

Kent & Medway Local Growth Plan Evidence Base

Kent & Medway Economic Partnership

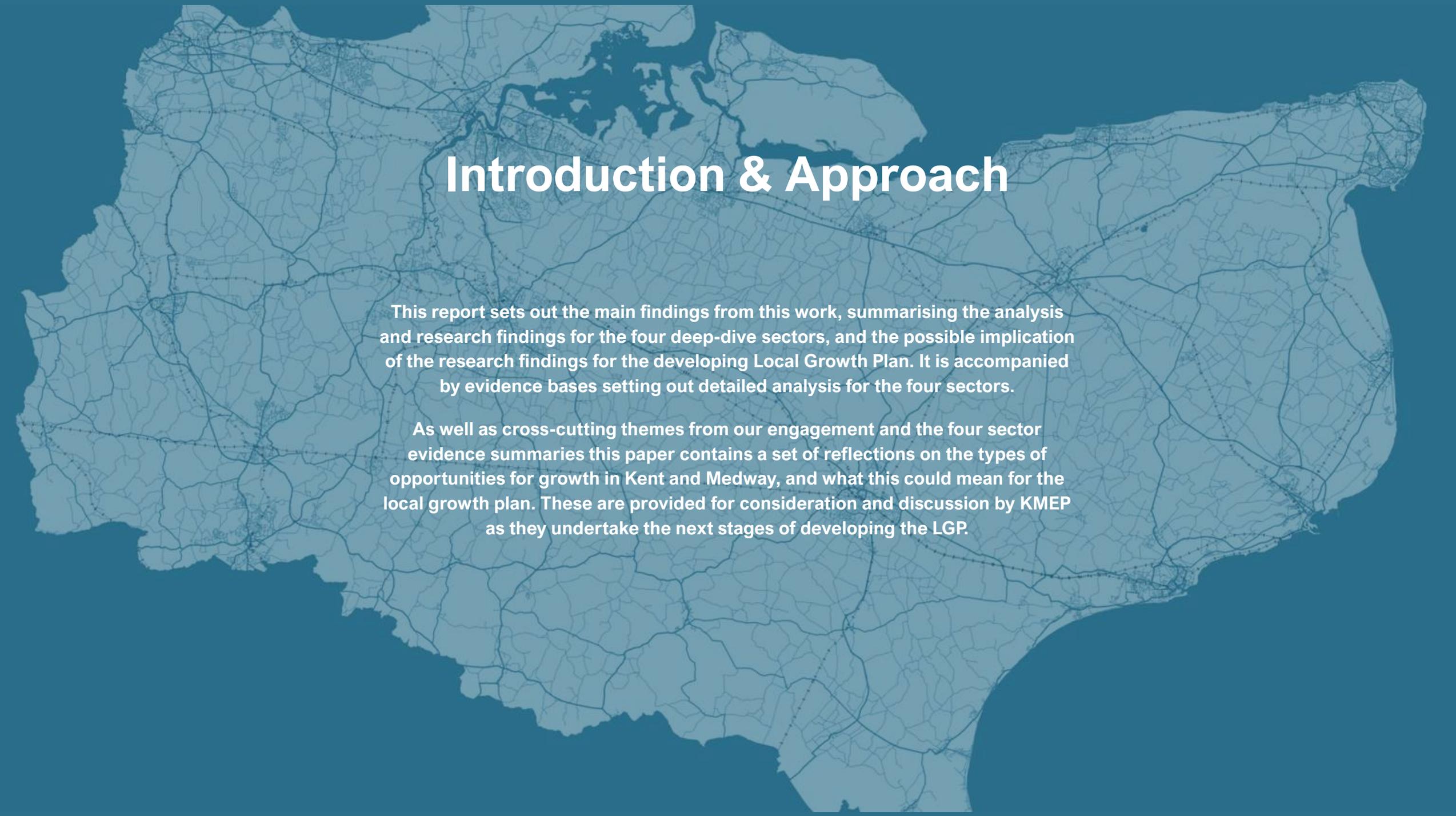
Final Report



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Introduction & Approach

This report sets out the main findings from this work, summarising the analysis and research findings for the four deep-dive sectors, and the possible implication of the research findings for the developing Local Growth Plan. It is accompanied by evidence bases setting out detailed analysis for the four sectors.

As well as cross-cutting themes from our engagement and the four sector evidence summaries this paper contains a set of reflections on the types of opportunities for growth in Kent and Medway, and what this could mean for the local growth plan. These are provided for consideration and discussion by KMEP as they undertake the next stages of developing the LGP.

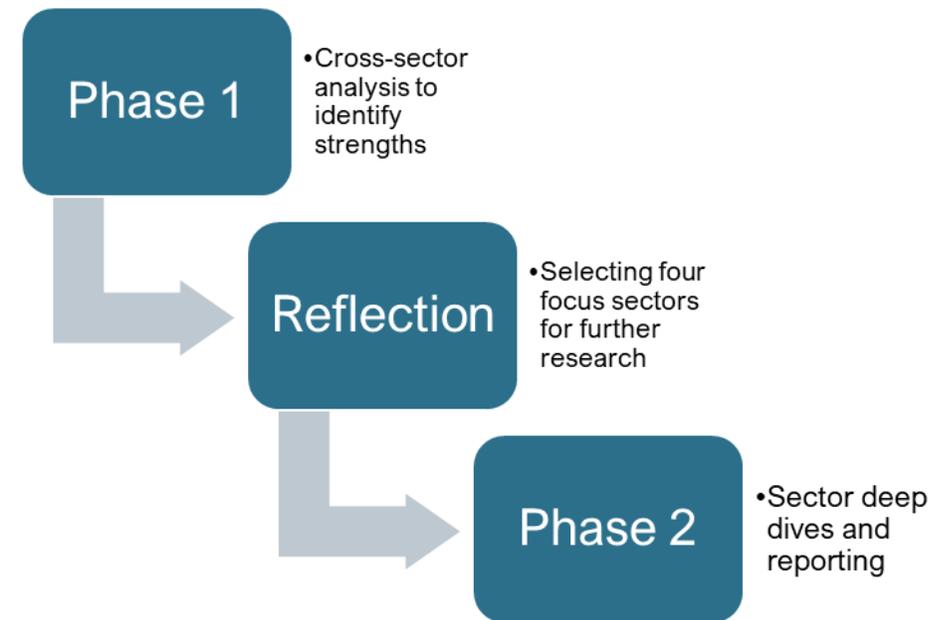
Introduction

Metro Dynamics were appointed to deliver sector research and evidence to support the development of a Local Growth Plan for Kent and Medway in October 2025. The work was structured in two phases; baseline sectors analysis followed by a set of evidence deep dives of sectors chosen following the baseline.

The first phase, completed in November 2025, was a detailed analysis of the sectoral composition of the economy, and the size and performance of industrial strategy sectors in Kent and Medway looking at scale, degree of specialism and the growth trajectory of sectors.

This analysis showed that while the county has a large and diverse economy, it has a below national share of employment (18.3%) in the 8 industrial strategy sectors, which presents challenges for alignment of the Local Growth Plan to national priorities and funding. Because of its gateway role and the scale of some projects Kent and Medway doesn't necessarily compete with UK locations, for many of its distinctive strengths the competition is international – shipping agents could be based in Singapore or Sri Lanka, distributions uses in France etc. Analysis of the overall composition of the economy showed that there are strengths and areas of comparative advantage for Kent and Medway in sectors that drive demand/need for technology and innovation, and some which are important enablers for IS-8 sectors.

It was agreed that the deep dives would focus on Energy, Ports, Transport and Logistics, Agri-Food and Agri-Tech and Digital and Technologies, sectors where Kent and Medway has clear, demonstrable strength to build on.



The ask:

To systematically identify and prioritise key or 'driver' sectors within the regional economy to inform the Local Growth Plan and linked Investment Priorities.

The growth mission & sectors

Whilst growth in general is a central objective, both the Industrial Strategy and the duty to produce Local Growth Plans (LGPs) make clear that government is seeking a particular type of growth.

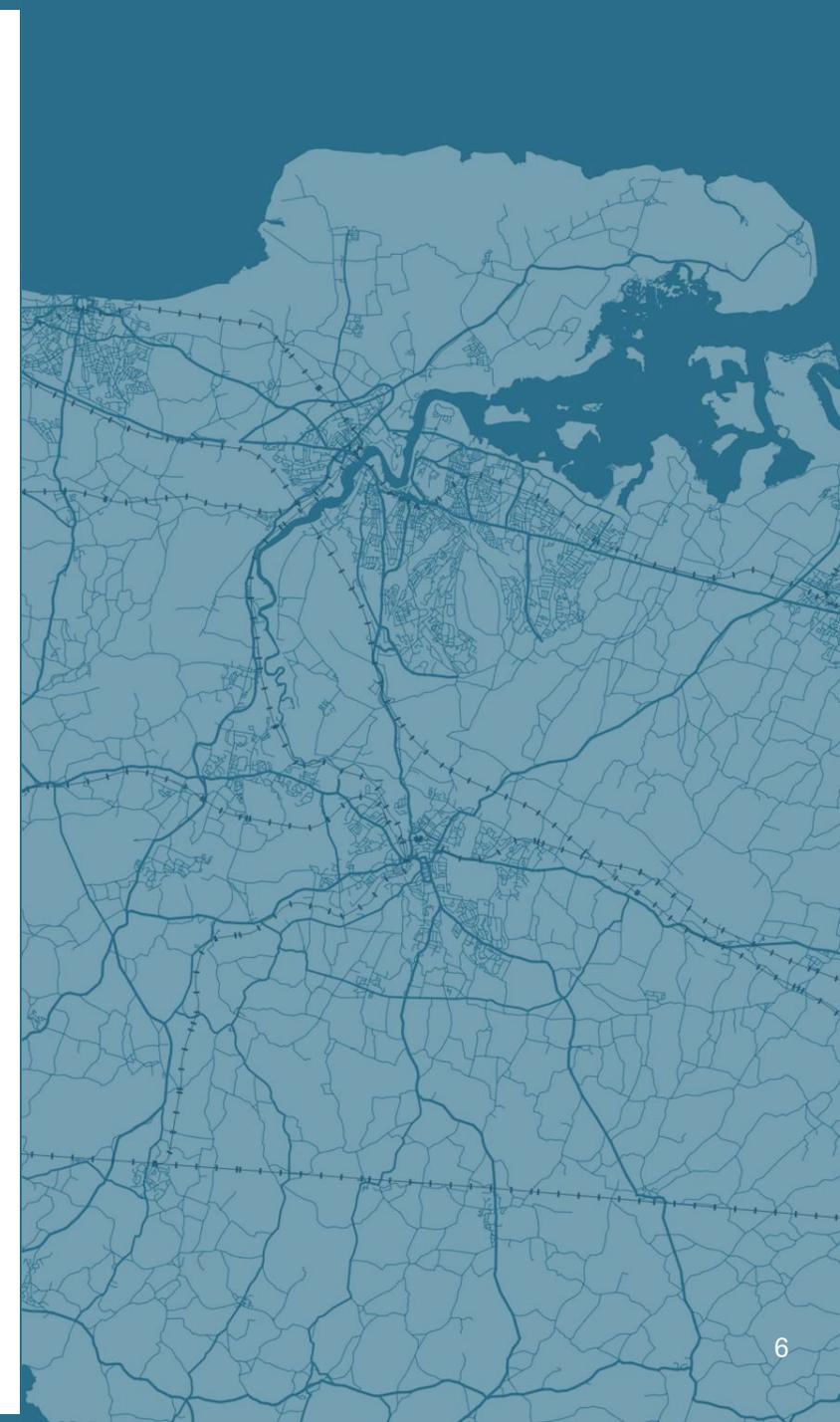
This is growth that is **productive, innovation-led and export-oriented** and capable of improving the UK's competitiveness and resilience, rather than simply expanding economic activity in volume terms.

Government's focus is on 'growth-driving sectors', those able to push the productivity frontier, anchor investment and innovation, and deliver spillovers into supply chains and local economies.

This approach is intended to generate transformational growth, bringing positive change to the structure and performance of a place's economy. I.e. Not *just* more of the same.

In an LGP this means Govt. ...

... <i>is</i> looking for...	... <i>is not</i> primarily looking for...
<p>Productivity-led growth: sectors that can move up the value chain, adopt new technologies, and increase output per worker.</p>	<p>Pure employment expansion in low-productivity activities.</p>
<p>Innovation-led growth: sectors linked to R&D, new technologies, and higher value-added products or services.</p>	<p>Maintenance of existing, low-innovation business models.</p>
<p>Export and tradability: sectors competing in national or global markets, generating external income and investment.</p>	<p>Activities serving only local demand with limited growth spillovers.</p>
<p>Sustainable and resilient growth: sectors aligned with energy resilience or economic security goals.</p>	<p>Short-term or carbon-intensive growth models lacking long-term viability.</p>
<p>Cluster-based and place-specific growth: building on distinctive local strengths and assets.</p>	<p>Generic sector support without regard to local comparative advantage.</p>
<p>Strategic growth: sectors that strengthen supply chains, drive technological diffusion, and enhance national missions.</p>	<p>Fragmented or defensive support for declining sectors.</p>



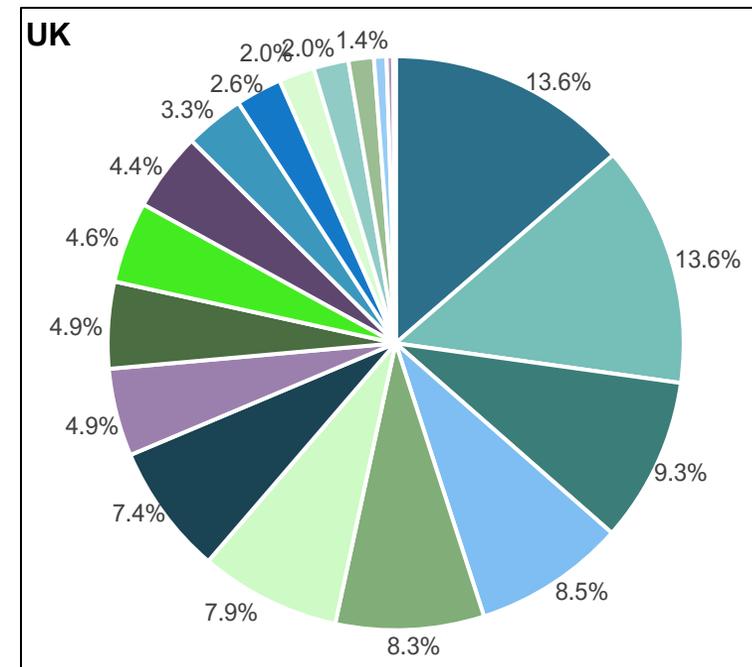
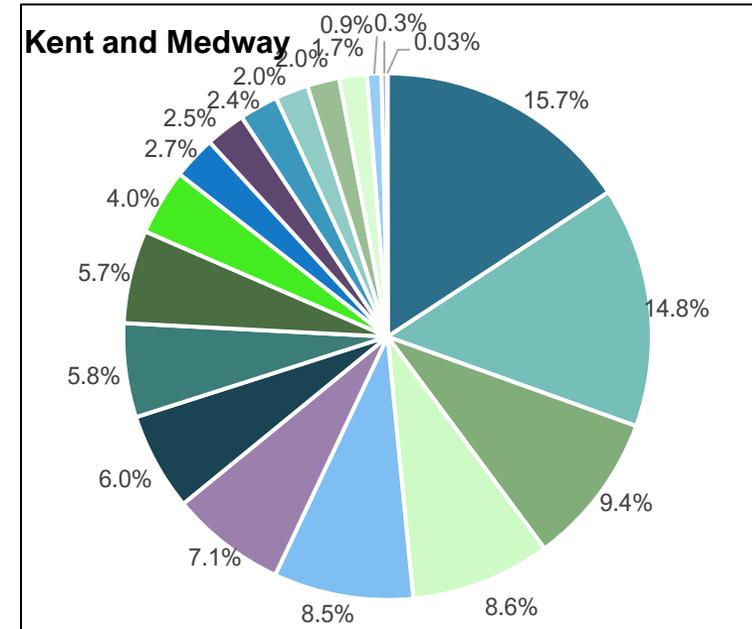
Sector make-up of the economy - Employment

This graph shows the sector profile of Kent and Medway by broad sectors of the economy, compared to the UK breakdown.

The sub region has a diverse sector profile. Employment is dominated by wholesale and retail trade; repair of motor vehicles and motorcycles and human health and social work activities. These sectors account for a slightly larger share of the workforce locally than across the UK. This sector mix points to a broadly service oriented economy, making up a substantial proportion of the workforce.

