

Annual Report

2014/15



Green light for growth

Chairman's Foreword



Coast to Capital now stands at the heart of the business relationship between Whitehall and our local authority partners.

This has been an exciting year for Coast to Capital. Following the announcements of our Growth Deal and our Extended Growth Deal – both of which will see millions invested in our region – a significant projects delivery programme is being implemented.

With our partners, we are investing thoughtfully in the industries and infrastructure that will carry our region into the future. Whilst there will be some short-term gains, the long lasting legacy of these projects will benefit all those who visit, work, study and invest in our region.

Coast to Capital now stands at the heart of the business relationship between Whitehall and our local authority partners, with an extended network that includes our region's business associations, higher and further education, local area partners and the third sector. Together, we have combined to form a strong and united approach which reflects our region's priorities for investment, infrastructure and business support.

During the past year, whilst we have been negotiating with Government on our region's behalf, our board and management team have continued to engage with the people, companies and communities that matter across our region. It is important to us that an equitable balance is achieved from the

Growth Deal, spreading the benefits across a broad range of communities.

Coast to Capital's strategy and our long-term vision for the region have been determined and we are clear in our ambitions to become one of the UK's leading Local Enterprise Partnerships. We want to be a leading force for change and a major influence for economic development excellence, nationally as well as locally.

I wish to thank my colleagues on the board including Ron Crank, Chief Executive and his team. I look forward to seeing our projects and initiatives being realised as we enter this challenging yet exciting implementation phase.

Tim Wates, Chairman

Chief Executive's Report



Looking to the year ahead, we will continue to pursue opportunities to bring more investment to our region.

Much was achieved during 2014-15 – a period when we significantly expanded our reach, remit and investments for the Coast to Capital region.

Many of you will be aware that, in February, we were delighted to announce agreement to an expansion of our Growth Deal with the Government which will see an extra £35.8m invested in our region between 2016 and 2021. This is one of the larger regional allocations in the UK, and is in addition to the £202.4m of funding committed to Coast to Capital by the Government in 2014. Looking to the year ahead, we will continue to pursue opportunities to bring more investment to our region.

Building on the previous year, we have strengthened our relationships with the region's leading companies and growing enterprises. We have brought them together with thought-leaders and policy-makers to create strategic relationships and encourage the sharing of insights and best practice on key business challenges. In turn, this has enabled us to increase our advocacy with Government and reflect issues of business concern in areas such as business regulation, taxation and skills.

Reflecting back on our first year of awarding business growth grants, it is clear that small and medium sized businesses play a

very important role in the local economy. Supporting start-ups and helping businesses achieve sustainable growth is crucial to our future competitiveness. The Business Growth Grants programme helps SMEs expand by supporting projects such as skills improvement, research and development and investment in equipment or premises. I've been really pleased to see the grants having an early positive impact.

In the past year, we've also worked hard to produce a skills strategy for our region. I'd like to see apprenticeships become more widely available within companies from all sectors and professions. Our region's young people are a valuable resource and they need to have the opportunity to learn the skills that businesses will need in the future. At Coast to Capital, we've recruited a number of apprentices who have subsequently become permanent and valuable members of our team.

I'd like to thank our partners, my team and our Board for their support to date. The Coast to Capital journey has been challenging, frustrating at times, but ultimately satisfying and we look to the future knowing that our Growth Deal projects are underway and that they will provide a fitting legacy of all our collective efforts.

Ron Crank, Chief Executive

Our Region

Coast to Capital is the Local Enterprise Partnership (LEP) for West Sussex, Brighton and Hove, Lewes, East Surrey, the Gatwick Diamond and London Borough of Croydon. Geographically, we uniquely span the UK's two strongest economic regions – London and the South East – and our region continues to be one of the most prosperous in the UK.

Coast to Capital is led by the business community and supported by the region's local authorities, businesses and academic institutions. We work closely with our five local area partnerships and together, we are collaborating to secure a more prosperous and sustainable future for all.

