** The West Kent Partnership, feeding in to the Kent & Medway Economic Partnership, should have a key role to play in this.
- 2. Although rebalancing the national economy is important, it should also be recognised that there are clear opportunities for building upon the successes of the South East economy, and addressing its areas of underperformance.**
- 3. Consideration needs to be given to greater protection of commercial premises and land to ensure local businesses and inward investors have the supply and range of available accommodation in order to enable local economic growth.** Whilst a stimulus is rightly being provided to encourage housing growth, this shouldn't be to the detriment of businesses who are looking to expand or relocate.
- 4. Recognition of the role that R&D plays in economic growth is much welcomed, and this should be backed up by much greater investment in research facilities across the country, not necessarily just those areas with a strong University presence.**
- 5. The local impacts of national infrastructure policy need to be incorporated into the business cases and overall value for money assessments in order to ensure they are properly considered through a holistic approach to investment decisions.**