

**From:** Mark Dance, Cabinet Member for Economic Development  
Barbara Cooper, Corporate Director of Growth, Environment and Transport

**To:** Growth, Economic Development and Communities Cabinet Committee  
– 15 November 2018

**Subject:** Preparing the evidence to support a Kent and Medway Enterprise and Productivity strategy

**Classification:** Unrestricted

### **Summary**

At the 5 September meeting of this Cabinet Committee, Members were given an update on the proposed approach to engagement and evidence gathering, which will support the development of the Kent and Medway Enterprise and Productivity Strategy. This paper summarises the scope of this work, the bulk of which will be conducted by consultants. The brief for consultants is attached at Appendix A.

### **Recommendation**

The Growth, Economic Development and Communities Cabinet Committee is asked to note the evidence gathering commission.

## **1. Introduction**

1.1 Official statistics show that the UK's productivity lags behind our international competitors. Kent and Medway's productivity levels (£21,435) are lower than those of the SE (£28,683) and England (£26,621). The Government has published a national Industrial Strategy to make the UK more competitive. Kent County Council, Medway Council, and the 12 Kent Districts are working in partnership to develop a Kent and Medway Enterprise and Productivity Strategy.

1.2 The main objective of this strategy is to evidence and address the underlying causes of our comparatively low productivity levels. We will be looking at how productivity levels can be boosted both through enabling business to grow, become more enterprising and competitive in a global market. It will also consider how to support people living and working here to realise their full economic potential.

## **2. Gathering the Evidence**

2.1 At the September meeting, the Cabinet Committee received a briefing on the draft programme of evidence gathering activities. We have taken professional advice from a number of consultants, think tanks, academics, and policy

specialists in government, on the work we can practically do to advance our understanding in the following areas:

- BUSINESS - comparative strength and weakness of business, sectors, and their contribution to productivity
- PEOPLE - the underlying drivers of our human capital (skills and knowledge), and its value to productivity
- PLACE - distinctiveness and appeal of individual places to business, and the contribution to productivity

2.2 Across all three topics, we intend to explore the enabling role that the public sector currently plays, its effectiveness (“what works”) and what if anything we should be doing differently (if at all) – in some cases, the most valuable thing the public sector can do is to get out of the way.

2.3 With a 2050-time horizon in mind, consultants have also been asked to undertake a review of current research which examines the main drivers of change (including for example advances in technology, demographic and environmental changes), and the opportunities and challenges that may open up for business, sectors and also for our workforce in Kent and Medway.

2.4 We have consulted local authority colleagues in the Kent Districts and Medway Council, and have drawn up the scope of the evidence gathering work. We have invited consultants to bid against the brief attached at Appendix A.

### **3. Next steps and timing**

3.1. A timeframe for the work the consultants will be undertaking is included within the attached brief (Appendix A). In summary, we expect to appoint consultants in early December, with the first phase of work (data collation and analysis, research and benchmarking) completed by the middle of February. The second phase of work (engagement with business and public sector agencies (including local authorities)), will respond to the issues, conclusions and recommendations from phase 1. We expect this work to take 4 months, concluding in June 2019.

### **4. Financial Implications**

4.1. We have identified a budget of £49,000 for this piece of work which will be funded from the Economic Development teams’ budget in 2018-19.

### **5. Recommendation**

5.1. The Growth, Economic Development and Communities Cabinet Committee is asked to note the evidence gathering commission.