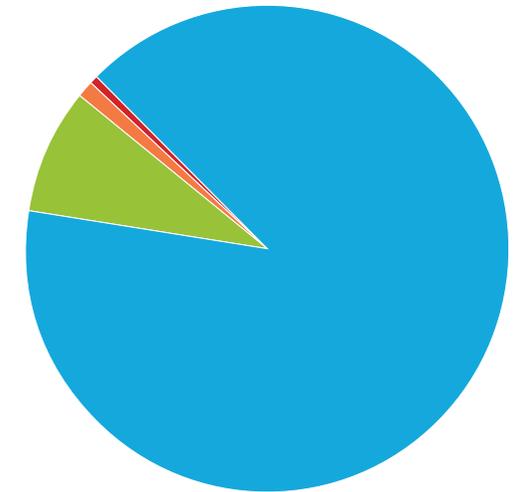
Our region at a glance:

- 1.9 million residents
- 1.2 million working population
- 922,000 total employed
- GVA is £44.3 billion in 2013 (3% of UK total)
- Employment Rate 2014 = 76.5% (up 0.6% since 2013)
- Unemployment = 5.6% (55,700 people) in 2014 (down 0.3% since 2013)
- Self-employment = 17% for 2014 (156,000 people), up 1% from 2013
- Working Age Population with NVQ4+ Qualifications = 42.8% (422,000 people)
- 77,630 VAT/PAYE Businesses (up 2.8% on 2013)
- Businesses Start-Ups in 2013 = 11,745 (26% increase on 2012)
- 16% of companies export
- Number of Jobs in 2013 = 780,500 (up 0.3% on 2012)
- Apprenticeships = 6,200 in 2013 (up 8% on 2012)



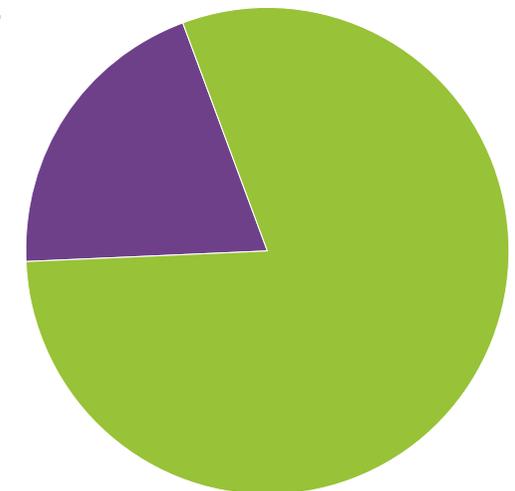
Businesses by size

- Large Businesses (250+ Employees)
- Medium Businesses (50-249 Employees)
- Small Businesses (10-49 employees)
- Micro Businesses (0-9 employees)