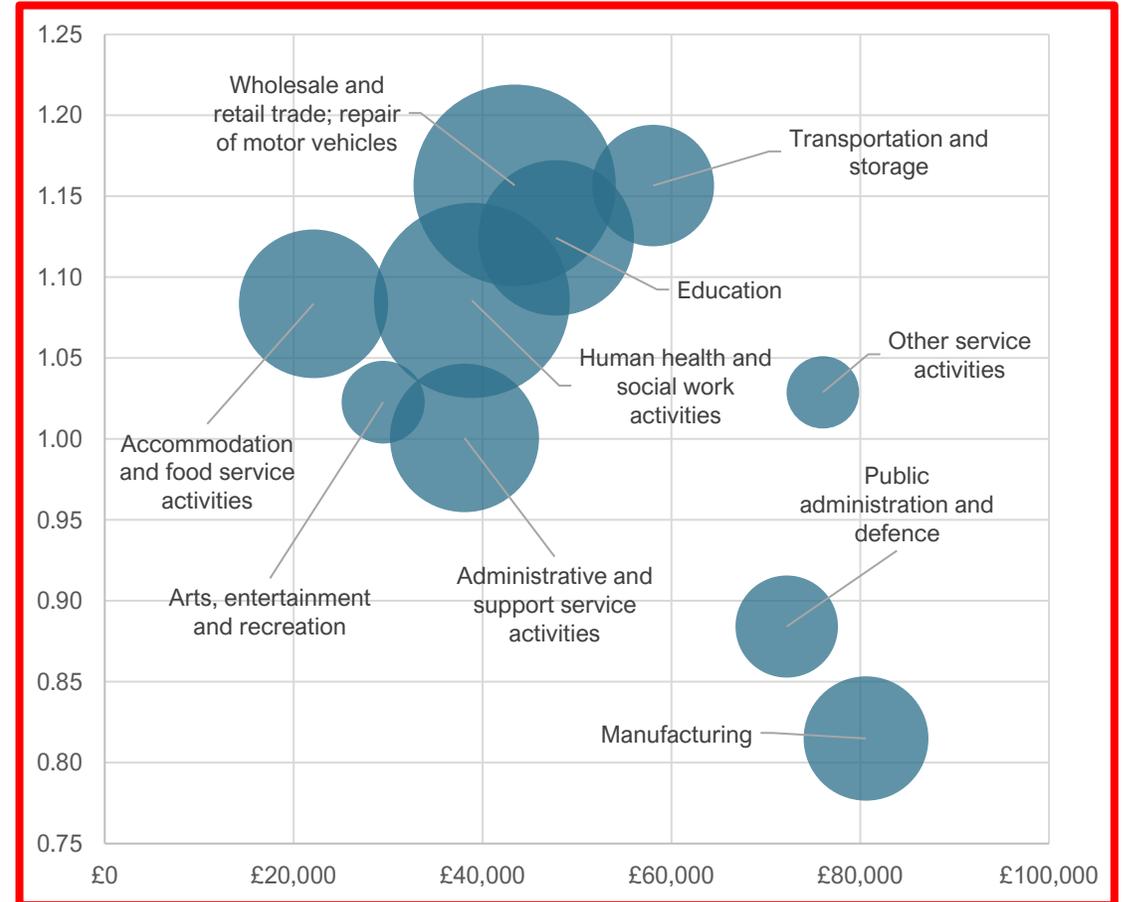
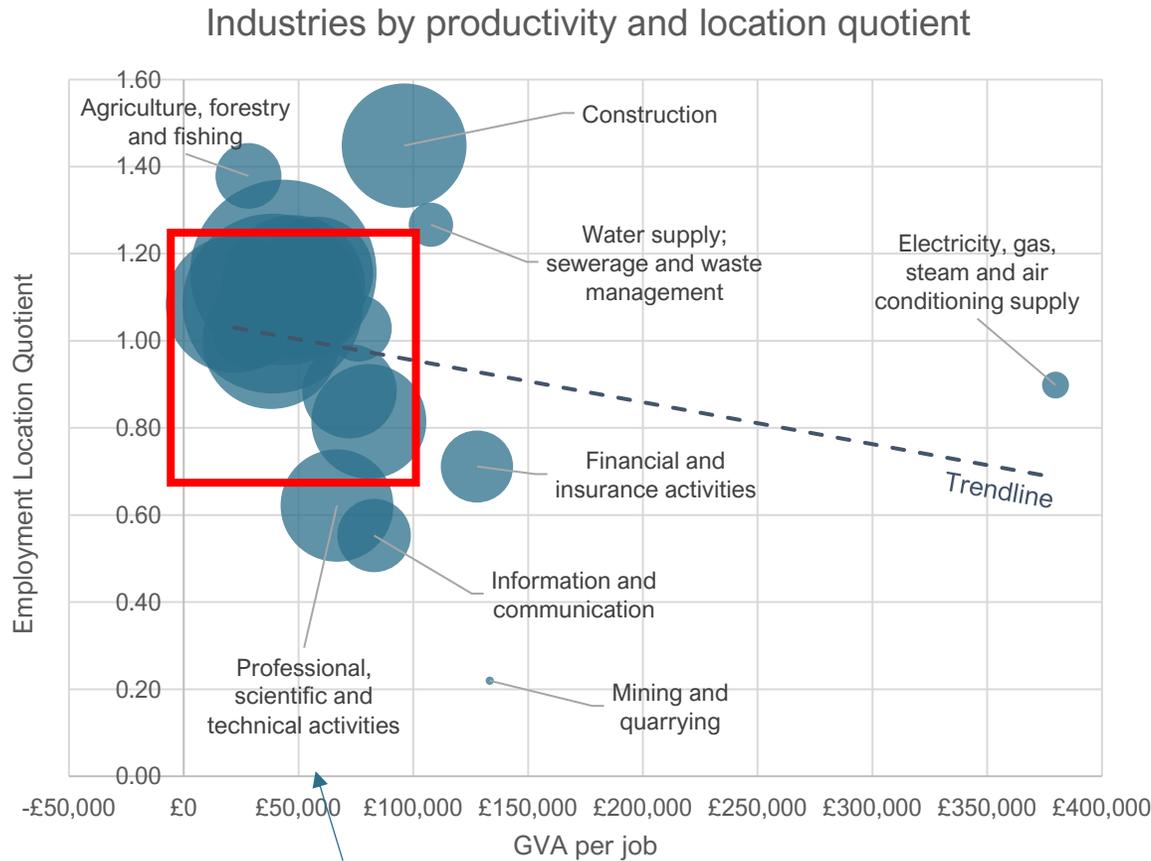
Education, and accommodation and food services make up a slightly higher share of employment than in the national picture. Construction is also notably higher at 7.1% compared to 4.9% nationally.

Kent and Medway has a lower proportion of employment in professional, scientific and technical activities, with 5.8% locally compared to 9.3% of employment across the whole of the UK; information and communication activities also form a smaller proportion of the local economy relative to the UK average.



- Wholesale and retail trade; repair of motor vehicles and motorcycles
- Human health and social work activities
- Education
- Accommodation and food service activities
- Administrative and support service activities
- Construction
- Manufacturing
- Professional, scientific and technical activities
- Transportation and storage
- Public administration and defence; compulsory social security
- Arts, entertainment and recreation
- Information and communication
- Financial and insurance activities
- Other service activities
- Agriculture, Forestry and Fishing
- Real estate activities
- Water supply, sewerage, waste management and remediation activities
- Electricity, gas, steam and air conditioning supply
- Mining and Quarrying

High value industries are generally less specialised



The Sector Growth Index aggregates five-year changes to employment, business counts, GVA, productivity and concentration (Location Quotients for employment and businesses) to assess how Kent and Medway's sectors changed between 2018 and 2023.

For each growth measure:

Condition	Score
Growing and faster than GB	1.5
Growing and equivalent to GB	1.0
Growing but slower than GB; or Static but GB declining	0.5
Static	0.0
Static but GB growing; or Declining but slower than GB	-0.5
Declining equivalent to GB	-1.0
Declining and faster than GB	-1.5

A systematic analysis to identify growing sectors

The Sector Growth Index analyses whether a sector is seeing significant growth (>2% Compound Annual Growth Rate - CAGR) in any of employment, business counts, GVA and productivity (GVA per job) and considers the level of growth versus national trends. If the sector is growing significantly faster than the GB average, it gets a higher score.

The maximum score is 7, indicating that a sector has seen growth across all measures, each of which is growing faster than the national average. -7 is the lowest possible score, reflecting a decline across all measures.

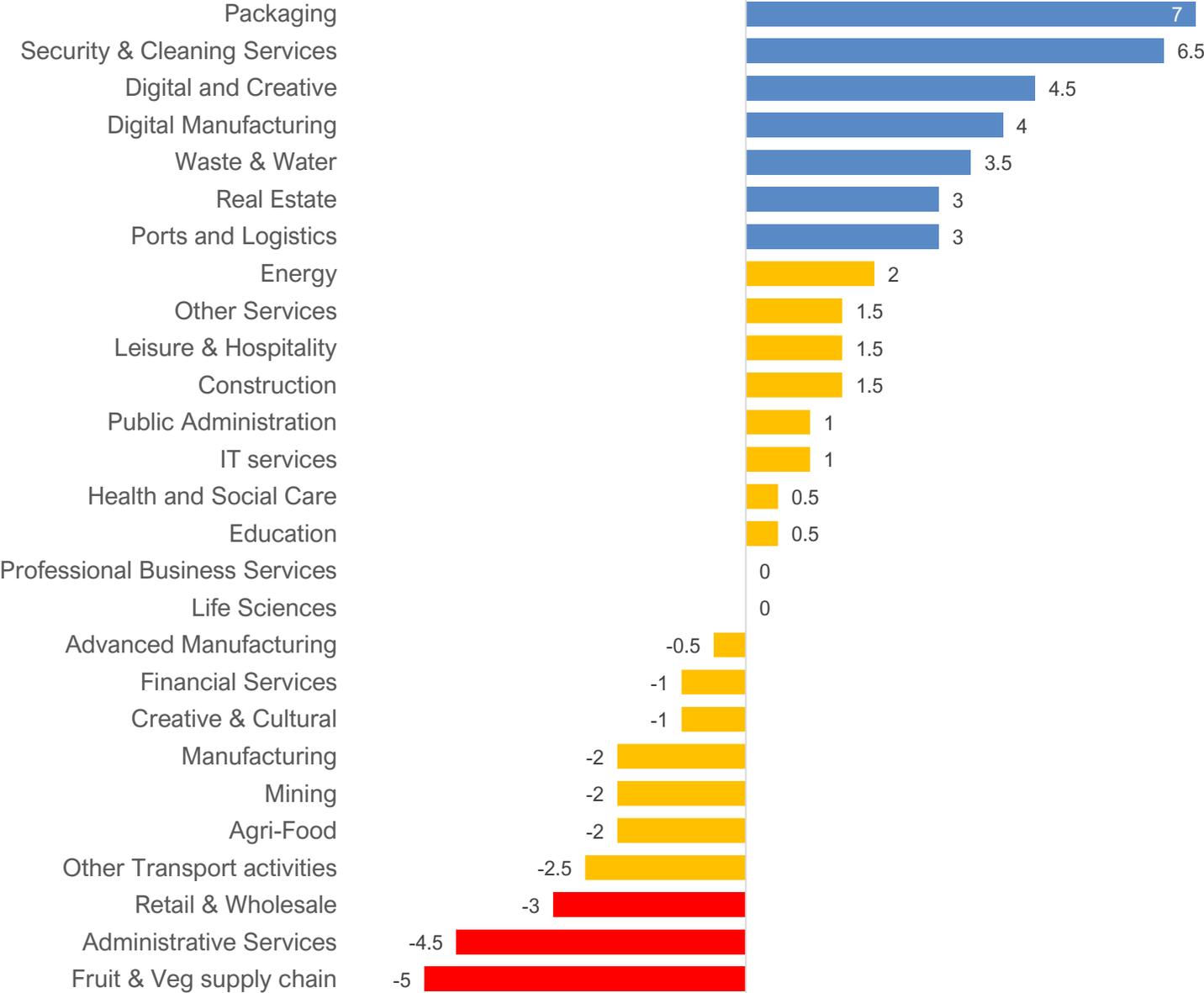
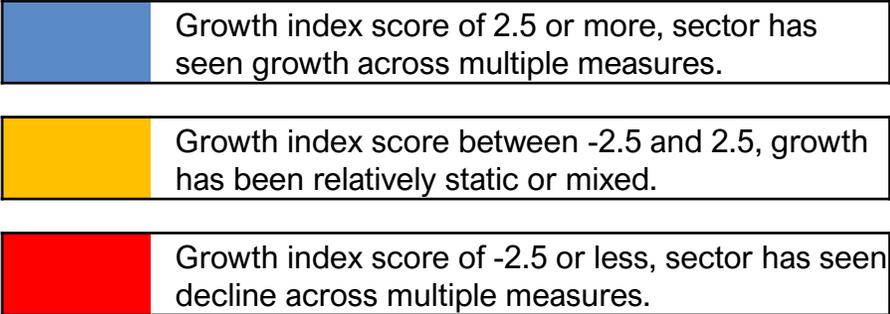
Bespoke sector definitions have been constructed by classifying 5-digit SIC codes into 27 sector groups, reflecting the full economic picture in Kent and Medway. The selection of sectors includes foundational sectors and specific sectors relevant to Kent and Medway's economy, such as ports and logistics, or the fruit and vegetable supply chain.

All sectors analysed are mutually exclusive, meaning there is no crossover, and add up to total employment in the region. For example, manufacturing activities within agri-food, digital energy and life sciences are excluded from the manufacturing definition, despite still being in the same broad industry group previously analysed. In some cases, activities which work across multiple key sectors have been broken out, such as digital and creative sectors or digital manufacturing, both cutting across creative industries, digital and technologies and advanced manufacturing.

Growth in the digital supply chain and logistics

When aggregating growth performance across measures, packaging activities are growing the most, seeing growth across all measures, though from a small base. Significant growth has also been seen within the digital supply chain, particularly in creative and manufacturing activities, whereas growth in IT services are mixed. Ports and Logistics have also experienced notable growth, with growing employment and businesses, but a weakening productivity, particularly in maritime activities.

The fruit and vegetable supply chain have the lowest score, seeing declines in several measures, with some declines seen in the wider agri-food sector.



Source: ONS, Business Register and Employment Survey (BRES), 2023; ONS, UK Business Counts, 2023; ONS, Regional gross value added (balanced) by industry: all ITL regions, 2023..



Strong GVA growth in digital sectors

Sector	Employment growth	Business growth	GVA growth	Productivity growth	Concentration growth	Growth Index Score
Packaging	11.8%	21.3%	23.1%	10.1%	15.3%	7
Security & Cleaning Services	3.9%	3.9%	12.6%	8.4%	5.2%	6.5
Digital and Creative	6.0%	5.9%	5.9%	0.0%	4.2%	4.5
Digital Manufacturing	3.4%	-1.6%	7.1%	3.6%	0.0%	4
Waste & Water	2.0%	5.4%	1.7%	-0.3%	5.4%	3.5
Ports and Logistics	4.7%	4.0%	-1.0%	-5.4%	10.2%	3
Real Estate	2.9%	3.9%	1.1%	-1.7%	-0.3%	3
Energy	-3.2%	2.5%	1.7%	5.1%	-1.9%	2
Leisure & Hospitality	3.9%	2.7%	0.4%	-3.4%	1.7%	1.5
Construction	1.6%	3.0%	1.9%	0.3%	-1.1%	1.5
Other Services	1.9%	-1.5%	2.1%	0.2%	-1.0%	1.5
Public Administration	3.8%	1.1%	1.4%	-2.3%	-2.2%	1
IT services	1.5%	-3.5%	5.3%	3.8%	-0.9%	1
Health and Social Care	3.3%	0.2%	0.5%	-2.7%	-0.1%	0.5
Education	-0.2%	1.0%	1.9%	2.1%	-5.4%	0.5
Professional Business Services	-0.5%	-1.5%	1.8%	2.3%	-6.8%	0
Life Sciences	0.0%	-0.4%	2.0%	2.0%	-13.7%	0
Advanced Manufacturing	-1.3%	-2.8%	0.8%	2.1%	-0.2%	-0.5
Financial Services	-1.5%	0.8%	-1.7%	-0.2%	-6.7%	-1
Creative & Cultural	-3.8%	1.4%	1.0%	4.9%	-10.4%	-1
Agri-Food	-0.6%	-1.3%	-1.6%	-1.1%	-6.1%	-2
Manufacturing	-2.3%	0.3%	-2.0%	0.3%	-2.6%	-2
Mining	-3.5%	4.6%	-11.5%	-8.3%	11.3%	-2
Other Transport activities	-1.4%	5.5%	-2.5%	-1.1%	-14.0%	-2.5
Retail & Wholesale	-1.0%	1.1%	-3.7%	-2.7%	-2.4%	-3
Administrative Services	-2.4%	0.1%	-2.5%	-0.2%	-5.2%	-4.5
Fruit & Veg supply chain	-4.8%	-1.4%	-6.3%	-1.6%	-14.8%	-5
Total	1.7%	1.0%	0.8%	-0.9%	0.0%	0.5

This table shows the compound annual growth rates for each metric over a five-year period (2018-2023), ordered by the overall growth score.

The table highlights the significant growth in packaging activities, demonstrating the strongest growth of all sectors in each metric, though from a smaller base. Digital sectors are also showing strong growth, particularly in employment and GVA, but declining businesses in manufacturing and IT. Ports and Logistics have seen significant increases to size and concentration, but concerning trends in productivity, driven by the maritime sector.

Declines can be seen in the fruit and vegetable supply chain across most multiple measures, which is also seen to a lesser extent in other agri-food activities. Kent and Medway have seen declining concentration of activities in some key sectors including life sciences, financial services and creative and cultural activities.