## **6. Report Authors**

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## **Appendix A – Consultants Brief**

### **Preparation of an evidence base to support the development of a Kent & Medway 2050 Enterprise & Productivity Strategy**

#### **INVITATION TO TENDER - CONSULTANCY BRIEF**

**October 2018**

#### **A. PURPOSE OF THE COMMISSION**

1. Local authorities across Kent and Medway are preparing an Enterprise & Productivity strategy to support every person and every business to fulfil their potential, supporting growth for all. It will act as a framework to inform our priorities, and also guide future government, public and private sector investment decisions including the UK Shared Prosperity Fund, as well as better and more efficient use of existing resources. This strategy will also form the basis of a Kent and Medway contribution to a Local Industrial Strategy.
2. Kent & Medway are looking to appoint suitably experienced consultants who can work with senior officers and council Leaders to prepare an evidence base that considers:

#### **BUSINESS**

- the comparative strengths and weakness of business and sectors in Kent and Medway and their contribution to productivity;
- our import and export activity, the principal markets for our key sectors,
- foreign direct investment the area benefits from, where it comes from, and in what sectors;
- how well the public sector currently supports business/ sectors;
- the role and practical action the public sector should (or should not) take in supporting the business and sectoral base to grow, and what encourages business to locate and invest here, based on an understanding of “what works”;
- future opportunities and challenges for business and sectors in Kent and Medway raised by changes in technology, demographics, climate change etc supporting our engagement with the Industrial Strategy grand challenges;

#### **PEOPLE**

- the value of our human capital (skills and knowledge), and the contribution to productivity;
- the economic well-being of residents across different parts of Kent and Medway, and the link to productivity;
- how well the public sector currently supports the current workforce and young people across Kent and Medway to fulfil their potential, access employment opportunities, and upskill;
- an understanding of “what works” – to inform action that business and public sector should continue to take, or start taking, to support individuals fulfil their potential and access employment opportunities;

#### **PLACE**

- the factors that make particular areas within Kent & Medway attractive to people and businesses as places to live, work, learn and visit;
- how well the public sector currently supports places be attractive to business, investors and to people;

- an understanding of “what works” – to inform the enabling role the public sector could (or should not) play in supporting places to realise their potential (attracting business and investors and being a great place to live).

## **SUCCESS MEASURES**

- a suite of indicators that best reflect those crucial drivers of business and workforce productivity against which we can monitor the success of the strategy over time.

## **B. BACKGROUND AND CONTEXT**

3. Official statistics show that the UK’s productivity lags behind our international competitors. The Government has published a National Industrial Strategy to make the UK more competitive. Kent County Council, working in partnership with Medway Council and the 12 Kent Districts, has committed to develop a Kent and Medway Enterprise and Productivity Strategy. That strategy will have two core objectives - to put in place measures that over short (2020-21), medium (staggered into 5-year cycles) and long term (2050) can significantly enhance the productivity of business, and support residents to live better and more productive lives across Kent and Medway. It will also consider how external factors including environmental changes and advances in technology might alter the living, working and business environment for Kent’s residents and businesses in the future.
4. Successive strategies have highlighted a range of challenges that impact on our overall business and workforce productivity levels but have struggled to understand and address the underlying causes of these issues.
5. Consequently, we are hoping to interrogate data to explain and respond to the following challenges:
  - divergence in economic strength at the local level, particularly between the east and the west of the county
  - comparatively and persistently low workforce skills base
  - concentrations of social and economic deprivation in parts of the county
  - low levels of employment in the knowledge economy inspite of recent growth
  - meeting the demands of a growing and ageing population on our community, transport and digital infrastructure
6. Kent and Medway is a great place to live, work and invest, but we think there is scope through this strategy to better exploit our economic assets, boosting our productivity and supporting people to become more economically active, and live better. Some of our natural strengths include:
  - location – strategically located next to London, we are vital to the economic expansion of the capital city, and with unrivalled links to the continent through our strategic port, road and rail infrastructure. New economic geographies, including the Thames Gateway are also opening up new opportunities;
  - historic investment in transport infrastructure (including HS1) has brought Kent & Medway closer to markets and employment opportunities, as has investment in broadband, creating new business opportunities especially in rural Kent;

- a changing economy, moving away from the traditional industries of the past (paper-making, pharmaceutical R&D, and seaside tourism). We have a diverse business base characterised by small and medium enterprises, and a growing innovative business base, with strengths in key sectors including life sciences & medical technologies, advanced manufacturing, creative and media industries, construction, higher education, tourism. Service sectors like health and education are also increasingly important.
- increasing capacity for innovation, with Canterbury and Medway home to four growing universities (University of Kent, University of Greenwich, Canterbury Christ Church University, and the University for the Creative Arts), with East Malling home to one of the UK's leading horticulture research and development centre. With these growing innovation assets, and our proximity to London, Kent & Medway could become an important hub for innovation.