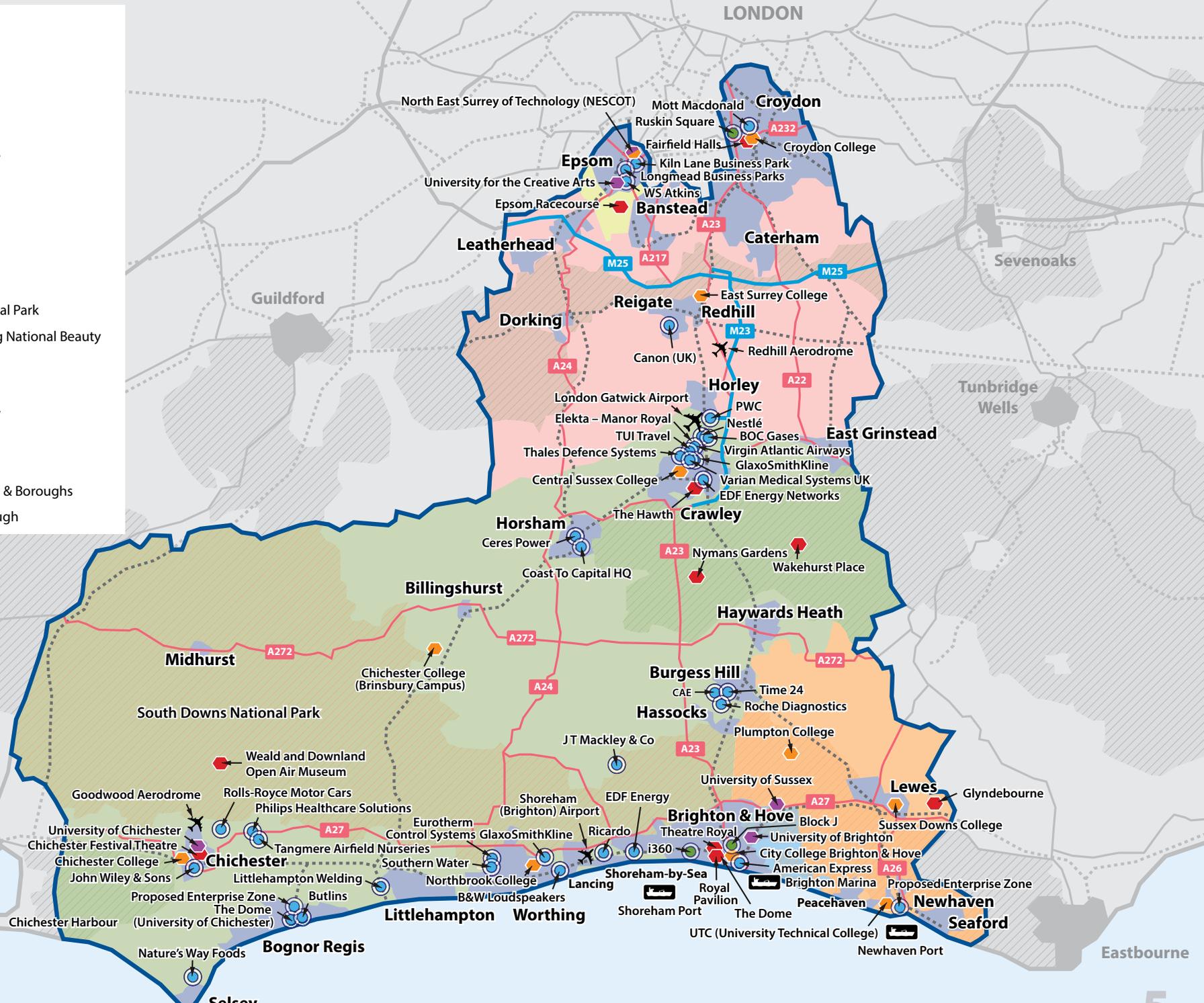
Businesses by Sector

- Manufacturing
- Services sector



KEY:

-  Growing Places
-  Enterprise
-  Higher Education
-  Further Education
-  Culture and Heritage
-  Maritime
-  Airport or Airfield
-  Motorway
-  Primary Route
-  Railway
-  South Downs National Park
-  Areas of Outstanding National Beauty
-  Coast to Capital
-  Built up area
-  Brighton & Hove City
-  Surrey Districts
-  Lewes District
-  West Sussex Districts & Boroughs
-  Epsom & Ewell Borough



Vision & Mission

OUR VISION is to create the conditions for our region to become a high performing economy with a global outlook that rivals the most successful regions in Europe and beyond.

OUR MISSION is to improve the international competitiveness and sustained profitability of Coast to Capital businesses by removing the barriers to growth and by providing access to the necessary infrastructure, people, knowledge and opportunities. We want to ensure that all communities share in this prosperity.

To achieve our vision and mission, we have adopted two strategic objectives:

1. To ensure the full implementation of the Coast to Capital Growth Deal
2. To create an environment in which an additional 100,000 private sector jobs are created by 2035



Growth Deal Highlights

In 2014, Coast to Capital agreed a £202 million Growth Deal with central Government to achieve a six year investment programme in jobs, infrastructure and transport. Beginning with £38m of new funding in 2015/16. Over the life of the Growth Deal, the funding is projected to provide:

- Up to 21,000 jobs
- Up to 9,000 homes
- 380,000 square metres of employment space
- Up to £350m investment into the Coast to Capital economy from the public and private sector

“ Innovation knows no borders ”



Key Benefits:

Business & Skills

Advanced Engineering Centre – a collaboration between the University of Brighton and Ricardo plc in a new Centre of Excellence to deliver leading automotive and environmental engineering training and research. *Up to £7m incl. £4.5m in 2015/16.*

Business Finance and International Trade – loans and grant funding for businesses to create new jobs.; – a ‘Gateway’ at London Gatwick Airport to increase international trade with South East Asian Nations. *£13m with £1.85 in 2015/16*

City College Brighton & Hove and Chichester College – refurbishment of dilapidated buildings and creating new facilities to allow an increase in trainees, apprentices, disabled learners. *£11m in 2015/16 with an extra £10m in 2016/17 for new projects.*

Digital Growth – investment in the Digital Catapult Centre Brighton and providing key business locations with the digital connections needed to compete internationally. We will support small firms to get e-commerce skills and complete the superfast broadband roll-out. We will also pioneer new mobile 5G technology research with neighbouring LEPs. *Up to £3.4m incl. £0.7m in 2015/16.*

Preston Barracks Central Research Laboratory – a joint venture between University of Brighton, Cathedral and Brighton & Hove City Council to create a new innovation

hub to commercialise academic research and incubate high growth businesses, with new housing. *£7.7m incl. £1m in 2015/16.*

