Coast to Capital

# Local Industrial Strategy

Coast to Capital Board

17 October 2019

# 1. Introduction

# Our proposed approach

- To be ambitious
- Consistent with other Local Industrial Strategies
- Close collaboration with Southern LEPs and London
- Noting Government focus on North and Midlands…
- …emphasising the potential for further economic growth
- By promoting a model of sustainable growth

# Board leadership

**David Joy**
Urban Centres

**n/a**
Sustainable Growth

**Adam Tickell**
Innovation

**Phil Jones**
Digital Network

**Rosaleen Liard**
Business Infrastructure

**Frances Rutter**
Skills for the Future

**Martin Harris**
Transport

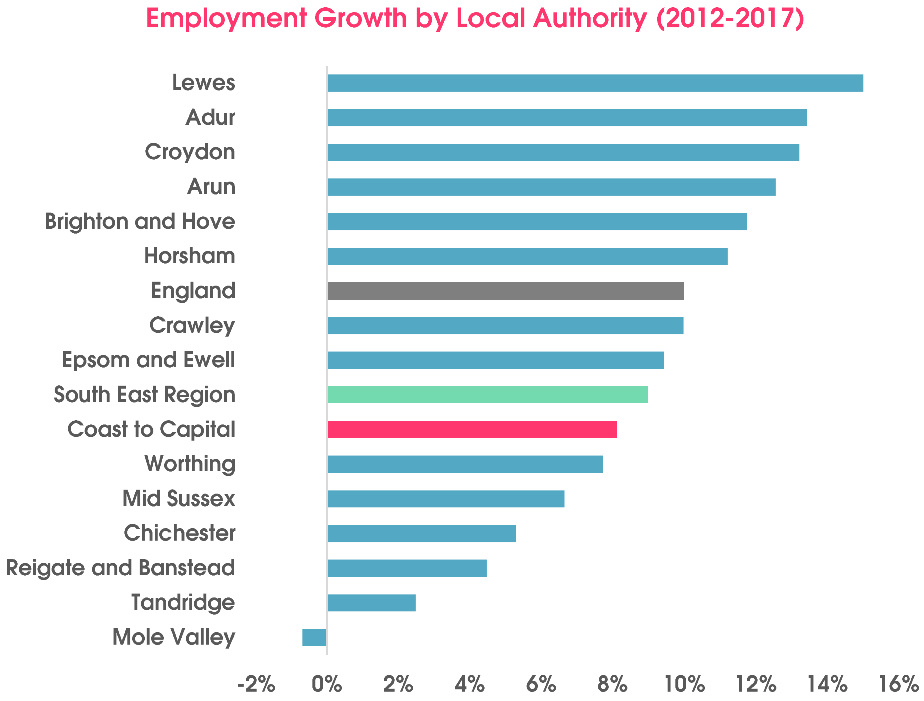
**Julie Kapsalis**
International Identity

## 2. Evidence base

Is there a burning platform?

# Recent employment growth is behind the national average and the South East

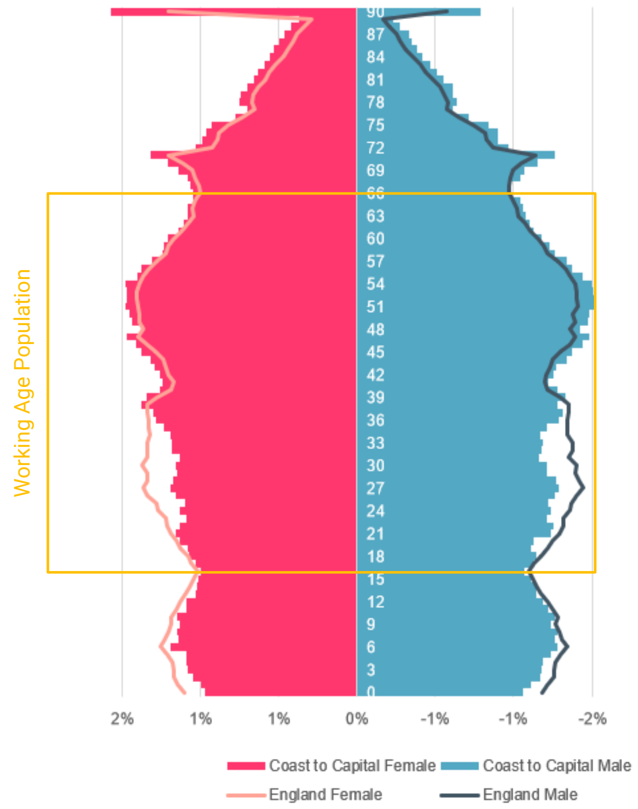
23rd of 38 LEPs in terms of the last 5 years employment growth