High growth scores in more concentrated sectors

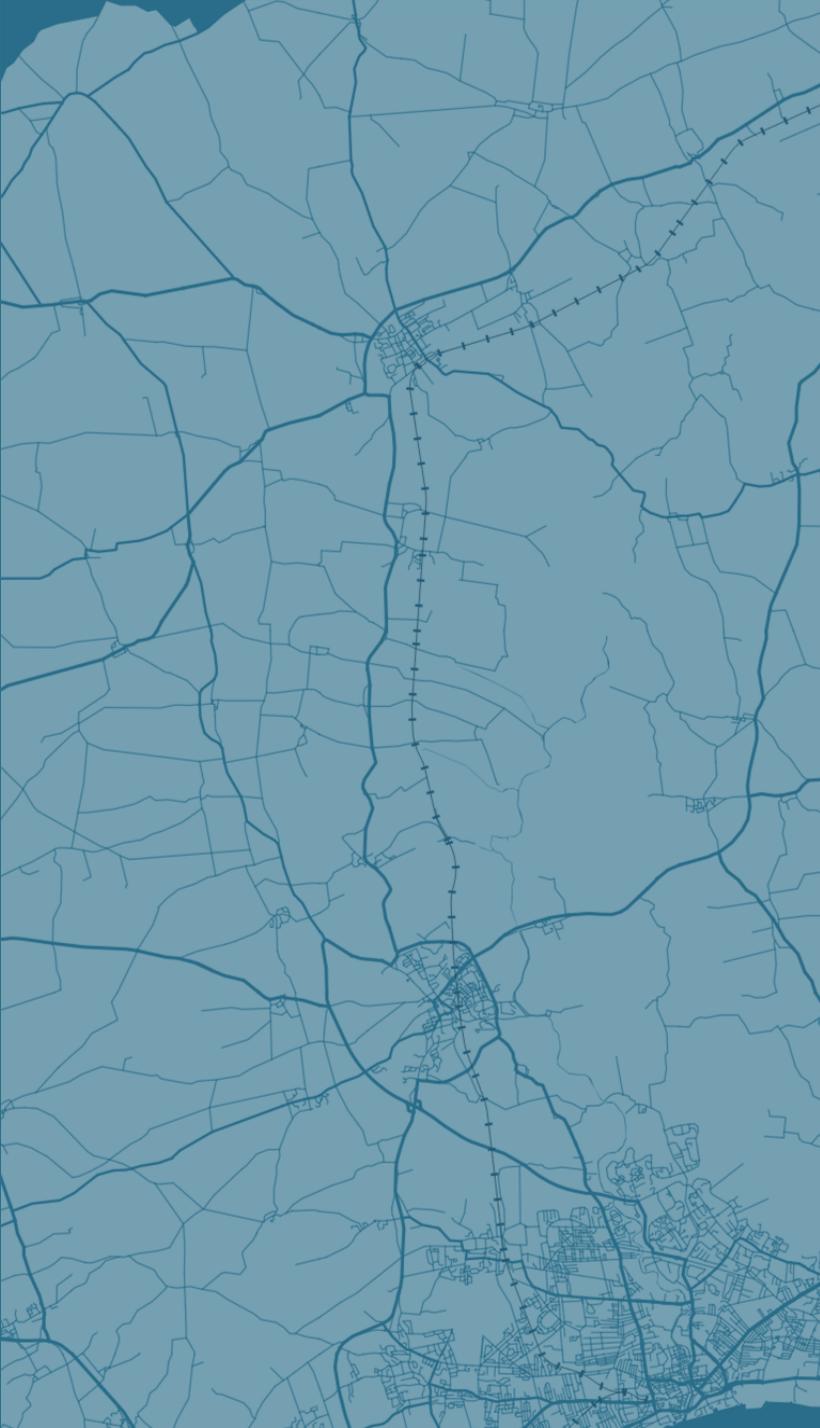
Sector	Employment	Businesses	GVA (£ millions)	Productivity	Average concentration
Packaging	1,750	105	£151	£86,359	1.22
Security & Cleaning Services	29,500	2,005	£618	£20,949	1.23
Digital and Creative	3,005	880	£152	£50,652	0.67
Digital Manufacturing	5,000	175	£631	£126,110	1.30
Waste & Water	6,810	325	£736	£108,076	1.32
Ports and Logistics	29,480	2,185	£1,814	£61,526	1.20
Real Estate*	12,850	2,585	£8,790	£684,047	0.84
Energy	2,945	85	£989	£335,858	0.66
Leisure & Hospitality	89,390	6,790	£2,573	£28,787	1.00
Construction	5,2815	13,660	£5,201	£98,476	1.38
Other Services	11,240	1,450	£679	£60,366	0.97
Public Administration	31,700	285	£2,239	£70,631	1.12
IT services	17,560	3,675	£1,470	£83,738	0.75
Health and Social Care	114,000	2,915	£4,402	£38,614	1.04
Education	71,835	1,290	£3,424	£47,660	1.09
Professional Business Services	27,925	7,210	£1,552	£55,573	0.78
Life Sciences	5,575	250	£617	£110,646	0.78
Advanced Manufacturing	15,255	2,260	£1,255	£82,267	0.83
Financial Services	17,680	1,490	£2,321	£131,278	0.81
Creative & Cultural	9,510	3,190	£769	£80,840	0.82
Agri-Food	58,425	3,645	£2,199	£37,635	0.91
Manufacturing	24,670	2,585	£1,718	£69,631	0.99
Mining	255	25	£32	£125,490	0.52
Other Transport activities	15,680	1,340	£739	£47,139	0.96
Retail & Wholesale	77,095	7,705	£3,440	£44,617	1.02
Administrative Services	31,395	4,180	£1,520	£48,424	0.92
Fruit & Veg supply chain	4,905	730	£249	£50,793	1.85
Total	768,000	73,045	£50,300	£65,495	1.00

This table summarises the data produced for each sector at a static level in 2023. The sectors are colour-coded from most (blue) to least (red), ordered by their growth score.

Employment in Kent and Medway is concentrated in large service sectors, particularly health and social care, leisure and hospitality, retail and wholesale, and education, accounting for 46% of total employment. These sectors also have relatively high business counts (with the exception of education) but some of the lowest productivity levels.

The sector with the largest number of businesses is construction, with relatively high productivity, and significant specialism, 38% above the national average. Professional business services holds the second greatest number of businesses, though this lacks any particular specialism.

The most specialized sector is fruit and veg supply chain at 85% higher than GB average. Waste and Water and digital manufacturing also hold significant specialisms in the region at 32% and 30%.



Grouping focus sectors

We aggregated the data collected from this research to identify key sectors with significant strengths or potential growth opportunities in Kent and Medway. The growth index methodology has been used to identify key sectors, in some cases grouping together previously split out activities across multiple supply chains, with consideration for contribution towards the industrial strategy sectors and innovation and investment strengths.

The following pages highlight a long list of seven key sectors with potential opportunities, containing key metrics, rationale for selection and relative performance in size, value, concentration and growth. Of these sectors, four sectors were identified as key focus sectors for more in depth research and analysis.



Our analysis has highlighted a number of sectors where there are potential opportunities

Agri-food & Agri-tech				Construction				Creative				Digital & Technologies			
															
Employment	Business	Value		Employment	Business	Value		Employment	Business	Value		Employment	Business	Value	
65,000	4,200	£37,600		52,800	13,700	£98,500		12,500	4,100	£73,600		25,380	4,590	£84,900	
<p>One innovation cluster identified by DSIT. Large employer, with a high business count, but lower value than other sectors. Significant strengths in the fruit and vegetable supply chain, packaging activities and FoodTech. Growth trends are mixed and the sector encompasses more breadth than agri-tech in the industrial strategy.</p>				<p>High employment, with especially large business counts. Large concentration in Kent and Medway with particular strengths in transport infrastructure and modular construction. Value is also higher than average, with some growth to businesses. However, sector is considered foundational with fewer tradeable opportunities.</p>				<p>Highly tradeable sector and supports national strategies. Business counts are significant, but relatively small in size. Value is slightly above average, but not significant. However, concentration is low and decreasing due to falling employment. Growth is weak overall, but positive trends in the digital and creative industries.</p>				<p>DSIT identified three innovation clusters. Employs a significant number of people, with several businesses. Value is relatively high, and several businesses receive equity investment. Concentration is weak overall, but strengths in manufacturing. Growth is positive, with notable growth in digital and creative and manufacturing activities.</p>			
Size	Val	LQ	Growth	Size	Val	LQ	Growth	Size	Val	LQ	Growth	Size	Val	LQ	Growth

*'Val' is short for value, using Gross Value Added (GVA) and GVA contribution per job. 'LQ' demonstrates relative specialisation in Kent and Medway via Location Quotient analysis, comparing the concentration of employment and businesses in the sector with the national average.



With sectors highlighted for different reasons

Energy			Life Sciences			Ports, Transport and Logistics					
 Employment 2,840	 Business 80	 Value £198,500	 Employment 5,600	 Business 250	 Value £110,600	 Employment 32,000	 Business 1,640	 Value £47,400			
<p>Though only a small sector, value is especially high, with a very large contribution to total GVA. Businesses are also more likely to receive equity funding. The sector also aligns with the industrial strategy, particularly with some clean energy strengths. Concentration is low, but the region is a nationally significant asset. Value growth is high, but size is decreasing.</p>			<p>The life sciences sector is a key area highlighted as part of the Industrial Strategy. The sector is high value, contributing lots to GVA and attracting equity investment to the region. Despite strong assets such as Kent Science Park and the Discovery Park, total concentration is below average, with decreasing businesses. Growth is stagnant overall unlike national trends.</p>			<p>Ports and Logistics employs a significant number of people, but business counts are lower. The value is also slightly below average, but higher than other foundational sectors. Benefitting from the coastal geography, the sector has a relatively high concentration and is a gateway to the EU. Growth overall is positive but warning signs seen in maritime, with decreases to value.</p>					
Size	Val	LQ	Growth	Size	Val	LQ	Growth	Size	Val	LQ	Growth

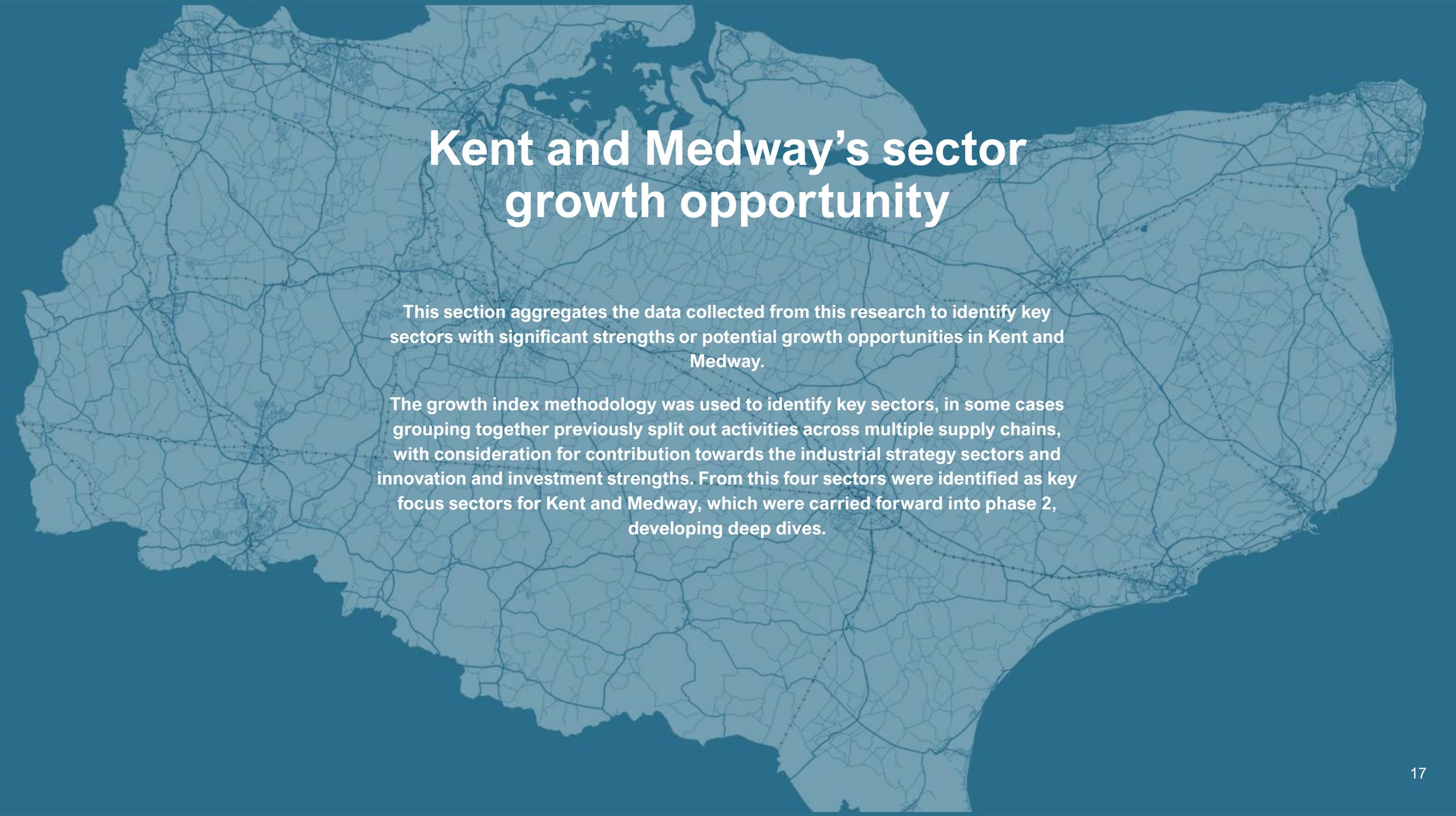
Focus sectors

Of the seven highlighted sectors four were selected for sector deep dives, to identify in more detail the growth opportunity for Kent and Medway from these sectors. These are; *Agri-food and Agri-Tech, Digital, Ports, Transport and Logistics, and Energy.*

Sector	Rationale
Agri-food and Agri-tech	An area of clear strength and comparative advantage, building on Kent’s natural endowment of high-quality agricultural land. The deep dive will be an opportunity to understand the position of Kent’s sector in the value chain and opportunities for growth.
Digital	Kent has a combination of strength across digital manufacturing, creative sectors and digital services which taken together account for a large amount of employment in high value activity.
Ports, Transport and Logistics	A large and growing sector, but one where productivity is lower than the sector nationally a focus on this sector is an opportunity to explore how the natural endowment Kent’s geography gives it can be leveraged into further growth driven by increase in value, not just in size.
Energy	Kent has a critical role in the national energy infrastructure and while small the sector is high in value and there are opportunities for future growth across multiple future energy forms.

The other three sectors, while not selected as part of this exercise, remain important parts of the Kent and Medway economy.

Life Sciences	A high value but relatively small sector which is very spatially concentrated and has decreased in size in recent years.
(Non-Digital) Creative	A large sector, spread across a wide range of activities and places, Digital creative has been included within the ‘digital’ focus sector.
Construction	A large employer and an area of relative strength, construction is not selected as a focus as its scope to grow is determined in large part by the performance and expansion of other parts of the economy, responding to economic conditions.



Kent and Medway's sector growth opportunity

This section aggregates the data collected from this research to identify key sectors with significant strengths or potential growth opportunities in Kent and Medway.

The growth index methodology was used to identify key sectors, in some cases grouping together previously split out activities across multiple supply chains, with consideration for contribution towards the industrial strategy sectors and innovation and investment strengths. From this four sectors were identified as key focus sectors for Kent and Medway, which were carried forward into phase 2, developing deep dives.

Collective opportunities across four focus sectors (I)

There are strong existing and emerging interdependencies between these sectors, creating opportunities for mutually reinforcing growth. When viewed together, their combined strengths present a more distinctive and transformative opportunity for Kent and Medway than when considered in isolation.

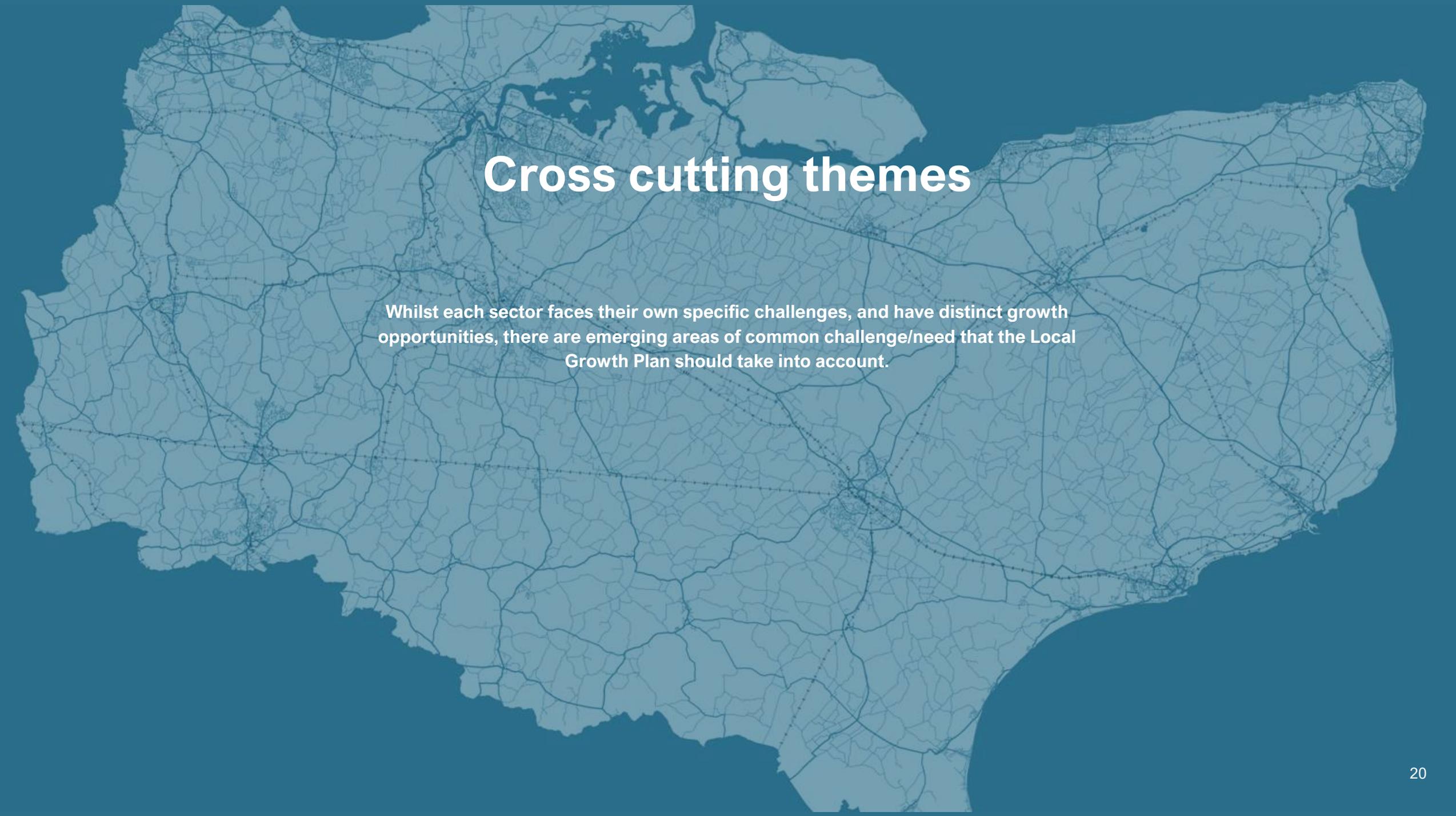
These four focus sectors each have their own assets, constraints and long-term trajectories. But the real opportunity for Kent and Medway lies not in treating them as separate domains, but in recognising the interconnections between them and the compound value created when they operate as a connected economic system. Together, they can form a mutually reinforcing network of demand, innovation, capability and supply chains. When considered collectively, they reveal a much larger growth and transformation opportunity for the county, building on its geography, infrastructure, research assets and business base. This includes:

- Ports as anchors for cross sector growth. Kent and Medway's ports (including Eurotunnel) can act as a driver across sectors. Electrification of the short straits creates an opportunity to attract new energy investment, the importing and processing of perishables (e.g. avocados) is an opportunity to expand the agri-food sector, the ports will drive logistics demand and demand for technology and activities that will underpin future logistics growth etc. They also play a key role in the ability to deliver the infrastructure that growth will require, enabling sustainable movement of goods via rail, road, air and river, supporting construction activity etc.
- Energy as the enabling backbone of sector transformation and growth. Reliable, resilient energy is fundamental to innovation across all sectors, powering automation, electrified freight, controlled-environment agriculture, digital infrastructure etc. The pace at which industries modernise will depend on the development of Kent and Medway's future energy system. Investment in energy solutions will also provide economy-wide benefits, particularly for logistics, manufacturing and agriculture, sectors that are both major consumers of power and potential early adopters of new energy technologies. If the county can work with government and providers to translate this into lower local energy costs, it would support existing businesses and strengthen the region's attractiveness for inward investment.