Transport & Infrastructure

Bognor Regis A29 re-alignment between the new Bognor Regis Relief Road and the A27. It will include up to five new junctions plus cycle and pedestrian facilities. The realignment will allow new development of business and employment opportunities in Bognor Regis. *Up to £13m.*

Circus Street, central Brighton – a city centre mixed use regeneration project of a site to deliver new homes, office building, student accommodation, a library and academic buildings. *Up to £2.7m incl. £1.5m in 2015/16.*

Crawley Area Transport Package – includes junction improvements, bus priority schemes, modal interchange and improvements to walking and cycling. *£18m incl. £2.6m in 2015/16.*

Resilience Schemes – Intelligent Transport System traffic management, strategic road maintenance and flood and critical incident alleviation, mainly in East Surrey. *£30.9m incl. £5.5m in 2015/16.*

Sustainable Transport Packages – a range of projects will tackle congestion and improve sustainable transport in local areas across the Coast to Capital region. This will enable

improvements to: walking and cycling links; junctions and traffic management systems to ease traffic flow and reduce congestion; improvements to public transport, such as bus and taxi priority measures and better Interchanges. *£31.7m incl. £3.7m in 2015/16.*

Environment & Homes

Flood Defences: Newhaven and Shoreham – in Newhaven, this will open up major brownfield sites for housing and employment land plus new harbour facilities. In Shoreham, the flood defences and transport access improvements will allow land to be used for housing and businesses. *£1.5m in Newhaven incl. £9.5m for two schemes in Shoreham.*

Wood Fuel Initiative with the Forestry Commission – sustainable use of trees to produce wood fuel as a renewable energy source and for local building materials. *Up to £0.8m incl. £0.4m in 2015/16.*



Key Achievements in FY 2014/5

Bringing investment to our region

- £238 million Local Growth Fund secured
- £61.2 million secured from the European Structural and Investment Funds (ESIF)
- £23.6 million Growing Places Fund secured enabling 7 business loans for large scale infrastructure development
- £3 million investments in businesses made from the Regional Growth Fund
- £30 million investment in East Surrey's transport infrastructure
- £13.7 million secured to deliver transport and infrastructure improvements in Brighton and Hove
- £7.1 million to upgrade West Sussex's transport infrastructure
- £810,000 secured to support the Growth Hub Business Navigator which has helped more than 2,200 businesses to date
- Provided support to local authorities to access the Public Works Loan Board

Martin Fausset, Managing Director, Technical Consulting, Ricardo Europe

“Ricardo was delighted to work with the Coast to Capital team over the last 12 months and to host the Growth Deal signing ceremony which enables our long relationship with Brighton University to continue to develop advanced combustion research in new dedicated facilities.”

Enabling companies to expand and create jobs

- £2.2 million Business Growth Grants fund enabled 39 companies to create more than 300 new jobs
- £500,000 initial investment won by Coast to Capital led consortia to fund a 'Digital Catapult' centre – one of just three in the UK which has the potential to create thousands of new jobs
- £88,694 to fund a Small Business Digital Capability project
- £17,500 from the Skills Funding Agency to run apprenticeships workshops
- 137 representatives from enterprise agencies, membership organisations, local authorities, partnerships, intermediaries and the HE/FE sector participated in the Coast to Capital Business Providers Network

- 18 foreign owned companies set up operations in our region creating 337 new jobs
- 2,205 businesses were supported via the Business Navigator Service, which includes an online business support services directory and events calendar
- Delivered a Business Engagement programme to understand the challenges and views of business leaders and business organisations across the region and promote Coast to Capital funded programmes.
- Supported Export Week and Global Entrepreneurship Week

Dr Nigel Wilson, Group Chief Executive, Legal & General

“We believe the LEPs initiative is a very important way in which to encourage regeneration, development, jobs and growth. We support Coast to Capital's approach of long term investment in infrastructure, in R&D and in vocational education to create long-lasting prosperity through productivity gains.”

“ Helping to spur on UK growth ”



Creating collaborations and driving partnerships

- Published the Strategic Economic Plan – unanimously agreed by the Coast to Capital Joint Committee of all 17 authorities
- Published a regional Skills Strategy and established a Skills committee focusing on meeting business skills needs and generating sustainable employment
- Published the Local Transport Board Strategy
- Published the European Structural Investment Fund (ESIF) Strategy
- Established the new Greater Brighton Economic Board which will oversee a six year programme of investment in jobs, housing, business and skills support
- Prepared a Rural Statement, with our rural partners, to ensure we “rural proof” everything we do
- Worked with DEFRA to bring three pilot Food Enterprise Zones to the region
- Supported Skills Funding Agency in re-contracting the National Careers Service in our region
- Supported three successful LEADER bids from the Rural Development Programme for England (RDPE) to improve the rural economy
- Supported a range of enterprise-related events

including a joint event with the Business Growth Service and the Eco-Technology Show