### **C. APPROACH**

7. Developing the evidence base will need to be an inclusive process, involving local authority leaders and officers, representatives from HE/FE, other relevant leading public sector institutions, business and business representative groups.
8. Tenders will need to demonstrate how the consultancy team would approach this task and set out innovative ways by which the views and evidence that these different partners contributions will be collected and shared.

### **D. THE SPECIFICATION – WORK REQUIRED**

#### ***Phase 1: Benchmarking, Analysis and Research***

9. Building on the recent partial economic analysis that has been conducted (please refer to the links in section F and the data tables at annex A), consultants are asked to draw together relevant data and undertake an analysis of that data, drawing out findings, conclusions and recommendations to guide the next phase of work. It is expected that data wherever possible will be at sub-county and local authority level (or lower). That analysis should help us better understand:
  - Kent & Medway's comparative business and sectoral strengths and weaknesses, and their contribution to productivity.
  - Kent & Medway's workforce productivity, drawing out its strengths and weaknesses, and their contribution to productivity.
  - the factors that make particular areas within Kent & Medway attractive to people and businesses as places to live, work, learn and visit and their contribution to productivity;
10. Consider, drawing on publicly available research and evidence:
  - the major changes facing our key sectors (including - demographics, technology, climate change) and global trends that the wider economy and workforce need to prepare for and adapt to. Consultants are asked to consider any scenarios highlighted by these changes and trends, which Kent & Medway should factor into our planning and consider as part of phase 2;
  - the types of interventions (accepted good practice) we should consider in response to the principal opportunity and challenge areas identified by the data analysis.

11. Consider a set of metrics based on what the data tells us about the principal drivers of business and workforce productivity in Kent and Medway, and against which the progress of the eventual strategy could be monitored over time.
12. OUTPUT: The product from phase 1 should be presented in the form of a report which should provide an overview of the findings, with conclusions and recommendations to inform phase 2. Kent County Council would want to own the analysis, and research conducted to inform other pieces of work on the horizon including development of a Local Industrial Strategy. A draft of that report and analysis should be presented and discussed with a Kent & Medway client group to ensure understanding and agreement of the report, and to support the scoping of phase 2.

***Phase 2: Engagement & Evidence building (responding to phase 1 findings)***

- Responding to the findings, conclusions and recommendations from phase 1, engage business, and key public sectors agencies, including local authorities to build:
  - collective agreement and understanding of the principal themes and issues that this strategy should focus on;
  - a shared understanding of the underlying causes or determinants of Kent & Medway's comparatively low business and workforce productivity levels, and the practical (evidence based) action that should be taken in response, in the short, medium and longer term;
  - a shared understanding of the business, and workforce potential, building on the strengths and assets in Kent & Medway, and what (if any) new action, or realignment of effort/ resource, the public sector should take in response to that – building wherever possible on accepted evidence of what works;
  - a shared understanding of the USP or distinctiveness of different types of places and towns, and what if any contribution that makes productivity. Based on that understanding, what (if any) new action, or realignment of effort/ resource, should the public sector take in response to that – building wherever possible on accepted evidence of what works;
  - a shared understanding of the future opportunities and challenges for business and sectors in Kent and Medway opened up by changes in technology, demographics, climate change, and what if anything the public sector may need to consider in response to that
13. **Kent County Council (drawing on support of other local partners) will want to work collaboratively with the appointed consultants to support the planning and delivery of the engagement and evidence building efforts where practical, to make the most of the budget available.**
  14. OUTPUT: A written report that forms a part of our evidence base, summarising the findings, conclusions, recommendations. This should be presented to Kent and Medway Client Group for discussion and agreement.