Collective opportunities across four focus sectors (II)

With strong existing and potential interdependencies, there are opportunity to generate mutually re-inforcing growth across these sectors, with the combination of strengths creating opportunities that are more distinct.

- Digital technology as the cross-sector accelerator: Digital solutions are a shared enabler of efficiency, innovation and productivity growth across ports, energy and agri-food. As these sectors modernise, digital capabilities are becoming increasingly embedded in their operations, from real-time logistics management to energy optimisation and precision agriculture. Digital firms also benefit from this demand, strengthening the region's innovation and creating growth opportunities in the digital sector through enabling growth elsewhere. With a strong and growing digital sector spanning manufacturing to IT services, Kent should look to maximise the opportunities for local digital firms to meet the needs of large sectors, building networks that span sectors, with a particular focus on how to create opportunities for SME's on both sides of the transaction, providing and receiving digital solutions.
- Agri-food as both a beneficiary and contributor to innovation. Advances across digital technologies and clean energy will benefit the agri-food sector, increasing productivity, lowering costs, and changing the scope of possible activities and the sector is a source of demand for new products and solutions. The strength of the sector in Kent and Medway and the enabling R&D infrastructure make it a strong testbed for innovation. The sector's scale and diversity create opportunities for trialling new technologies, strengthening supply-chain links with logistics and energy, and supporting more resilient and sustainable production systems. As agri-food businesses develop and adopt advanced technologies, they can reinforce demand for digital skills, technologies and energy solutions, helping accelerate wider transformation across the economy.
- Cross sector and regional collaboration to align skills provision and outreach to young people, presenting a more unified regional offer.



Cross cutting themes

Whilst each sector faces their own specific challenges, and have distinct growth opportunities, there are emerging areas of common challenge/need that the Local Growth Plan should take into account.

Fragmentation

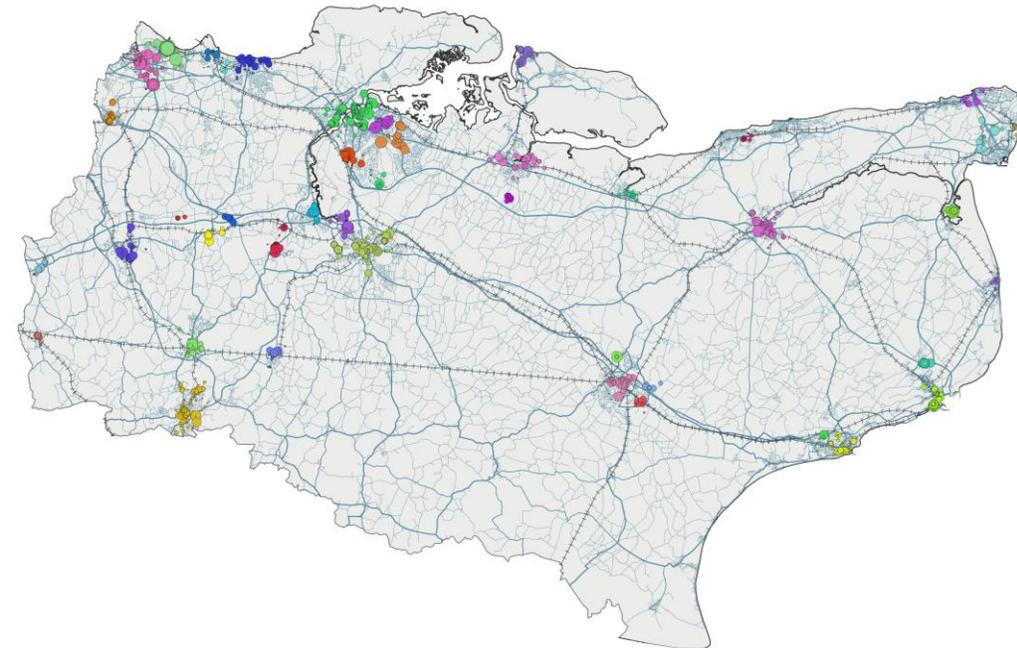
Kent and Medway is a large, polycentric place, with economic activity dispersed widely. Without a clear centre of gravity for the economy we see fragmentation in the economic and innovation system.

Stakeholders describe a landscape where businesses, universities, colleges, local authorities and infrastructure providers (e.g. ports) each hold pockets of capability, but operate in parallel rather than as a connected system.

Economic activity is dispersed with no clear commercial or sole innovation centre of gravity, making it difficult to form clusters, sustain collaboration or present a unified proposition to investors.

This fragmentation shows up in inconsistent business support, unclear pathways into skills and research assets, weak integration between border operations and local supply chains, and a lack of mechanisms to translate major projects into wider innovation spillovers.

Spatial concentrations of emerging economy businesses in Kent & Medway



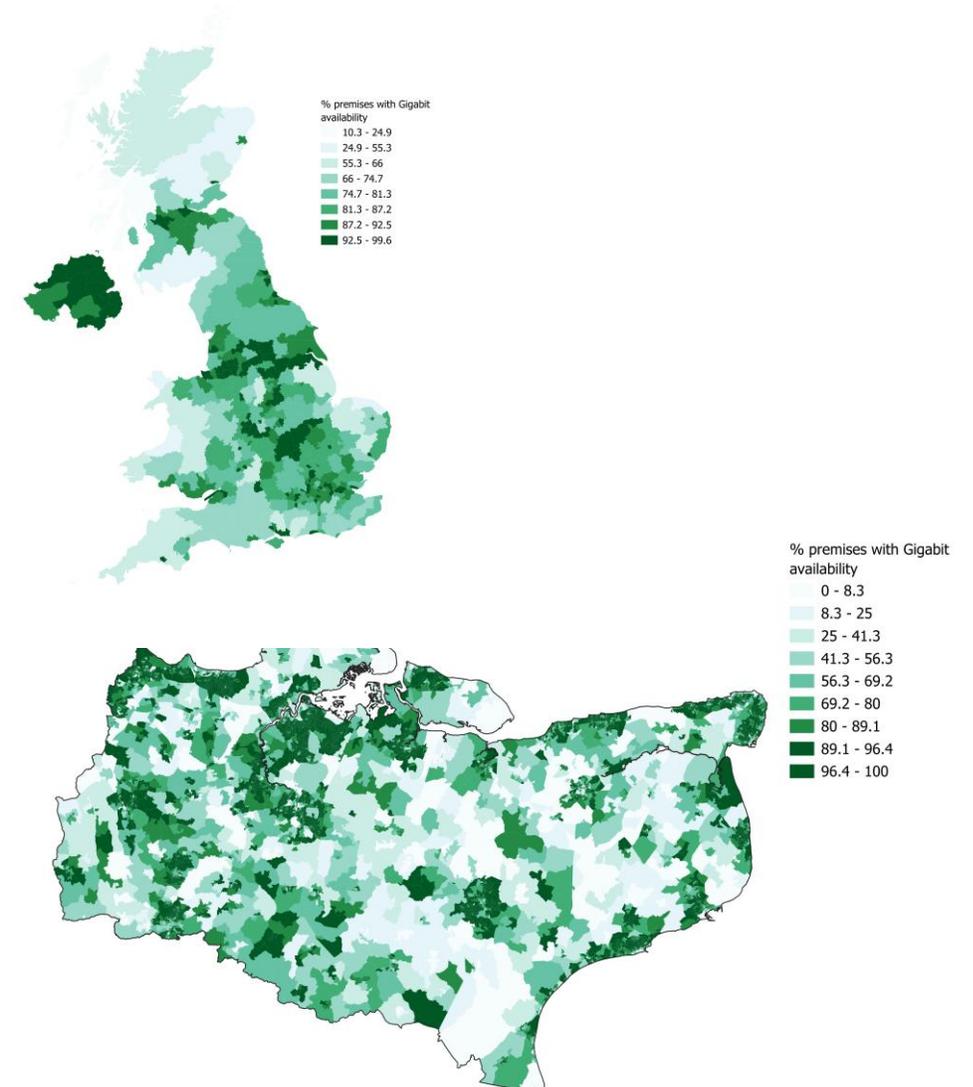
Note: Colours represent different spatial concentrations of businesses

Infrastructure needs (I)

Kent and Medway face a number of infrastructure challenges that influence the region’s capacity to support innovation, sector growth and long-term economic resilience.

- **Space constraints:** Stakeholders repeatedly highlight a shortage of suitable space including innovation facilities, incubation and grow-on space to support new and growing firms, and flexible space to enable collaboration and act as hubs for sector activity.
- **Digital Connectivity:** Digital infrastructure is inconsistent across the region, especially in rural and semi-rural areas. Poor broadband reliability and limited high-speed connectivity constrain business productivity, inhibit digital adoption, and limit the growth of data-intensive sectors such as creative digital, cyber, and advanced manufacturing. This unevenness also affects education providers’ ability to deliver digitally-enabled training at scale.
- **Water Supply & Treatment:** water supply challenges, along with treatment of water effluent, are a serious constraint for future economic growth, with investment needed to balance future supply and demand, and to enable growth.

% of premises with Gigabit availability



Infrastructure needs (II)

- **Energy capacity and affordability:** Across stakeholder groups, there is recurring concern about insufficient grid capacity, long lead-in times for new connections, and the high cost of energy. These constraints affect the growth by delaying development and by acting as barriers to technology and innovations like controlled-environment agriculture, robotics, and electrified production.
- **Transport capacity, connectivity and reliability:** Parts of the strategic transport network experience ongoing capacity pressures and uneven connectivity, which can undermine the reliability of international, national, and local supply chains and the efficient movement of goods and people. The cessation of international rail services, constraints on rail freight, and the under utilisation of existing transport assets, limit the overall potential of the network. Capacity constraints on key corridors, a lack of viable alternative routes, and variable last mile access, contribute to delays and reduce the predictability that businesses depend upon. These challenges are exacerbated during periods of disruption, including the activation of Operation Brock, which can lead to sharp and excessive spikes in journey time unreliability across the entire network. Collectively, these issues can influence investment decisions and restrict firms' ability to optimise their operations within Kent and Medway.

Congestion levels on strategic road networks



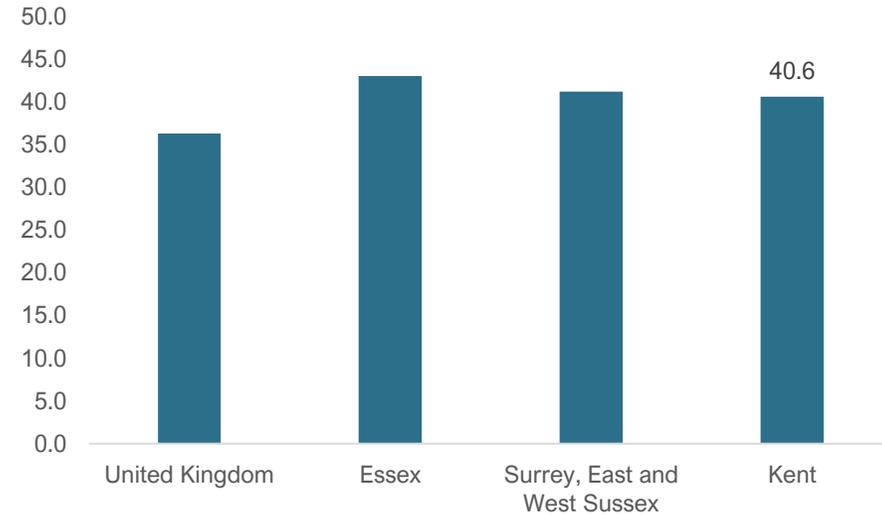
Innovation

While Kent and Medway has some real areas of strength the innovation system is disconnected and lacks visibility to businesses and more widely.

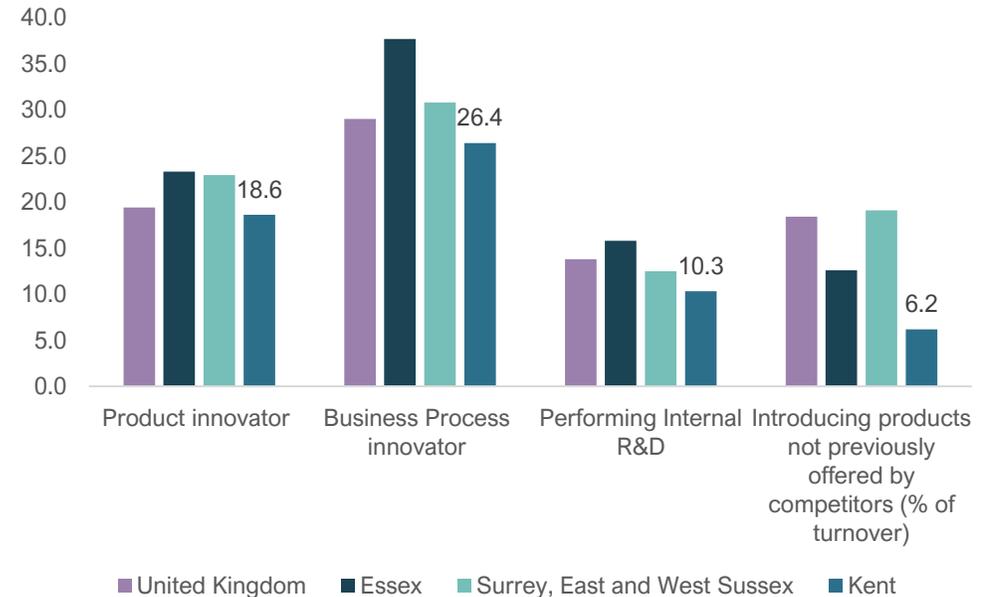
Kent and Medway’s share of innovation active businesses is above the national average, but lower than regional comparators and there are lower shares of businesses engaging in each of the types of innovation activity. Reconciling these findings, shown on the right, likely means that Kent & Medway has fewer businesses carrying out more than one activity, as well as having lower shares in each.

As well as fragmentation stakeholders have highlighted challenges around infrastructure (including digital connectivity and space), ability to engage with SMEs and the lack of central hubs and a clear innovation narrative. Stakeholders have highlighted the value of clearer and more accessible points of contact for industry within universities, alongside improved visibility of ongoing research activity and more coordinated engagement and follow up across university teams.

Percentage of innovation active businesses



Innovation Activity (2020 - 2022)



SME Needs

SMEs play a major role in the local economy, creating jobs and value across the region, but capacity limits are a challenge for a growth agenda.

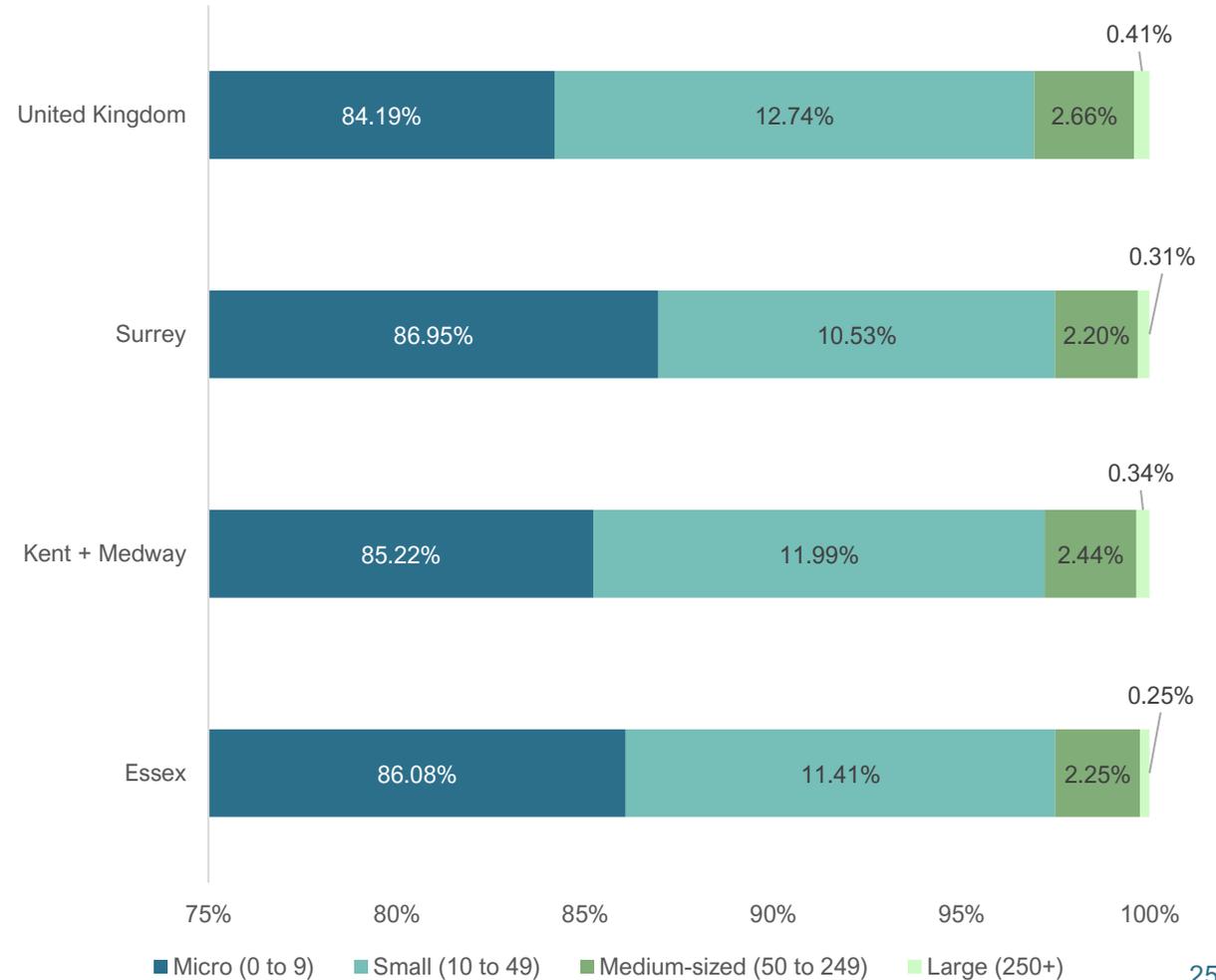
Over 99% of Kent and Medway’s businesses are SMEs, and while this doesn’t differ greatly from national and regional picture (it has higher share of large businesses than Essex and Surrey) this comes with structural factors.