- Published agreed key performance indicators by which to measure the economic performance of the region
- Supported the activities of the LEP National Network
- Supported the London Borough of Croydon in its ‘Growth Zone’ ambitions

Guy Hilton - General Manager - Hilton London Gatwick Airport

“ Coast to Capital LEP is a vital organisation that supports local businesses, maximises opportunities and promotes growth in the region. ”

Improved Internal Governance

- Established an Audit Committee
- Recruited new Board Members where vacancies existed
- Reviewed and developed Board Committee Structure
- Enhanced our Health and Safety Policies
- Revised our Risk Register
- Put in place a Code of Conduct

Communicating Effectively

- Published an Annual Report; Profile Document; Foreign Direct Investment Brochure and Strategic Economic Plan
- Held bi-annual Partner Forum bringing together policy-makers with business leaders
- Issued regular online newsletter to more than 1,800 contacts
- Posted daily updates to social media channels and website
- Issued more than 50 press releases, feature articles and columns
- Held events for key stakeholders and business groups
- Delivered an MPs contact programme
- Wrote and published business case-studies and video
- Board Member visits to businesses
- Hosted several Ministerial visits to the region



TALKING MEANS GROWING FOR NATTERBOX

Leading edge telephony for business, means big growth and new jobs at Natterbox. The company is kitting out new offices to help create 32 jobs, with a grant of £125,000.

About Natterbox:

Natterbox is at the leading edge of cloud-telephony, providing value added intelligence services to its business customers. Its services include: hosted cloud telephony services; integration and routing of mobile and landline call activity into CRM systems; full control of telephony inbound and outbound via CRM systems and compliance grade mobile and fixed line call recording solutions. These services are deployed in over 50 countries across all business sectors and enable staff to work from any location. Telephony integrates with customer relationship management systems, providing invaluable data to measure agent performance and easily set rules to route inbound calls.

The Challenge:

Natterbox is growing fast and working with blue-chip clients. The company has developed a unique 'Voice Intelligence' tool, which has been proven to help large companies increase revenue through improved communications. The company is now ready to grow, needing extra space and staff to continue developing the tool and driving global sales.

The Solution:

The Coast to Capital Business Growth Grant has enabled Natterbox to refit new offices in the 'No1 Croydon' building providing the space it needs to recruit new staff and maintain its rapid growth year-on-year.

Tony Byrne, Natterbox CFO said: "The company has a large number of valuable customer prospects in its sales pipeline and urgently needs to expand the team

to enable it to capitalise. Being able to recruit the best talent is critical. We are looking to invest significant amounts in a new landmark office at 'No 1 Croydon'. The office will serve as a flagship in the local community. It is ideally located opposite the train station and has excellent connections with London, all of which will help the company recruit the talent it needs".



● Collaboration is Key



Coast to Capital is leading the way by making partnerships and strategic alliances at a local, regional and national level. People in business, research and education are essential partners and our success relies on understanding how knowledge, ideas and skills are developed through successful collaborations and networks. Effective governance has been put in place and is directly accountable to local people and local businesses. Its robust and clear structure ensures proper accountability for delivery of Coast to Capital objectives and provides clarity on respective roles and responsibilities.

Local Area Partnerships

There are five economic sub-areas which work closely in partnership with Coast to Capital:

- Brighton & Hove Economic Partnership
- Coastal West Sussex Partnership
- Croydon Community Partnership
- Gatwick Diamond Initiative
- Rural West Sussex Partnership

The Area Partnerships are represented in the governance of Coast to Capital through the Forum, whilst Board members have been allocated liaison roles for each area partnership.

Local Authorities

The four upper tier and unitary authorities are the main partners for Coast to Capital. They are all represented on the Coast to Capital Board. The Twelve District and Borough Councils are represented through the Area Partnerships and the Coast to Capital Partnership. Coast to Capital also enjoys a close working relationship with South Downs National Park.

Business Organisations

Coast to Capital needs to be closely engaged with businesses and to be in touch with current business issues. Business representative organisations are critical to the development and delivery of appropriate strategies and initiatives.

Higher and Further Education

Higher and Further Education has a critical role to play in most aspects of Coast to Capital's objectives. We are ensuring that universities and colleges are drawn more tightly into supporting and driving economic and business growth, through their own initiatives and research.



“ Encouraging international ambition ”

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