***Possible future 3<sup>rd</sup> phase: Further assessment***

15. Pending the outputs and conclusions from phases 1 and 2, Kent County Council may wish to commission further research/ studies into best practice. We may also want to consider conducting “deep dives” into specific issues/ places/ supply chains to explore in more detail. It would be helpful to consider what if any value there may be in conducting further work during phase 2.

#### E. CLIENT

16. This work is commissioned by Kent County Council (KCC) on behalf of KCC, Medway Council and the 12 Kent District authorities. KCC will establish a client group with a small number of representatives from local authorities, universities and colleges, and business to consider work as it progresses. A copy of our terms and conditions and GDPR are at annex B.

#### F. RESOURCES PROVIDED BY THE CLIENT

- [The Kent and Medway Workforce Skills Evidence Base](#)
- SELEP Skills plan and [evidence base](#) & [district data breakdown](#)
- Delivering an Industrial Strategy in Kent & Essex. A series of data tables have been compiled to support the preparation of an Industrial Strategy report for the Kent & Essex area. These tables are attached at annex A.
- [2018 Growth Infrastructure Framework](#) – Current analysis of infrastructure needs to deliver expected growth in current Local plans. Supporting data and the GIF single forecasting system can also be made available.
- Economic data. [General economic data](#) is prepared by Kent County Council and is available on the KCC website.
- Medway Council collates and processes [economic data](#) in both the Planning Policy team and Performance and Intelligence Hub and early conversations could be brokered with both to consider further appropriate data sources. Useful data can also be found in the [Authority Monitoring Report](#), and the [Local Plan evidence base](#).

#### G. TIMETABLE

Invitation to quote	<b>29 October</b>
Closing date for receipt of quotes	<b>19 November</b>
Inception meeting	<b>10 December</b>
Keeping in touch & start scoping phase 2– short call/ meeting	<b>7 January</b>
Share draft phase 1 report & finalise scoping of phase 2 – meeting & discussion	<b>28 January</b>
Final phase 1 report for agreement (phase 1 costs to be paid once report is finalised & agreed)	<b>15 February</b>
Commence phase 2	<b>22 February</b>
Keeping in touch - progress discussion (call/ meeting)	<b>20 March</b>
Phase 2 interim report & start scoping potential phase 3 –	<b>25 April</b>

meeting & discussion	
Review outputs of phase 2, draft final report & discussion over a potential 3 <sup>rd</sup> phase	<b>24 May</b>
Final phase 2 report	<b>10 June</b>

## H. QUOTATION REQUIREMENTS

18. Quotes for this work will include:

- The proposed consultancy team, their roles, qualifications, expertise and relevant experience (including CVs)
- Track record of undertaking similar commissions within the last 3 years
- Approach and proposed methodology to the commission
- Approach to project management, quality assurance, including a project plan and a timetable
- Breakdown of costs by task and team members – split for phase 1 and 2

## I. Submission

19. Please submit quotes electronically through the Kent County Council Portal. Any companies not already registered will need to do that will need to register.

## Selection Process

20. All submitted proposals will be reviewed against the following criteria and scoring principles, set out below. Clarifications may be sought in writing from bidders, and scores adjusted accordingly. The weighted scores within each sub-criterion will be added together to arrive at the total score for this piece of work.

Criteria	Weighting
Methodology and Approach	40%
Creativity and Innovation	30%
Consultancy Team, Skills and Competencies	20%
Overall Price	10%

Scoring Principles	Score
Failure to respond or irrelevant information provided which fails to meet the requirement(s)	0
Response is unsatisfactory and only partially meets the requirement(s)	2
Response meets the requirement(s)	3

Response exceeds the requirement(s), providing added value	5
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**J. Budget**

21. Kent County Council has a budget of £49,000 available to support this work. As set out in the specification, Kent County Council expects to support the successful consultants undertake the phase 2 engagement activities, drawing on assistance from other interested local authorities, and public agencies.