Stakeholders describe challenges that affect their ability to grow, innovate and engage with support systems including

- Limited capacity to invest in training, adopt new technologies or participate in collaborative activity.
- Access to finance is a widespread challenge
- Difficulties navigating the landscape of support and procurement.

While SMEs are highly prevalent, they often lack the infrastructure, bandwidth and routes to market needed to fully participate in and benefit from the region’s growth ambitions, with inconsistent visibility of business-to-business networks and limited opportunities to form clusters or share resources, particularly in sectors dominated by micro-firms reinforcing these challenges.

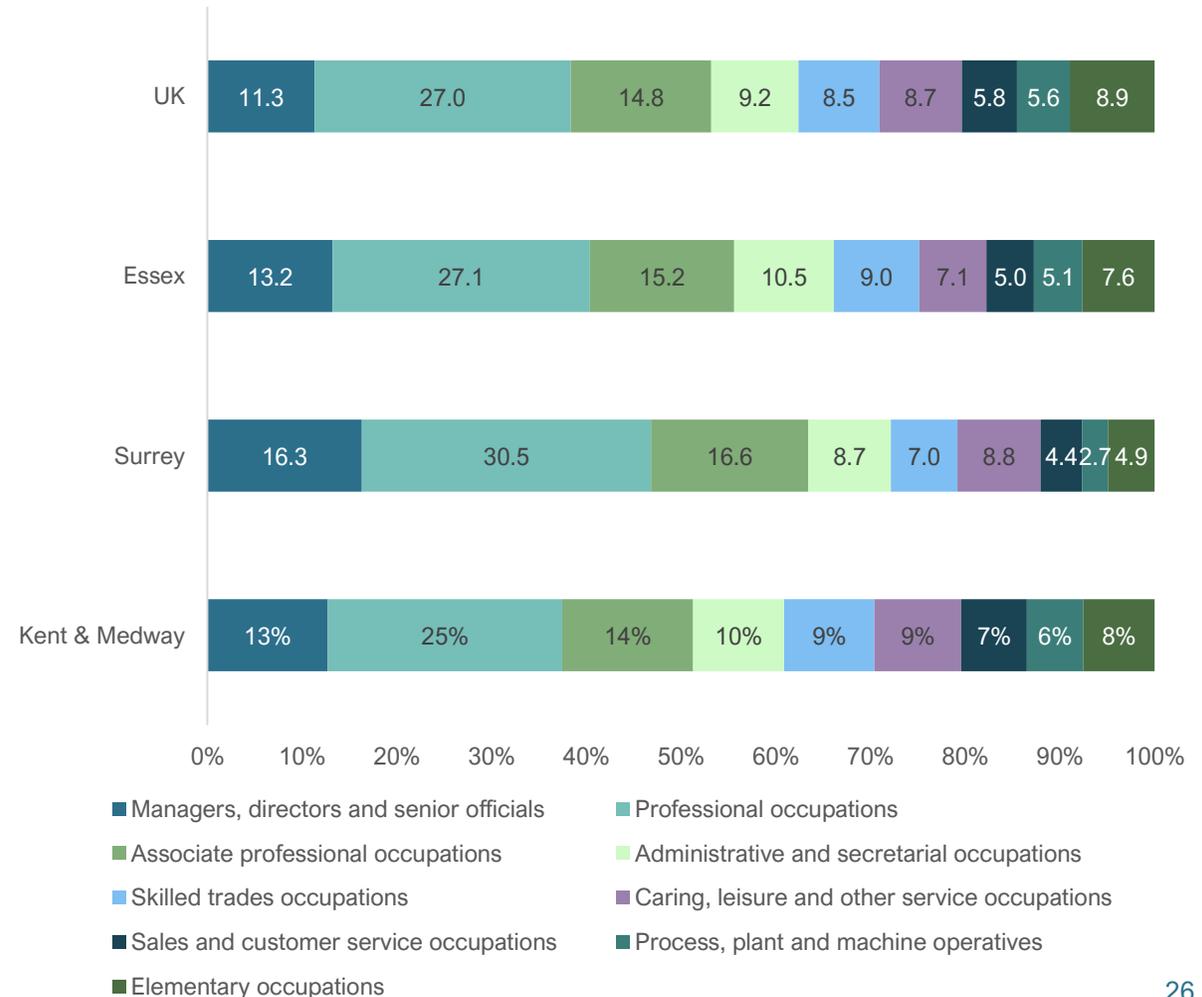
Business base (local units) by employment

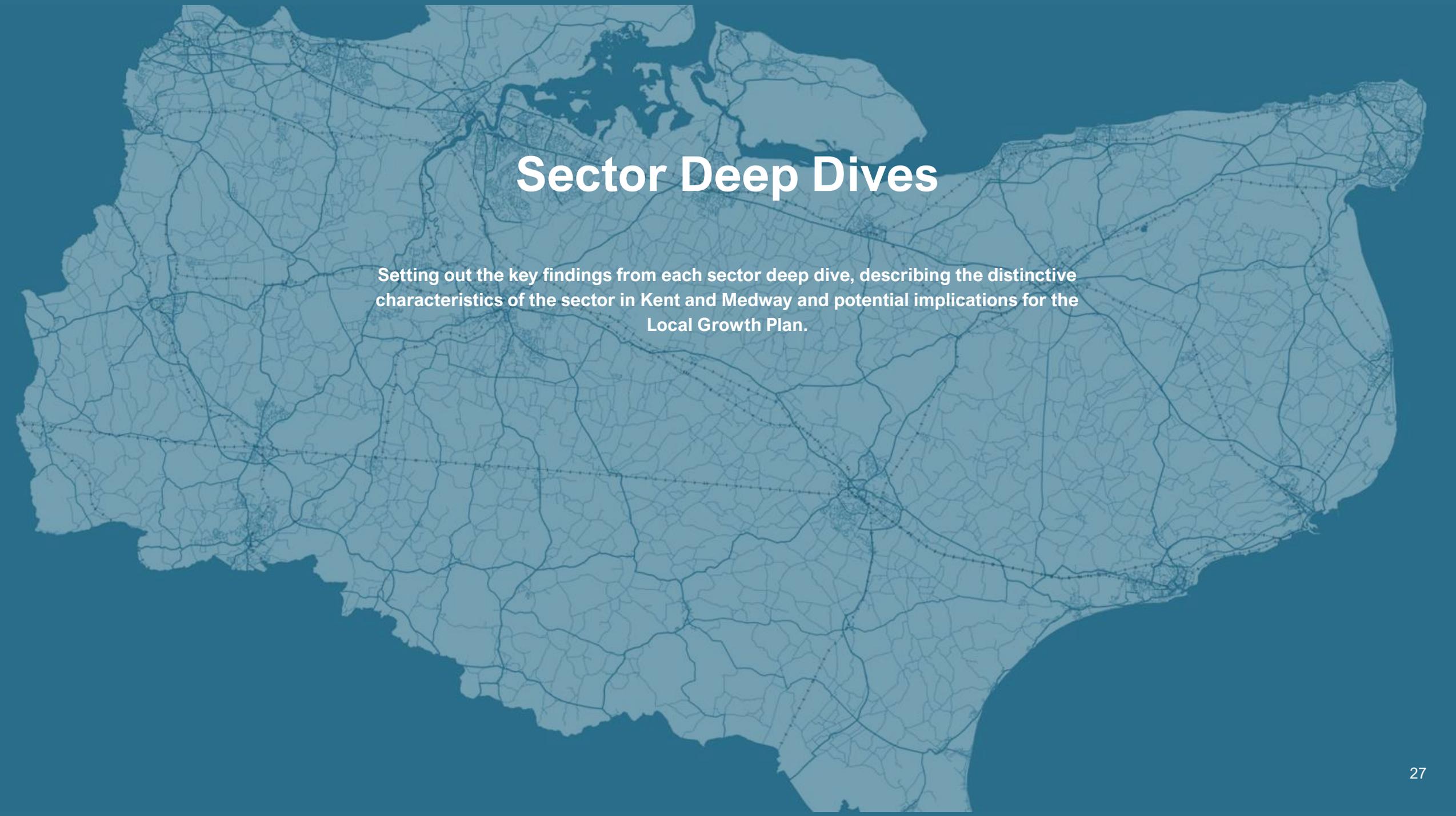


Skills

Kent and Medway faces a number of skills challenges.

- **Technical skills shortages:** Employers report gaps in engineering, digital, construction, food production and health-related roles, with shortages most acute in occupations requiring higher technical proficiency or sector-specific accreditation.
- **Employer engagement:** While LSIP structures have strengthened collaboration, many SMEs lack the time and resources to participate fully in curriculum design, apprenticeships or ongoing training, which constrains demand-led provision.
- **Training capacity:** FE and HE providers face challenges updating facilities, equipment and delivery models to meet emerging needs, particularly around digitalisation, decarbonisation, Industry 4.0 and advanced manufacturing.
- **Cross-Cutting skills needs:** Decarbonisation, digitalisation and SME engagement have been recognised as shared priorities; however, employer readiness, resource availability and local digital connectivity result in uneven progress across the region.





Sector Deep Dives

Setting out the key findings from each sector deep dive, describing the distinctive characteristics of the sector in Kent and Medway and potential implications for the Local Growth Plan.

Agri-Food & Agri-Tech

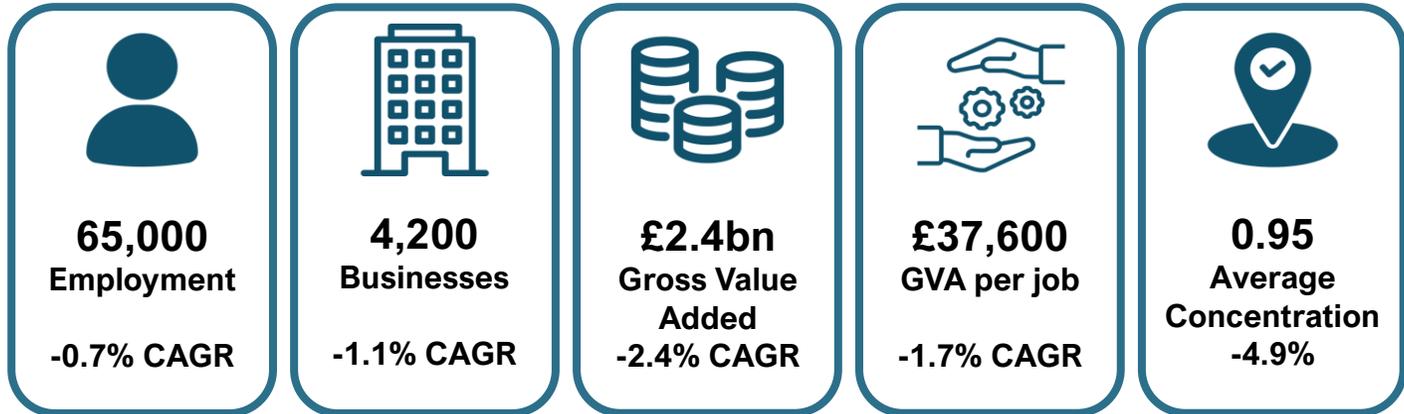
Description of the sector

The agri-food and agri-tech sector is a large and significant contributor to Kent and Medway’s economy, with substantial employment, business, and GVA, but lower productivity.

The Agri-food and Agri-Tech sector in Kent and Medway sector covers four broad activities:

- **Primary production:** such as agriculture, forestry and fishing, centred around farming of crops, as well as assets in bioengineering, alternative proteins and viticulture.
- **Processing & manufacturing:** transforming raw agricultural outputs into food and drink, as well as packaging activity for onward sale or use.
- **Wholesale:** distributing food and beverage products sold as goods to households, businesses and export markets.
- **Agri-tech and food-tech:** enabling technologies that boost efficiencies in agriculture and food processing.

Agri-food and Agri-Tech accounts for 8.5% of total employment (65,000 people) across 4,200 businesses in Kent and Medway. The sector generates £2.4bn in GVA (4.8% of the total GVA), giving an average GVA per worker of £37,600.



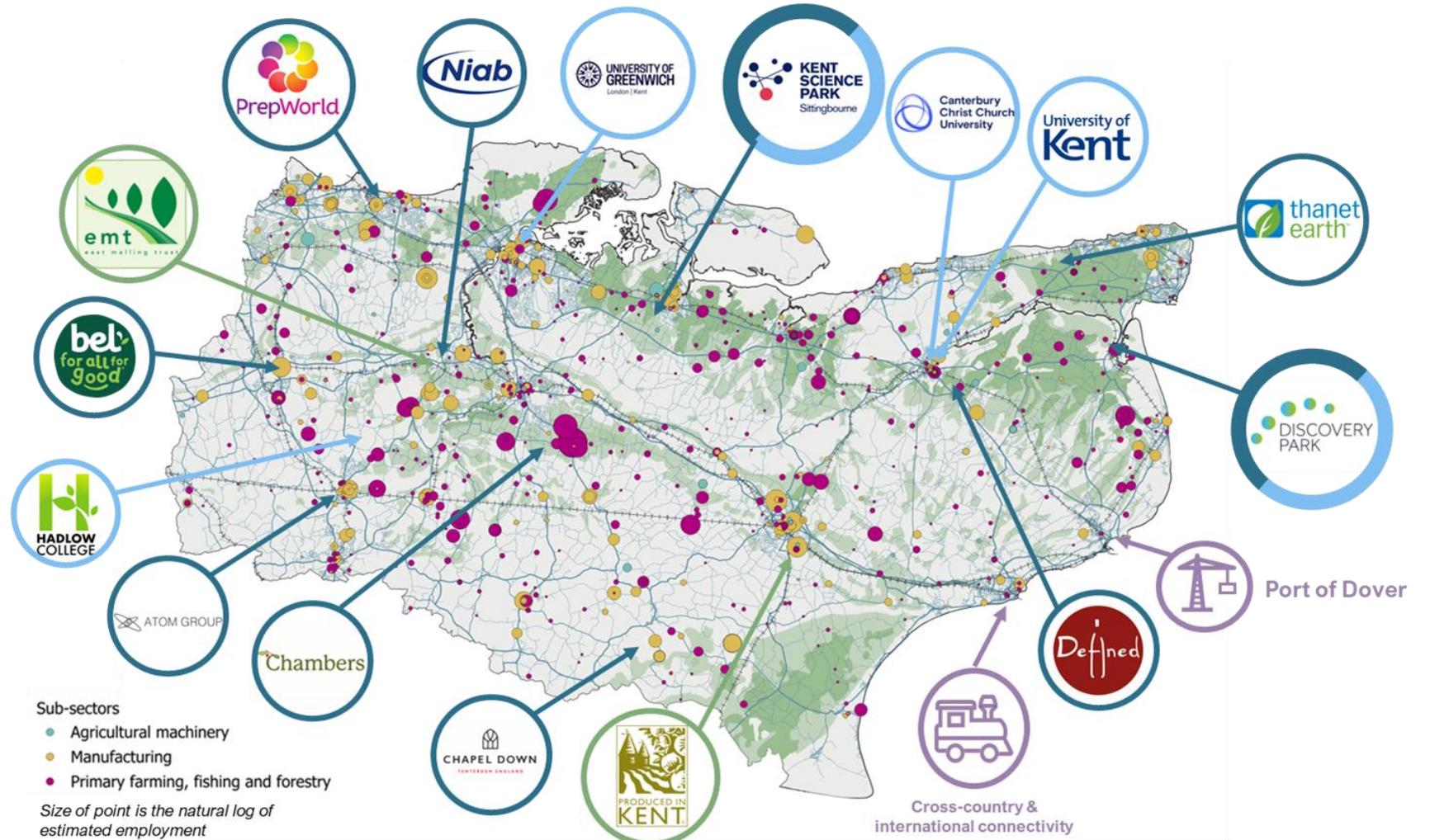
*CAGR refers to the Compound Annual Growth Rate across five years, meaning the average annual growth rate each year between 2018 and 2023.

Distinctive features of the Agri-Food & Agri-Tech sector in Kent and Medway

Kent and Medway stands out as a UK leader in agriculture and horticulture, important to UK food security, with greater prevalence of businesses investing in science, innovation and technology than other regions. There is also significant presence in the full supply chain.

- **Fruits, Vegetables and Horticulture:** Kent and Medway's distinctive geography, long agricultural heritage as the 'Garden of England', and centuries old tradition of food production give the region a clear comparative advantage and deeply embedded expertise in fruit and vegetable production, underpinning its major contribution to UK food security. The county benefits from a high concentration of Grade 1 and 2 agricultural land, ideally suited to horticulture, and enjoys the highest levels of sunshine in the UK. Despite being only 3% of English land-mass, Kent and Medway contains 13% of all horticultural land and produces 40% of all British soft and stone fruit. Producers in the region also frequently act as importers of fresh produce, including exotic fruits, with over 80% of all UK fruit and vegetables processed through Kent and Medway. In addition, the area supports a large and growing viticulture sector, further strengthening the breadth and resilience of its agri food economy.
- **Science, Innovation and Technology:** Businesses in the region are more innovative, with more than double the share receiving R&D grants and reporting R&D expenditure. These are supported by key innovation assets, such as science parks, universities, and plant science businesses like NIAB at East Malling Trust, which require highly skilled professionals. There is a close relationship between science and industry, with regular interaction between growers and researchers, often at East Malling or Discovery Park; however, direct interaction with academia is less frequent. The region also hosts several agri-tech businesses with strengths in FoodTech and precision breeding. Significant and ongoing innovation in water efficiency, pest/insect monitoring, smart horticulture, circular bioeconomy, controlled environments, vertical farming, climate resilience and alternative proteins.
- **Supply chain benefits:** Significant presence of all aspects of the supply chain, from growers to manufacturers and retailers. Proximity to Dover gives exceptional access to EU markets and import-export flows, close access to London is also a strong consumer market, and supports proximity sectors like the visitor economy, such as vineyards. Major packaging operations also locate locally such as DS Smith, Smurfit WestRock (where 60% of packaging goes into the food system) and PrepWorld.

Kent & Medway's Agri-Food & Agri-Tech Sector Ecosystem



Actors & Assets		Infrastructure	Enablers
A critical mass of geographically and economically proximate firms with many specialising in emerging sectors	Key anchor, HE & FE institutions and supporting organisations & a supply of talent, skills and knowledge	Physical (transport, road networks, energy systems) and digital assets that support the flow of ideas	Investment capital to take risks and to fund research/expansion and a supportive policy environment
Networks to share information and knowledge, coordinate activities and promote a shared innovation culture and wider regional linkages.			

