

CBI WRITTEN SUBMISSION TO ALL-PARTY PARLIAMENTARY GROUP FOR THE SOUTH EAST

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Across the UK, the CBI speaks on behalf of 190,000 businesses of all sizes and sectors, employing nearly 7 million people between them. That's about one third of the private sector workforce. With offices in the UK as well as representation in Brussels, Washington, Beijing and New Delhi, the CBI communicates the British business voice around the world.

The CBI supports the levelling up agenda. In Seize the Moment we set out our ambition for shared growth and prosperity, shifting from the cookie-cutter thinking of the past to building on distinctive local strengths, with a clear and unique proposition for investment.

We believe that for levelling up to be a success, and for it to be as wide reaching as possible, a new approach is needed to ensure that no part of the country is left behind or levelled down as the nation looks to rebuild post pandemic. We believe that higher value drives the prosperity of a place. Places must have the foundations of a strong local economy. For levelling up to take place it's important that business can operate in the optimal business environment and to generate that, we need to pull on four levers to level up:

- **High-value sectors** - moving away from a branch-line economy and moving an economy of many sector hubs. That means using all parts of the country to their full potential.
- **High-value firms** - high-value firms are the job-creators, the skills-builders, the innovators and can act as catalysts for growth in our local economies.
- **High-value skills** - we know that when skills rise, so does economic growth. High skilled employees increase productivity and economic prosperity.
- **Higher business investment** - policymakers must think more holistically about tax, markets and regulation. We need UK regulators to pioneer pro-investment and pro-innovation regulation, alongside competition and consumer price.

We believe that levelling up should be led by a local figure. Local and regional bodies need to be empowered and appropriately resourced to design and deliver economic growth schemes. However, for any business plan for a place to be successful, it must be a plan with businesses who are committed and invested in levelling up at its core. Government, including local government, must work in partnership with business to deliver levelling up and world-leading clusters. We know that business can serve as a driving force behind the UK's levelling-up aspirations by harnessing local strengths to propel regional economies through recovery towards enduring prosperity. Clusters create an ecosystem of start-ups, anchor institutions, education providers and business and facilitate economic growth by co-locating businesses in concentration. Encouraging competition and collaboration, meeting skills needs and driving research and innovation.

The South East has much to be positive about with our latest research showing it has the 2nd highest GVA per hour of the English regions at £37.79 and the 2nd highest R&D per head.

However, there are still challenges to be faced, including improving digital infrastructure and enhancing the innovation and R&D ecosystem by increasing collaboration between business of all sizes, educational institutions and entrepreneurs.

The region has high remote working potential, higher than average qualification levels and is an attractive destination for inward investment with links to London and an established innovation ecosystem. The South East has excellent connectivity and provides multiple access points to global markets.

As we look to the year ahead, there are some real issues including skills and labour shortages across the economy, with the latest CBI data showing that 76% of firms believe labour access is a threat to labour market competitiveness. With supply chain pressures and the rise in energy prices a growing concern as businesses look to accelerate their recovery, the South East should seize the moment and create a high wage, high skill, high investment, high productivity economy.

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