

Suffolk Business Board - Thursday 25th July 2024

What is Suffolk's Productivity Opportunity

The UK has experienced significantly slower productivity growth than comparable countries over the decade and a half since the global financial crisis.

The Labour manifesto outlines that increasing productivity is a key component of its economic strategy and aims to address it through a modern industrial strategy that focuses on fostering innovation, investment in skills and enhancing business investment.

The Suffolk economy is worth £19 billion. Over the last decade, whilst overall output and population were growing incrementally, Suffolk has been trending below England averages for productivity. Up until 2019 the growth rate matched the England average but after that point the data shows the gap has widened with the England average growing faster. The Suffolk economy has a Gross Value Added (GVA) per job of £67,000, and a GVA per hour worked of £39, significantly lower than the England average of £78,000 and £46 respectively.

Improved productivity can significantly boost economic growth by enhancing the efficiency and effectiveness of producing goods and services. It drives output, job creation, wages, competitiveness and innovation - all of which contribute to social equality, environmental sustainability and a robust and growing economy.

The scale of the productivity prize is significant. If Suffolk was operating at the same productivity rate as the England average, it would contribute an additional £3.2bn to the economy each year.

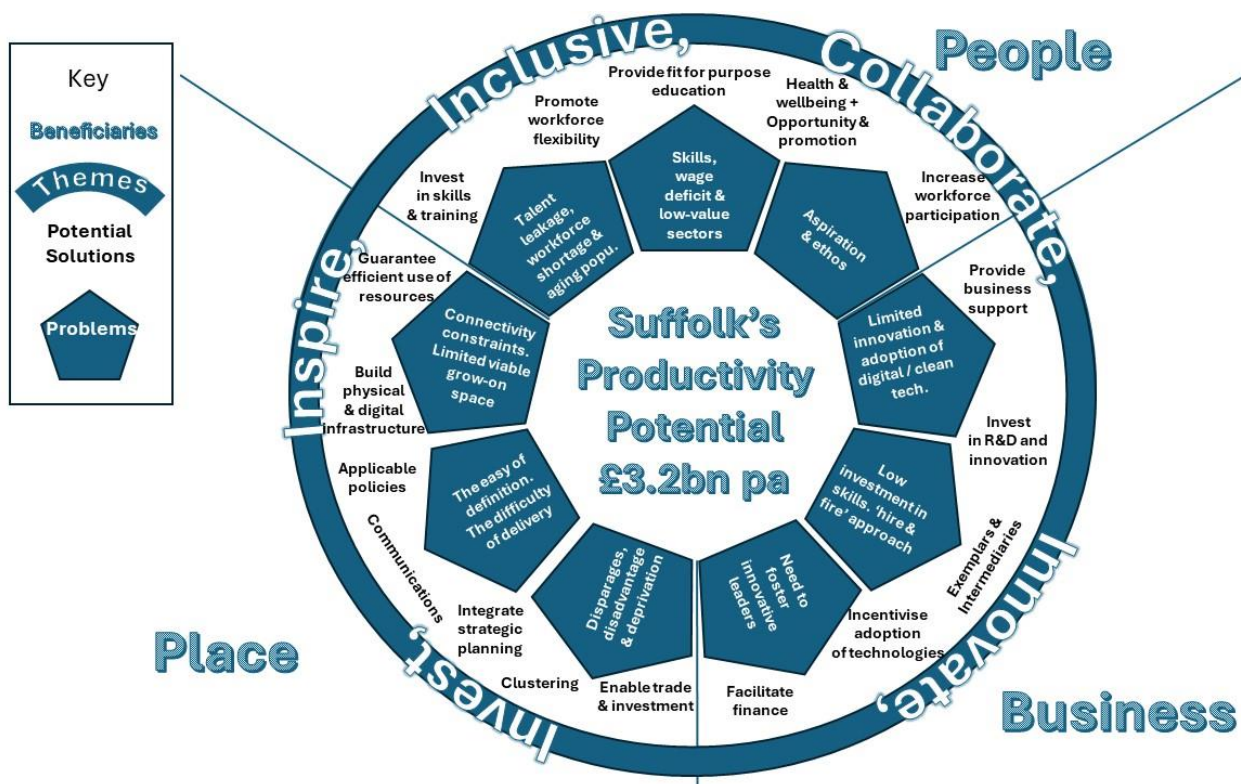
What role should productivity play in the Suffolk Economic Strategy?

Productivity should be one of the principal outcomes of the Suffolk Economic Strategy, along with prosperity and sustainability. It is one of the key drivers of long-term economic growth and should be considered in conjunction with the other key enablers given the intrinsic relation to seven capitals:

- human capital - workforce development and growth,
- physical capital - infrastructure and connectivity development,
- knowledge capital – technology, innovation and adoption,
- social capital – inclusion, opportunity, entrepreneurship, leadership,
- natural capital – resources, environmental management, and sustainability
- institutional capital- a conducive policy environment, on all levels, along with trade and global integration - exports, imports and foreign direct investment (FDI),
- financial capital - investment

How could we increase productivity in Suffolk?

The following diagram illustrates the key challenges that contribute to low productivity in Suffolk and some of the levers that could help shift the dial. There is much detail in this picture and so it requires careful consideration.



A wide range of interventions already exist in Suffolk that aim to address the challenges- Skills Bootcamps, Better Work and Health programmes, Careers Hubs, DigiTech Centre, Connected Innovation, Growth Hub, Sector Networks (NAAME, Space East) and Industry Councils, Norfolk and Suffolk Unlimited, GENERATE, Funding programmes such as Growth Through Innovation, Business Transition To Net Zero – to name a few. However, continuous improvement is needed to accelerate productive growth and close the gap with the England average. Better alignment and integration of these interventions would enhance efficiency and effectiveness as a starter.

The Strategy needs to be clear on where growth should happen, who contributes and its benefits, to ensure **inclusivity**.

Focus and **collaborate** on the biggest opportunities that deliver the best drivers for growth.

Set a clear compelling offer to attract and **inspire** people, business and investment and with a robust plan to promote the offer.

Set a clear direction to **invest** in workforce and sector development, physical and digital infrastructure, and innovation.

Enhance institutional quality and governance through progressive **collaboration** and integration.

Drive **innovation** and digital & clean technology adoption; capitalising on Suffolk's competitive advantages.

Recommendations

1. The three outcomes / measurements of the Strategy should be:

Prosperity - a stronger economy, for all

Productivity - a smarter economy achieving work/life balance

Sustainability - an economy for future generations

2. Communication is key. To ensure the strategy is delivered far and wide (and that Productivity remains at the forefront of actions) significant resources should be allocated to promotion, marketing, facilitation, challenging paradigms, sharing best practice.

3. Knowledge share. Suffolk Economy should join force with neighbouring areas to further understand the productivity puzzle, inform research on productivity, offer to be a test bed for solutions and work to address regional disparities, by having Board Member and officer representation on the East Anglia Productivity Forum.

Oliver Paul & Lisa Roberts, July 2024