Summary Findings

Scale

A large and significant sector of Kent and Medway’s economy, yet it is often undervalued in economic statistics. Activity occurs across the value chain, but distinctive specialisms lie within horticultural activity, bioengineering and alternative proteins, with Kent and Medway accounting for a large share of national fruit, vegetable, and viticultural production. The region is also home to a sizeable cluster of anchor institutions, networks and innovation assets.

- **40%** of the UK **high-value horticultural production**
- **80%** of British **apples** and **pears** tonnage
- **Agri-tech and food-tech** is **45% more specialised** than 5 years ago

Infrastructure

Businesses need substantial industrial space. Demand outweighs supply, with lower vacancy rates than comparators, but the quality of space is lower. However, specialist facilities are increasingly important for growing the sector, like R&D testbeds, processing labs, and glasshouse facilities, to support technology adoption. Significant congestion along key transport routes like the Dartford Crossing disproportionately impacts the sector. Planning, land use conflicts and utilities are also identified as significant barriers.

- Low **vacancy rates** for **food processing** property types at **2%**
- **18%** of occupied **industrial** space is **Grade A**, lower than regional average
- Average delays of **80 seconds per vehicle mile** on the **Dartford Crossing**

Future Trends

Farms are adopting automation, digital tools, AI, and alternative proteins. Climate pressures and new sustainability regulations are driving water efficiency and low-carbon practices, but also provide opportunities for strengthening industries like viticulture. Post-Brexit rules and grant schemes influence operations, particularly for the supply of seasonal workers. Workforce challenges, rising consumer demand for sustainable and locally sourced food, and expanding investment in green technologies are redefining the sector.

- **Warmer temperatures** support growth in **ripening grapes**. Kent and Medway is home to **27%** of the UK’s **vineyards**, with a **125% increase** since 2010
- Region is **1st** for hours of **sunshine**
- **2nd** for **temperature** after Essex

Summary Findings

Innovation

The region is home to many innovative businesses, with a much higher share of businesses spending on R&D and receiving grants than the sector and regional averages. Key assets such as East Malling Trust, universities and centres like the Medway Food Innovation Centre, Biotechnology Hub for Sustainable Food and Drink and science parks foster innovation and the development of new technologies. Since 2022/23, the region has secured Innovate UK funding for projects including breeding climate-resilient crops and using AI for disease detection.

- Kent and Medway have secured **£21.1m** in **Innovate UK** funding
- **88%** higher concentration in **precision breeding** than nationally
- **58%** higher concentration in **FoodTech** than nationally.

Enterprise

Agri-food businesses in Kent and Medway are older, more established and more likely to have international parent companies than the wider regional or national average. Start-ups are less common, but the sector shows a higher share of scale-ups. Businesses in the sector face serious pressures on profit margins and are increasingly required to diversify. Firms in the region perform well in growth signals, being more likely to receive equity funding than other regions, as well as a higher share of businesses exporting.

- Agri-food businesses are **50%** more likely to be **exporting** in the region
- **10 equity funding rounds per 1,000** agrifood businesses, **8** in the UK

Human Capital

Workers are often lower-skilled, but in Kent and Medway, there are more high-skilled occupations, such as biological scientists, than in other regions. Job adverts are lower than in other sectors, but more common in Kent and Medway than nationally. An increasing demand for specialist knowledge in emerging tech or practical skills means training provision is important. However, perception remains a constraint.

- **20%** of occupations are **high-skilled**
- **45% higher demand** for **farmers**, **33%** higher for **biological scientists**, **28% less demand** for **process operatives**
- **19** job vacancies per 100 jobs, compared to **15** in the UK

Considerations for Local Growth Plan



Enterprise	Innovation	Human Capital	Infrastructure	Future Trends
<p>Provide enterprise support to help reduce high barriers to entry for new businesses. Access to finance will help avoid businesses being too risk-averse, and lacking recognition for the sector’s potential for high returns. Aim to reinstate grassroots funding streams by providing small grants to micro and small businesses</p>	<p>Support collaboration between all businesses to ensure that even smaller producers can benefit from new, innovative research and technology. Industry-wide representation may help support this and reduce impacts of significant fragmentation. Encourage technology adoption such as the use of data to model investments and the use of testbeds for innovation.</p>	<p>Help upskill residents with the right practical skills for agricultural work, not just theoretical, using accredited courses and apprenticeships.</p> <p>Help promote the sector at the secondary school level by demonstrating the technical pathways available, including engineering and tech careers. Ensuring skills are reflected in the LSIP.</p>	<p>Planning reform, as processes for agricultural infrastructure such as polytunnels, is increasingly complex and costly due to important requirements like biodiversity net gain.</p> <p>A need to improve road and rail links to support trade, notably at Thames Crossing, on the A2, and reopening of international rail services. Water supply is also an issue in manufacturing.</p>	<p>Messaging of value - not always seen as an important sector or one that can drive growth/innovation.</p> <p>Resilience of food production, changing climate conditions and changing consumer demand</p>

Clear messaging around strengths, which can include a prospectus of assets like R&D online, and promoting innovation summits. It is also important to provide clear messaging about alignment with other priorities. For example, nutrition is a key factor in driving health outcomes for residents, and further growth in horticulture can help reduce health inequality and strains on the NHS. Other opportunities include growing the visitor economy through viticulture and promoting vineyards, promoting policies such as the Cellar Door tax relief to support local business.

Ports, Transport and Logistics

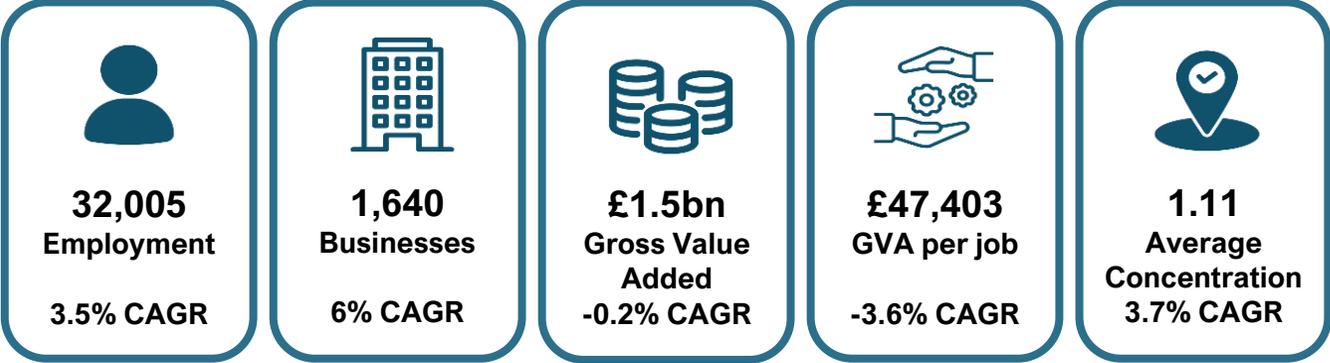
Description of the sector

The sector brings together a range of functions that enable the movement of goods into, out of, and across the region and the wider country.

These activities form a critical interface for national and international trade, underpinning the flow of essential goods. With major transport connections through Kent and Medway it is the gateway to the European continent and plays a significant role in trade security and the movements which enable the national economy.

Kent and Medway’s coastal geography means the sector is both large and spatially concentrated, with strengths in ports along the coast. Most of the growth is driven by logistics, and there are areas of particular concentration in the northwest of the county and along the Thames corridor, with several local authorities have concentrations more than twice the national average.

The Ports, Transport and Logistics sector is a significant part of the Kent and Medway economy, supporting 32,005 jobs across 1,640 businesses and generating £1.5bn in GVA in 2023.



Source: Metro Dynamics analysis of ONS regional GVA datasets, ONS Business Register and Employment Survey (2018 and 2023) and ONS UK Business Counts (October 2025).

Distinctive features of the Ports, Transport and Logistics sector in Kent and Medway

Kent and Medway's geographic advantage underpins its strength in the sector, underpinned by nationally significant gateway assets at Dover and the Channel Tunnel forming the UK's fastest and highest-volume short-straits freight route.

The region's Ports and Logistics sector plays a critical national role for UK trade security as a major trade gateway to Europe with Peel Ports, Thamesport, Port of Dover, and Channel Tunnel operational in the region, plus the Port of Ramsgate offering future opportunity for growth. Situated not only on the Short Straits, the region is also part of the Thames Estuary, where the Port of London, Tilbury Ports, and DP World operate. The Port of Dover is Europe's busiest port by vessel movements, handling approximately £144 billion worth of trade annually, including 33% of all trade in goods with the EU.

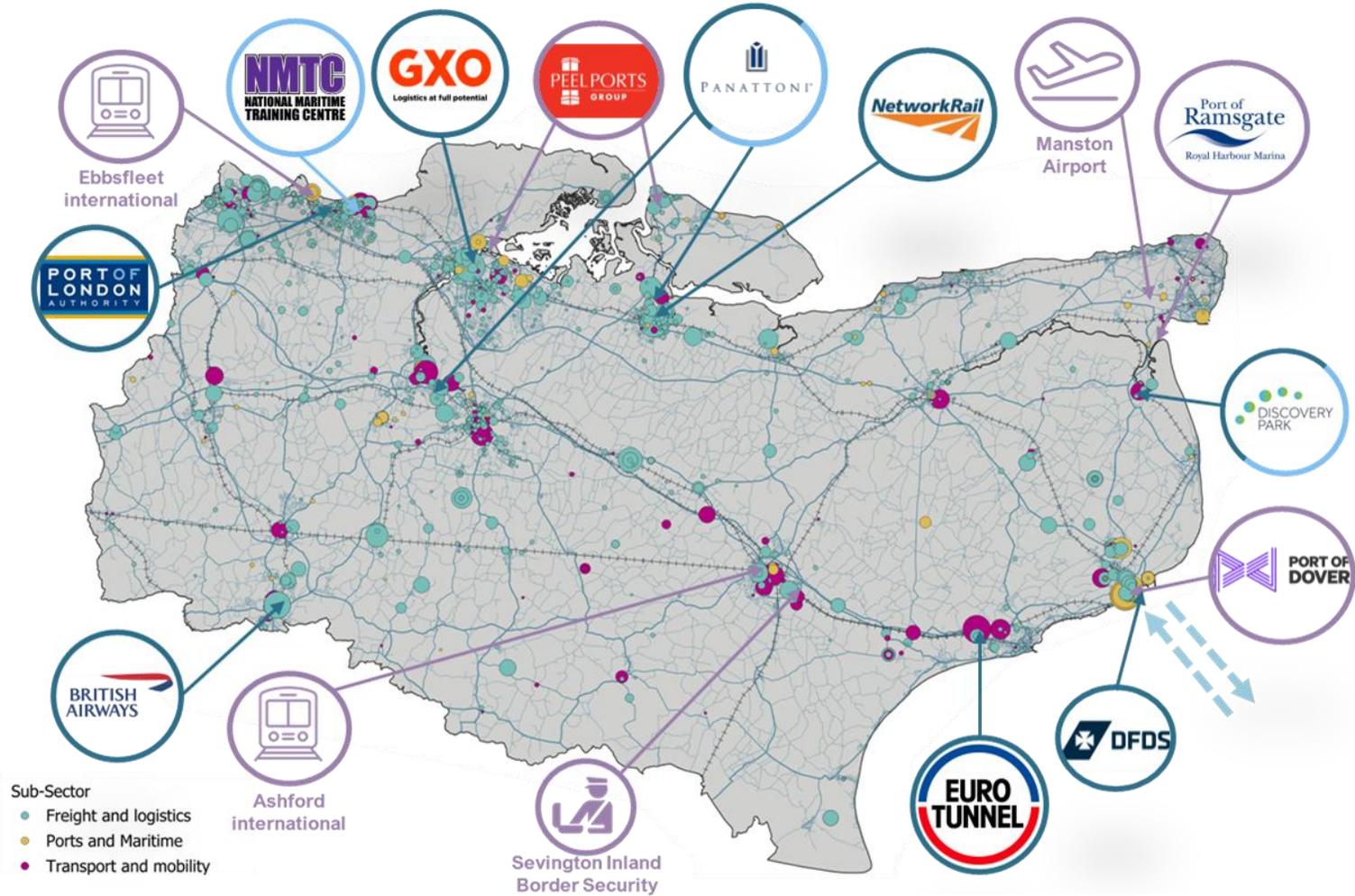
Activity at Dover is complemented by a wider cluster of ports creating one of the most concentrated multi-port geographies in the country. Looking North-West as well as South and East, proximity to London is a distinctive feature; the position on the River Thames creates opportunities, with the county offering proximity at lower costs than other hotspots and in the long-term, opportunities for growth on inland waterway routes, contributing to the transition to more sustainable sector.

The region benefits from multimodal connectivity, with High Speed 1 (unique among UK counties), international rail infrastructure in Ashford and Ebbsfleet International, fast rail access to London, and strategic road corridors linking directly to the M2, M20 and M25. Port operators have also identified opportunities to expand rail freight usage, with existing lines currently underutilised and scope to enhance connectivity to unlock further capacity. This network gives businesses rapid access to domestic and European markets, making the county a highly competitive base for distribution, fulfilment and time-sensitive supply chains.

The region's gateway assets give it a natural advantage for developing and deploying innovation in areas such as border processes, customs technology, real-time logistics management, high value and perishable goods handling, and emissions reduction. With complex, high-volume environments including Dover, the Channel Tunnel and the future Lower Thames Crossing, Kent and Medway offer a high-value context for companies designing solutions under real operational pressures.

A logistics and transport system that connects Kent and Medway's ports, operators and infrastructure into a nationally important gateway for the movement of goods and people.

Kent & Medway's Ports, Transport and Logistics Sector Ecosystem



Actors & Assets	Infrastructure	Enablers
A critical mass of major ports, logistics, and transport operators and employers providing operational capacity to underpin sector activity at scale.	Interconnected employment sites, operational hubs and specialist training facilities clustered along key gateways and strategic transport corridors.	A unique concentration of nationally significant physical anchors that support high-volume, cross-border movement of goods and people, with significant latent capacity across underutilised port, airport and international rail assets.

Networks that link assets, employers and infrastructure across the county, supporting coordination, resilience and efficient movement.

Source: Metro Dynamics analysis of Data City data

Summary Findings

Scale

The sector accounts for a growing share of local employment and output. There is a high and growing concentration of activity in this sector – it is more important to Kent and Medway’s local economy than it is elsewhere. Alongside this strength, the sector has untapped capacity in a number of underutilised transport and port assets, including Ramsgate Port, international rail stations at Ebbsfleet and Ashford, and Manston Airport present opportunities to increase rail freight and unlock additional connectivity, subject to targeted infrastructure amendments.

- **Business numbers** growing at a rate of **6% CAGR**
- **5 of the 6 sectors** with more than twice the national concentration are in **water transport**

Infrastructure

Nationally significant port and transport that give the region a critical gateway role and strong foundations for trade and logistics. At the same time, capacity pressures, inconsistent connectivity and gaps in multimodal options mean the infrastructure does not always operate as a fully reliable, resilient system, limiting its ability to support growth at the scale the economy demands.

- **95%** of space is industrial, with rent costs roughly **15% cheaper**
- **15%** of space is **Grade A**, compared to 20% nationally
- Lower warehouse vacancy rate than comparators at **6.8%**

Future Trends

Serious change in recent years to the system, and in the role Kent plays with Dover, now a case of adapting more completely and being in a position to meet future demands and needs. Region is seeing a shift towards integrated digital systems, incorporating smart, green logistics, supply chain optimisation. Key future needs will include electrification.

- The Lower Thames Crossing to more than **double road capacity** connecting to Essex.
- Ashford international reopening could inject **£534 million** a year into the visitor economy, and up to **£2.7 billion over five years**.

Summary Findings

Innovation

Top technology strengths centre on tracking tech, across both supply chain logistics and e-commerce, with a concentration of supply chain service providers and a strong base of marine and maritime activity. The share of firms reporting spending on R&D is lower than across all businesses in the county but higher than the sector nationally.

- **112%** higher concentration in **Supply chain logistics** than nationally
- **90%** higher concentration in **Marine and Maritime** than nationally
 - Significant strengths (~**70%** more concentrated) in **tracking technologies**

Enterprise

Business have a larger physical footprint on average than the sector regionally. There is a more established business base with lower share of firms established in the last 5 years. Higher proportion of scale ups in Kent and Medway than across the sector nationally.

- Ports, transport and logistics businesses are **40%** more likely to be **exporting** in the region
- Mature business base with **73%** of businesses established, compared to 64% nationally

Human Capital

Across the whole of the sector jobs are mainly in low skilled occupations but the needs of the sector are changing with growing demands for digital skills. The workforce also includes customs expertise and specialist technical and engineering capability supporting gateway, maritime and internationally significant transport infrastructure.

- **22%** of occupations are highly-skilled
- **27** job vacancies per 100 jobs, compared to **22** in the UK
 - High concentration of **road and rail** transport offers, with lower concentration of employment linked to road transport.

Considerations for Local Growth Plan

The LGP is an opportunity to clarify what growth for the sector should look like, as well as what is required to achieve this, should aim to increase the overall value of the sector to the region and create opportunities for skilled jobs and wider digital supply-chain development.



Enterprise	Innovation	Human Capital	Infrastructure	Future Trends
<p>Kent and Medway’s geography means the sector will remain a core part of the economy, and the Local Growth Plan is an opportunity to drive higher-value activity through it; increasing innovation, creating more knowledge-intensive roles, and positioning Kent and Medway as a place where new logistics technologies, systems and practices can be developed, trialled and tested.</p>	<p>Developing innovation hubs around major assets to support and accelerate transformation, providing spaces for collaboration, technology adoption, testing and cross-sector problem-solving.</p>	<p>Addressing skills gaps across the system, not only driver shortages but the wider technical, engineering, digital, seamanship and operational skills needed as the sector transforms – and raising awareness of the breadth of careers the sector offers.</p>	<p>Advocating for infrastructure requirements to unlock growth, particularly rail, where working with Network Rail on investment in capacity, connectivity and freight-enabling improvements will be essential to support more efficient and sustainable movement of goods. Growth will also depend on improvements in wider cross-sector infrastructure, including energy capacity and grid connectivity.</p>	<p>The logistics sub-sector is undergoing deep evolution – no longer a traditional, manual, process-driven sector, it is increasingly shaped by technological change, sustainability pressures, and expectations around transparency and efficiency. This creates significant opportunities for technology integration, innovation and new operating models.</p>

Developing governance and system design that reflects the critical national role of the logistics system in Kent and Medway, ensuring greater coordination, clarity of responsibility and long-term resilience.

Addressing the infrastructure constraints and making the most of under-used capacity that exists (e.g. Manston, 2 closed international stations) of significant potential to marry local growth with national scale opportunity - and address the challenges present locally as a result of Kent and Medway’s national role in the movement of goods

Digital & Technologies

Description of the sector

The Digital and Technologies sector is a high-value and fast-growing contributor to Kent and Medway’s economy, characterised by strong productivity, a broad SME base, and increasing importance as an enabling sector for wider economic activity. Activities, which start with the manufacture of digital hardware, provides the technological foundation for digital and creative content creation and IT services that underpin business operations across multiple sectors.

The sector is made up of three key sub-sectors:

- **Digital manufacturing:** Manufacture of hardware that supports digital technologies, including electronic and digital equipment, components and instruments.
- **Digital and creative:** The reproduction and creation of digital media, including digital content production and creative services that rely on digital tools.
- **IT services:** Technical services and digital infrastructure that underpin and support the operation of digital systems, including software development, data processing and hosting, and telecommunications services.

Digital and technologies activity accounts for 3.3% of total employment and 6.5% of the region’s business base, comprising 4,590, largely SME businesses. The sector generates £2.1bn in GVA, indicating high value intensity relative to employment, with productivity levels around 25% above the national average. Although the sector remains less concentrated locally, it continues to grow, with increasing economic significance generating spillover impacts in the wider economy.



Distinctive features of the Digital & Technologies sector in Kent and Medway

The sector stands out for its distinctive combination of digital services, creative capabilities and specialised electronics manufacturing, which is relatively unique in the South East. This mix reflects Kent and Medway’s operational and production geography and underpins opportunities to improve productivity and support digital transformation across the wider business base.

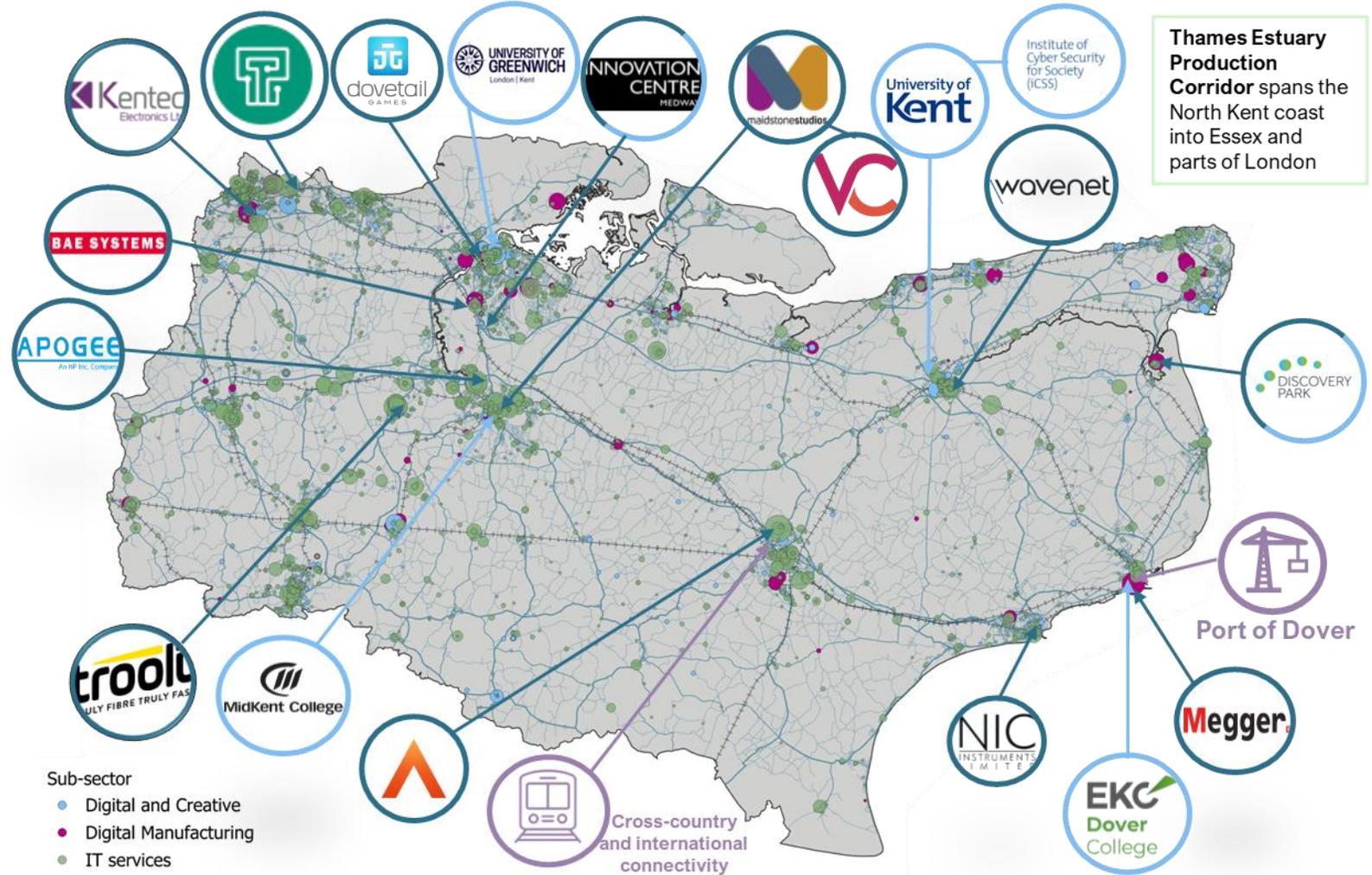
Kent and Medway has an extensive base of creative industries activity, organised around more than 40 locally embedded creative micro-clusters, reflecting distinctive place-based opportunities of creative activity.

The ecosystem is anchored by a small number of major digital and electronics employers, alongside a large SME base. Employers including Kentec Electronics and Megger anchor advanced electronics, secure systems and export-facing manufacturing activity, supported by sector-focused software and IT services providers that operate at a national scale. Other important assets for the sector include the region’s region universities and colleges, with digital specialisms including the University of Kent’s Institute of Cyber Security for Society (iCSS) and Maidstone Studios, the largest independent TV studio in the UK.

Strong local demand from sectors undergoing significant digital transformation, including ports and logistics, agri-food, energy, defence and health, provides clear routes to application and commercialisation. Combined with proximity to London and Europe, high-speed rail, ports and international connectivity, these characteristics position Kent and Medway as a distinctive environment for developing, testing and scaling digital and technology solutions in live operational contexts.

A diverse ecosystem of micro-clusters, anchor employers and supporting infrastructure to connect innovation activity to wider UK and international markets.

Kent & Medway's Digital & Technologies Sector Ecosystem



Thames Estuary Production Corridor spans the North Kent coast into Essex and parts of London

Actors & Assets		Infrastructure	Enablers
A dispersed mass of SMEs and major digital and technology employers anchoring activity across the value chain within Kent and Medway.	Key anchor FE & HE institutions, and supporting innovation assets, underpin a supply of talent, skills and knowledge.	Strategic gateway and rail infrastructure linking digital and technology activity to the rest of the UK and enabling export-facing growth.	Networks, collaboration and knowledge exchange that connect dispersed micro-clusters and support business formation and growth.
Digital and technology ecosystem organised around multiple, locally embedded micro-clusters, supporting the complete value chain.			

Source: Metro Dynamics analysis of Data City data

Summary Findings

Scale

An expanding sector that is highly valuable and productive, and a key enabler of growth across Kent and Medway’s wider economy. Digital manufacturing is a highly concentrated specialism locally, supplying inputs across the digital and technologies sector and wider industries, supporting the region’s professional services business base. Creative digital activity is growing at a significant rate, and complements a large supporting IT service base to drive innovation and productivity growth as critical inputs into other digital activities, defence, and health.

- **Digital manufacturing** is **22%** more concentrated locally than nationally
- Roughly **40 micro clusters** of creative industries activity span the county
 - **10** of the **13 local authorities** are experiencing overall **growth** in the sector

Infrastructure

Digital and technology businesses require a broad mix of space, and are more likely to use retail space than regional average. Units generally lower quality and smaller, likely driven by a smaller share of data centres locally. At the local authority level digital connectivity lags other areas and a lower share of premises have Gigabit availability, with considerable variation within the region. Digital exclusion risks that are high in parts of the county act as a barrier to growth in places. Constraints around grid connections and electricity supply may also influence the location and scale of future digital growth, particularly for energy-intensive uses, such as data centres.

- **0%** of occupied office space and **13%** of industrial space is **Grade A**, significantly lower than regional average of 30% and 47% respectively
- Only **79.8%** of premises have gigabit availability

Future Trends

Business activity is increasingly shaped by digital-first and AI-enabled operating models, rising automation and data-driven service delivery, extending into wider regional operations. Demand for digital skills and digital service adoption continues to rise, while sustainability pressures are driving interest in green innovation and digital infrastructure. National digital policy, post-Brexit conditions and an evolving regulatory environment linked to technology change are shaping how the sector operates and trades.

- **Digitalisation** is a cross-cutting skills priority across **all LSIP priority sectors**
- Growing demands and requirements for digital capabilities across other focus sectors, and large local employers

Summary Findings

Innovation

Compared to the Kent and Medway and national average, businesses show higher engagement in R&D spending and grant receipts, though this lags the national digital benchmark. Since 2022/23, the region has secured £21.1m in Innovate UK funding, supporting secure data and communication security, with applications increasing efficiency in wider sectors such as health. Universities, and specific strengths at the Institute for Cyber Security and Society, further embed digital innovation across health and adjacent sectors.

- **53%** higher concentration in Electronics manufacturing than nationally
- Many businesses engaging in **emerging economy activity**, with a strengths in **cloud computing** and **cyber** activity

Enterprise

The business base is predominantly micro businesses, mostly operating as private limited companies with low levels of parent-company ownership. Compared to the wider regional and national economy, the sector has fewer newly established and long-established firms; sector activity is concentrated at seed and venture stage, with significantly fewer firms reaching growth stage than regional and national averages. Locally fewer scale-ups than the national sectoral benchmark. The sector has higher engagement in equity funding than the county average, but this lags the UK sector rate.

- **44%** of businesses established in the last five years
- **62%** of businesses at **seed/venture stage**, and just **15% established**
- Average and medium deal size **25%** smaller than national sectoral average

Human Capital

Relatively high skilled workforce, though fewer high skilled occupations locally than nationally. Employment significant in programming and software development, with the highest relative concentrations in computer system and equipment installers, manufacturing directors and managers, and IT operations technicians. Job adverts have seen a decline in recent years, aligned with regional and national trends. Digital competency is becoming increasingly embedded in skills training, but a large SME base makes workforce training more challenging amid high demand.

- **77%** of occupations are **high skilled**,
 - **29 job vacancies** per 100 jobs, compared to **25** in the UK
 - Computer system, and telecoms equipment installers and servicers highly concentrated locally

Considerations for Local Growth Plan



Enterprise	Innovation	Human Capital	Infrastructure	Future Trends
<p>Connecting different parts of the sector to support linkages across the full value chain.</p> <p>Improve access to finance by strengthening links to investors, raising the visibility of the sector opportunities in Kent and supporting businesses to develop market ready offers to identify and secure the right forms of funding for their needs, from early seed to larger equity or debt fundraisings.</p> <p>Tailored business support for nascent firms and clusters.</p>	<p>Support cross sector innovation between digital firms and other priority sectors</p> <p>Create spaces to enable collaboration and innovation with a focus on delivering the right equipment and opportunities, flexibility and accessibility.</p>	<p>Leadership and management skills to enable digitalisation across the economy to increase productivity and drive demand for digital services and tech.</p> <p>Understanding the level of need for AI skills provision versus what is available.</p>	<p>Improving speed and reliability of mobile and digital connectivity.</p> <p>Promote the development of high spec industrial and commercial space to meet the sector needs.</p>	<p>Delivering energy supply and access to the connectivity and infrastructure that will be required for future technologies like developing AI, quantum etc.</p> <p>Building local capability to meet the demands of accelerated digitalisation of other key sectors, and major infrastructure.</p>

Support the development of clustering around major anchors, creating focus points for the sector. Work to align the ecosystem around a shared narrative for growth focused on increasing collaboration between manufacturer, hardware and software & creative firms, as well as extending the reach of the sector into other parts as a key enabler for growth in other sectors.

Energy

Description of the sector

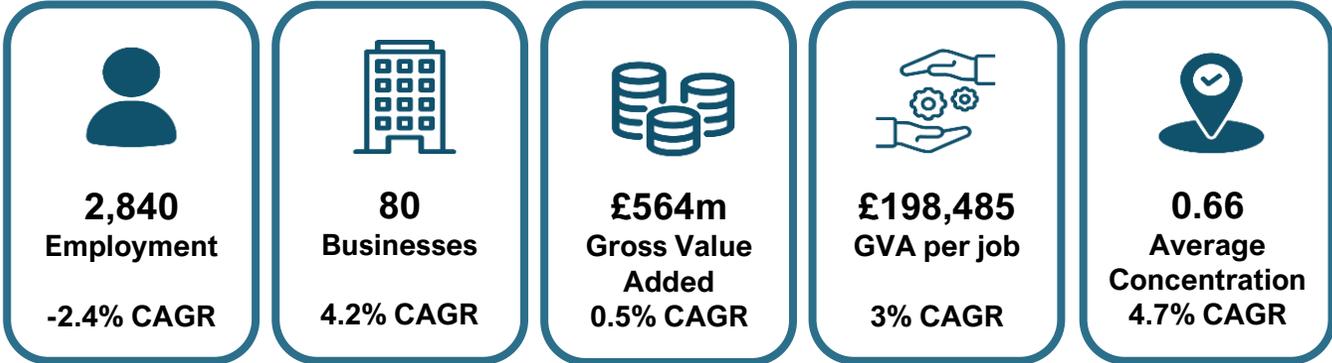
The energy sector in Kent and Medway covers the whole chain of activities that allow energy to be produced, transported, and delivered/consumed.

Kent and Medway is one of the UK’s most strategically significant energy clusters, combining nationally critical gas import capacity, major cross-border electricity interconnections, substantial generation, and high-capacity transmission infrastructure.

Although relatively small in employment terms, it plays a vital enabling role across the broader economy. The sector also closely aligns with national priorities on energy security and the transition to cleaner, more efficient energy systems.

There has been strong growth in activities linked to generation and the distribution of energy but less so in transmission and in the manufacture of related equipment (generally one of the most employment intensive parts of the sectors).

Energy is a smaller employer, accounting for less than 0.5% of total employment (2,840 jobs) but employment is high value, at an estimated £198,485 GVA per job, over 3 times the regional average. Business numbers are growing faster than the national average and the level of concentration is increasing.



Distinctive features of the Energy sector in Kent and Medway

Kent & Medway is critical to Energy Security, net zero and the electrification of freight host several of the UK's most strategically important energy assets, including major gas import terminals and cross-border interconnectors that directly support national energy security. These assets place the region at the centre of the UK's energy system and shape planning for resilience, storage and system balancing.

Kent and Medway's energy sector is anchored by assets which play a critical national role including the Grain LNG terminal which has the capacity to import and regasify 20% of UK annual gas demand (and imports aviation fuel for Gatwick and Heathrow), 5 high-capacity electricity interconnectors (with more proposed) that enable energy imports from and exports to Europe, the in development Wallend substation critical for the future energy system, as well as large scale solar and wind generation.

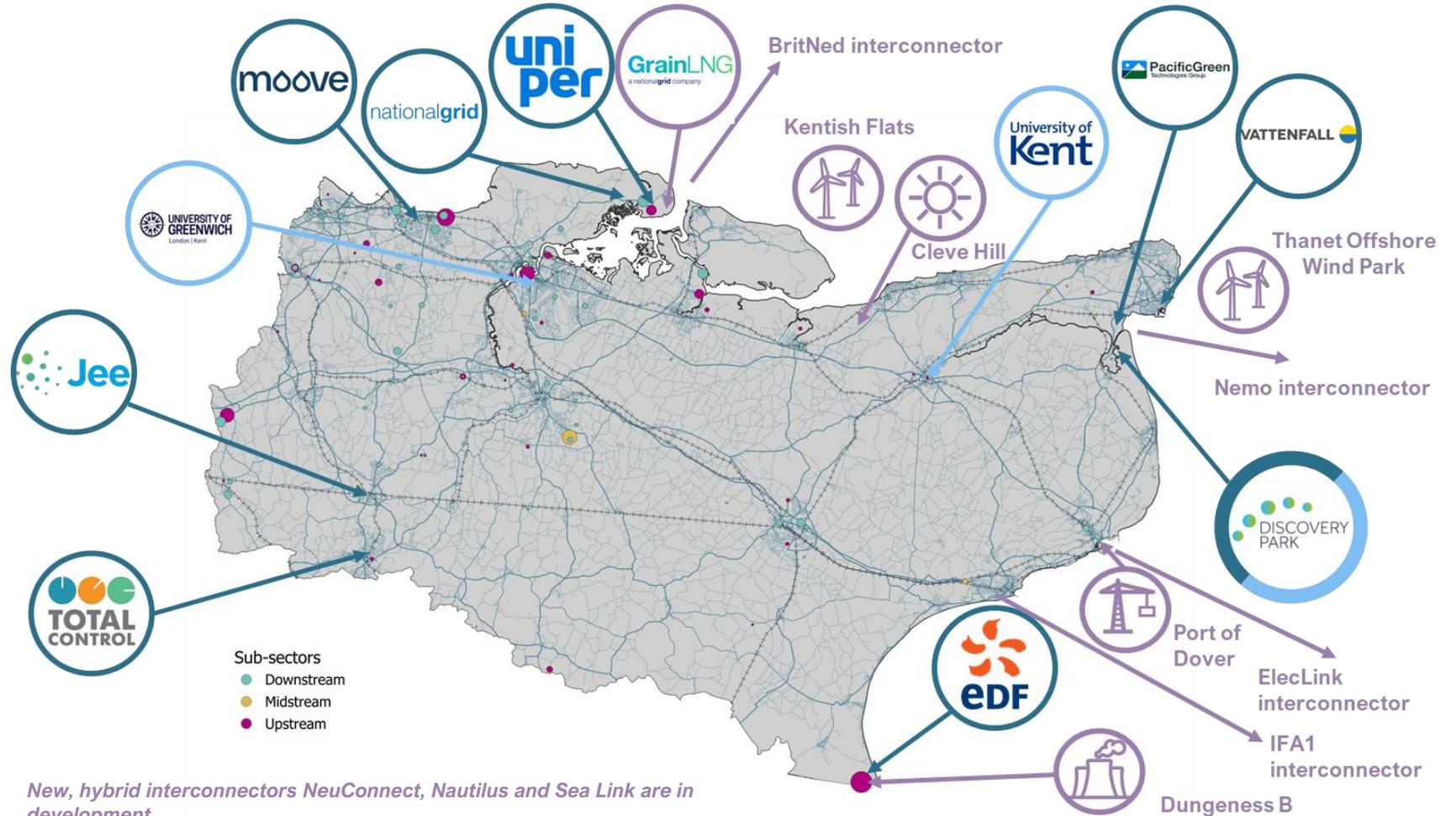
The region has an unusually diverse and large-scale energy mix, spanning gas-fired generation, offshore wind operations, biomass, waste-to-energy, solar, and emerging storage technologies, as ongoing nuclear operations at the decommissioning Dungeness plants. The region also has the UK's first waste-to-hydrogen plant currently going through planning. This portfolio creates a broad and flexible foundation for innovation, system testing and supply-chain activity.

The county also benefits from some of the highest solar irradiance levels in the UK, giving it a natural advantage for solar generation and co-located technologies such as battery storage. This strengthens its position in the national transition toward more distributed and renewable energy.

The concentration of industrial sites, port infrastructure and energy-intensive activity creates strong potential for hydrogen production, storage and distribution. The region's industrial clusters and transport corridors offer practical contexts for early adoption of hydrogen in freight, maritime operations and construction, and support pilot projects exploring low-carbon fuels at scale.

Kent and Medway has the critical assets and business base to make it a growing innovation cluster

Kent & Medway's Energy Sector Ecosystem



New, hybrid interconnectors NeuConnect, Nautilus and Sea Link are in development

Actors & Assets		Infrastructure	Enablers
A critical mass of geographically and economically proximate firms with many specialising in emerging sectors	Key anchor, HE & FE institutions and supporting organisations & a supply of talent, skills and knowledge	Physical (transport, road networks, energy systems) and digital assets that support the flow of ideas	Investment capital to take risks and to fund research/expansion and a supportive policy environment

Networks to share information and knowledge, coordinate activities and promote a shared innovation culture and wider regional linkages.

Summary Findings

Scale

The energy sector is of major strategic importance nationally, bringing together critical infrastructure and capabilities. Though it is relatively small in terms of jobs and businesses it is a highly productive part of the Kent & Medway economy, acting as an important enabler for wider industrial activity. Its performance trends show steady strengthening in key areas, reinforcing its strategic role in the region. The asset base presents opportunities for co-location of assets, firms and developing industrial symbiosis.

- The sector has an average productivity of nearly **£200,000 GVA per job**.
- Strong in the **production of electricity**, which has a **57% higher concentration**.
- Growing number of **businesses at 4.2% CAGR**

Infrastructure

Kent & Medway's energy system is underpinned by nationally significant assets but faces growing pressure from ageing networks, rising demand and local grid constraints. Future growth will depend on coordinated upgrades, improved digital systems and the provision of suitable industrial land for emerging technologies.

- **34%** of space occupied by energy businesses are classed as **Grade A**, nearly double the regional average.
- Key projects include **Nemo Link Interconnector**, **Richborough energy park** and multiple **wind** and **solar** farms.

Future Trends

The sector is set to be reshaped by decentralisation, digitalisation, changing nuclear landscape, net-zero regulation and growth in renewables, alongside demand for cleaner and more resilient energy. These shifts will require adaptation in business models, skills and planning to position Kent & Medway for long-term competitiveness.

- Hydrogen technology has started development in 2025.
- Offshore wind expansion creates a 40GW of wind energy target.

Summary Findings

Innovation

Concentration of businesses active in energy generation or distribution tech. Scale of assets and requirements create strong demand for innovation that could be leveraged into greater activity, strengthening clusters of complementary activity, shared needs etc.

- **1.61%** of businesses report spending on **R&D**, compared to **0.35%** on average. **1.15%** have received an **R&D grant**, compared to **0.61%** on average.
- A high share of innovate UK projects in Kent and Medway relate to energy.

Enterprise

The business base is small but diverse, spanning micro-firms to internationally linked operators, with increasing activity in R&D, clean energy technologies and early-stage ventures. Patterns of establishment, investment and business evolution suggest an ecosystem with emerging strengths but needing targeted support to scale.

- Just **70%** of businesses are classed as '**micro**', which is less than comparators.
- **16 rounds** of equity funding per 1000 businesses, higher than the **11** average, but **median value** is almost **half** the average.

Human Capital

The sector relies on a broad and technically skilled workforce, with a strong presence of engineering and professional roles. Skills needs are shifting as technologies evolve, requiring ongoing upskilling in low-carbon systems, digital capability and specialised technical fields.

- **58%** of workers are **high-skilled**, more than the national average for energy.
- Jobs demand is high, with energy **job adverts** accounting for **35% of all jobs**.
- High concentration of **production managers** and **electrical engineers**.

Considerations for Local Growth Plan

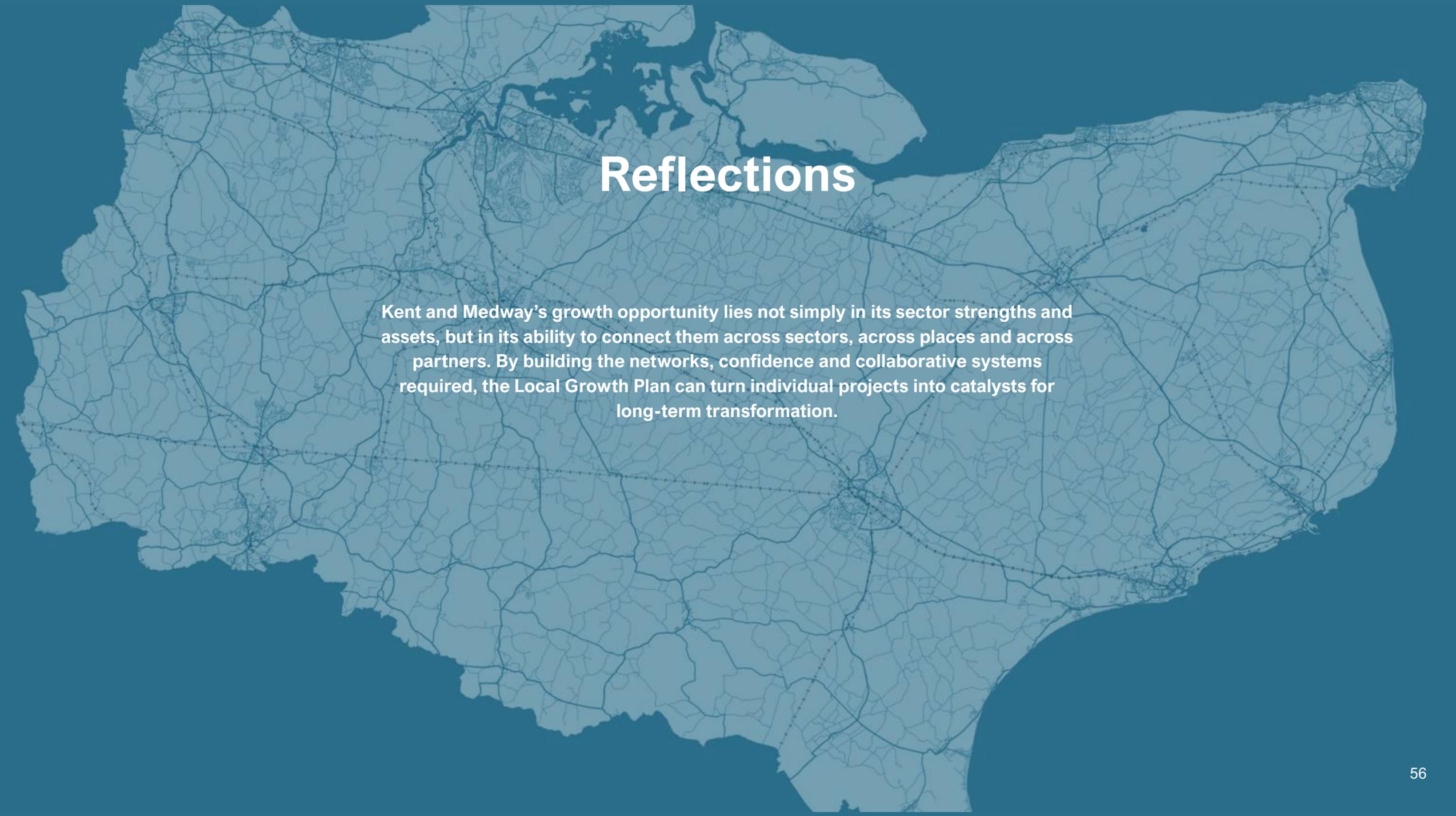


Enterprise	Innovation	Human Capital	Infrastructure	Future Trends
<p>Define a clear strategy for business attraction linked to energy availability, positioning energy generation as a tool to pull in high-demand sectors.</p>	<p>The question for the LGP are if there 'big plays' for new energy generation, emerging technologies like hydrogen or new nuclear that K&M want to pursue? If so – what are the national policy barriers to influence, how do you maximise local benefit</p>	<p>Build pipeline of technical skills to meet changing requirements.</p> <p>Explore option to leverage existing skills mix to establish role as an energy skills and capabilities hub – with expertise across gas, nuclear, solar, wind etc present in the region.</p>	<p>Addressing grid limitations is a central condition to unlock further growth and accelerating decarbonisation.</p> <p>Future developments may require improved digital connectivity.</p> <p>Support the opportunity to deliver carbon pipeline around the Medway CC cluster.</p>	<p>Major power demands are and important enabler for capital intensive investments in new energy like hydrogen schemes, CCUS, new nuclear.</p> <p>Explore opportunities to deliver cheaper, more reliable energy.</p>

Develop a coherent approach to maximising local benefit from large projects (interconnectors, offshore wind repowering, storage), including supply chain, skills and co-location opportunities.

Seek to influence Regional Energy Strategic Plan to ensure full scale of the needs and the opportunities are reflected and considered.

Advocate for a place-based approach to grid planning, identifying where local generation can meet local demand (e.g., Dover, North Kent, Thames Estuary) to reduce costs and accelerate electrification.



Reflections

Kent and Medway's growth opportunity lies not simply in its sector strengths and assets, but in its ability to connect them across sectors, across places and across partners. By building the networks, confidence and collaborative systems required, the Local Growth Plan can turn individual projects into catalysts for long-term transformation.

Our reflections on a growth model for Kent and Medway

A key question as we have delivered the sector research has been what the right approach to deliver growth is for Kent and Medway, our reflections on this are included here for KMEP to consider as it moves to the next phase of developing the local growth plan.

A core question for the Local Growth Plan is, along with the sector opportunities and the investment pipeline, what is the overarching theory of how transformative growth can be delivered here. Kent and Medway's polycentric geography means that the city led growth models based on prioritising economic concentration in dense urban centres, using agglomeration effects, land-use intensification, and transport connectivity to drive productivity growth are an unlikely route to success.

Fragmentation across the economy, the scale of the area and the challenges in forming a clear, shared narrative all make it difficult to articulate Kent and Medway's wider role and its economic opportunity, both internally and to external stakeholders and government. The Local Growth Plan is a chance to change this, setting out a clear, place-based growth model founded on some of Kent and Medway's core comparative advantages.

Research, engagement and existing strategy documents consistently highlight the importance of Kent and Medway's asset base locally and nationally. The rationale for and strengths of three of the four opportunity sectors is grounded in these assets – such as the natural endowment of its geography, climate and land quality, its infrastructure across ports and energy and the proximity to London. Across the region, infrastructure, science parks, universities and other anchors shape where and how economic activity occurs. Looking forward, a series of major set-piece projects and required investments (ranging from those already in development to those still emerging) will further build on this asset base.

Models of asset-driven growth

Kent and Medway's unique opportunity is to deliberately leverage major assets and upcoming investments so they generate wider economic spillovers. By creating the right enabling conditions, set piece projects such as the Lower Thames Crossing, the electrification of Dover and other ports, CCUS schemes, Sevington, and new interconnectors can act as inflection points in the area's economic trajectory.



The goal is not to raise the level of output through one-off gains, but to increase the long-term growth rate by using set pieces to drive productivity improvements, stimulate innovation and enable wider sector transformation.

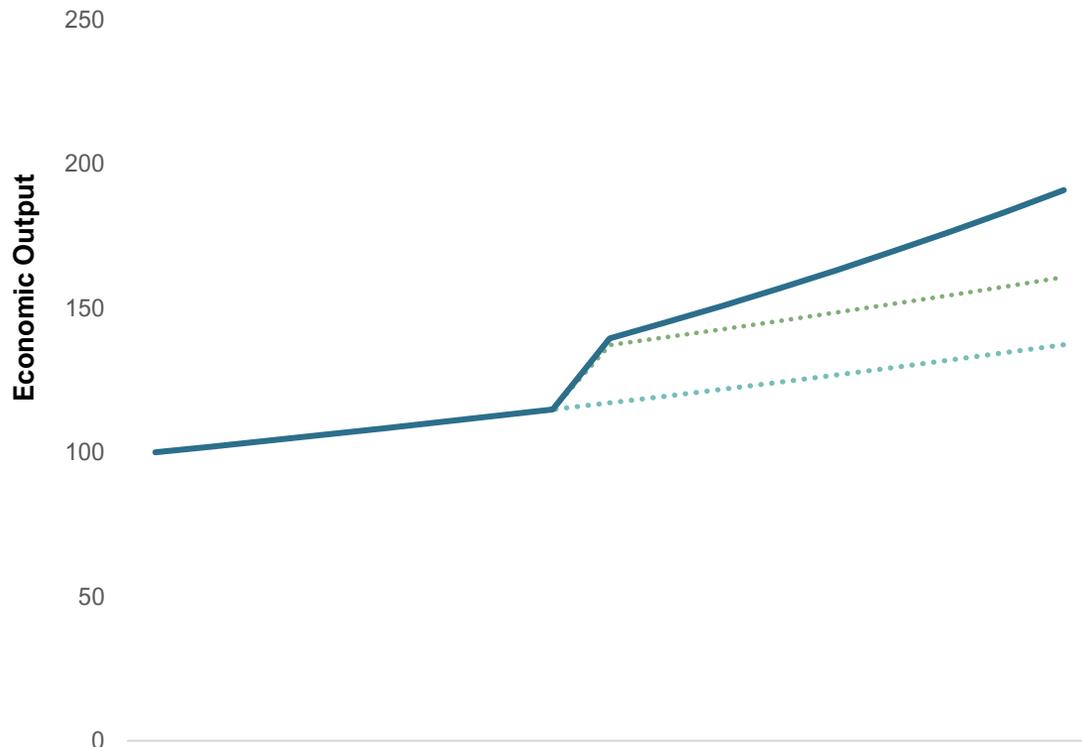
At a very basic, theoretical level a major project can impact growth in two ways:

- by raising the level of output, or
- by changing the path that growth is on.

The chart on the right illustrates a scenario where an investment increases the level of output but does not alter the underlying growth rate. The project delivers an initial uplift (for example, increased employment or new equipment increasing GVA) but the economy then continues along its previous trajectory. In this case, the project does not trigger wider gains in productivity, innovation, supply chains or local capability.

Kent & Medway’s Growth Opportunity

Transformative growth will come from ensuring that new and existing assets are integrated in the wider economy so that their presence creates positive spillovers and enables higher growth rates in other sectors. The ambition is to ensure that they act not just as a one-off positive shock, but as an inflection point for the local economy, shifting it onto a higher long term growth path.



The key growth opportunity for Kent and Medway is to create the conditions in which its assets and the pipeline of in progress, planned and required investments act as catalysts for a higher growth rate. These set-piece projects can generate positive spillovers by improving productivity, increasing employment in other sectors through supply-chain effects, and acting as demand sources for innovation and new technologies.

A central organising question for the Local Growth Plan would therefore be: which strategic projects, future needs and existing assets can be leveraged to shift Kent and Medway onto a higher growth trajectory and what must be put in place to maximise these opportunities.

Delivering the Growth Opportunity

To maximise the additional growth impact from Kent and Medway’s asset base the next phase of the Local Growth Plan should focus on creating the conditions that turn assets into a system, rather than isolated advantages.

<p>Purposeful networks to overcome fragmentation</p>	<p>Fragmentation across Kent and Medway is a barrier to the ability of assets, sectors and institutions to reinforce one another. Creating stronger, more flexible networks across a polycentric geography to connect organisations that currently operate in parallel and enable faster knowledge-sharing, problem-solving and collaboration across places and sectors will be the foundation for a growth model that seeks to leverage interdependence, not isolated strengths.</p>
<p>A shared mission for growth to convene partners</p>	<p>A clear, widely understood narrative is essential. The county already has strong convening power to establish a shared vision for what growth in Kent and Medway should look like and then to align policy levers and investment behind specific projects. This will provide the confidence, coordination and momentum required to maximise spillovers into supply chains, skills development and innovation activity.</p>
<p>Project based collaboration to maximise impacts of assets</p>	<p>Major projects like Lower Thames Crossing, port electrification, Sevington, interconnectors and potential energy projects will only shift the long-term growth trajectory if they become platforms for innovation and supply-chain development. This will require collaboration to develop ways to promote local supply chain participation (both in delivery and ongoing operations), embed technology adoption into infrastructure delivery and management, turn assets into testbeds and demonstrator environments for innovation, etc.</p>
<p>The right space in the right place</p>	<p>Ensure there is supply of the right types of commercial space in the right places: To unlock the interconnected growth opportunities across sectors, Kent and Medway will need a mix of affordable start-up space, grow-on space, labs, studios and flexible facilities located where businesses operate. Aligning space provision with sector geographies and cross-sector clusters is essential so that firms can co-locate, collaborate and scale. As part of this mix it will be important to create recognised hubs for sector and cross-sector activity, raising the visibility of opportunities and creating platforms to explore collaboration.</p>

At Metro Dynamics, we **care** about places, our clients, and our colleagues.

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