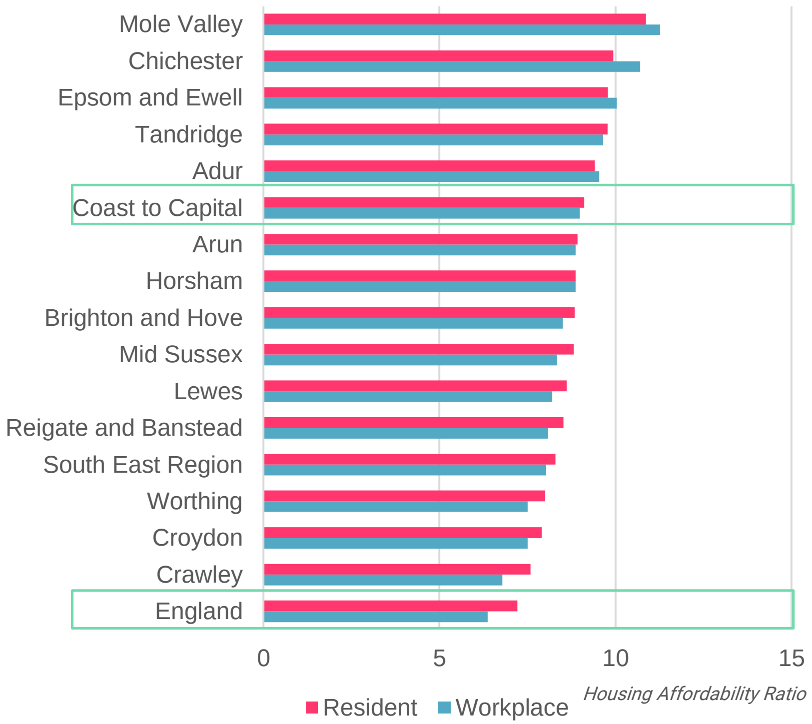

Data Source: ONS, BRES

# The area has a lower than average proportion of people aged 0-15 and 21-39 and a higher than average retired or retiring population…

## Population Pyramid, 2018



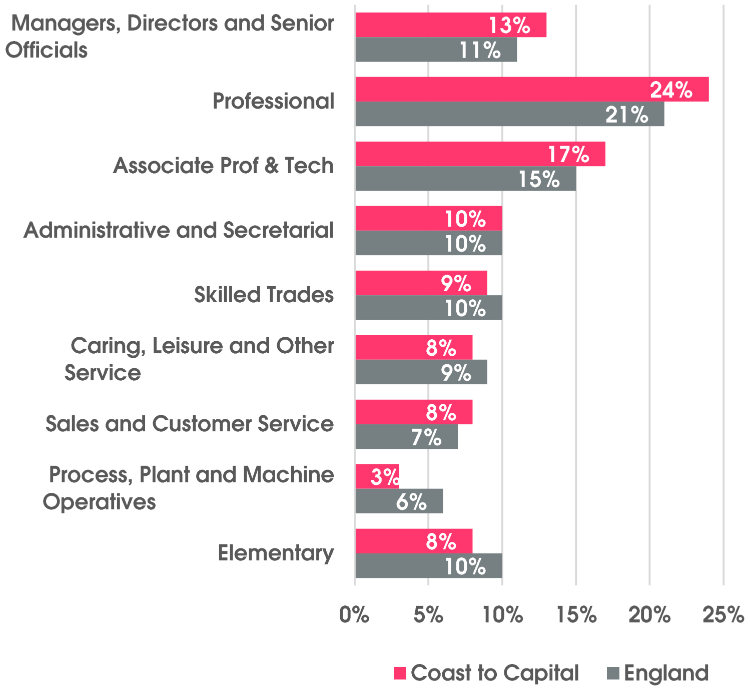

## House Price to Annual Salary Ratio for Residents and Workforce, 2018



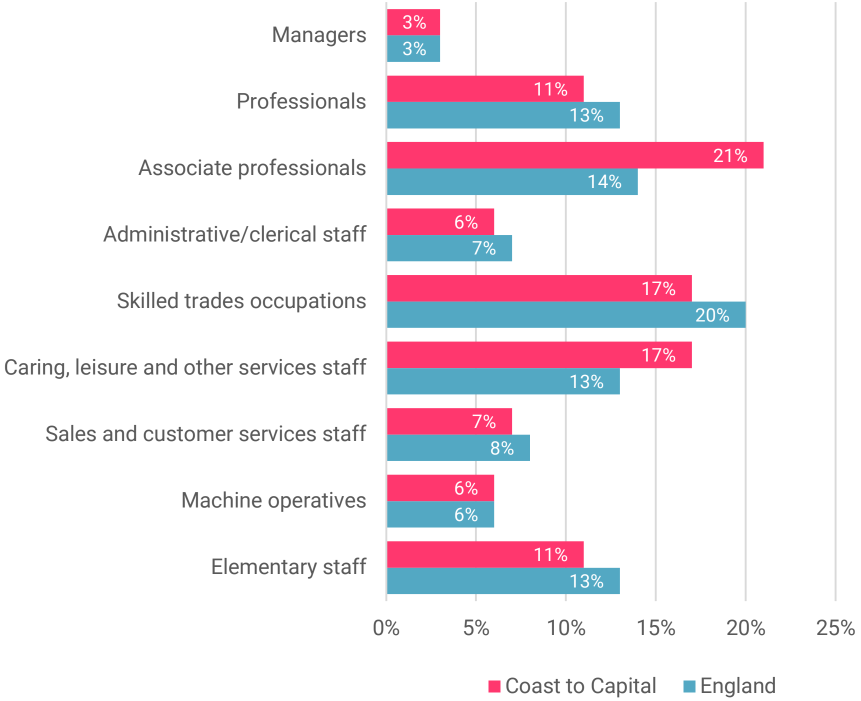

Data Source: ONS, Annual Population Survey

# There has been a decline in mid level occupations such as Administrative and Secretarial and Skilled Trades…

Share of Employment by Occupation in Coast to Capital, 2018



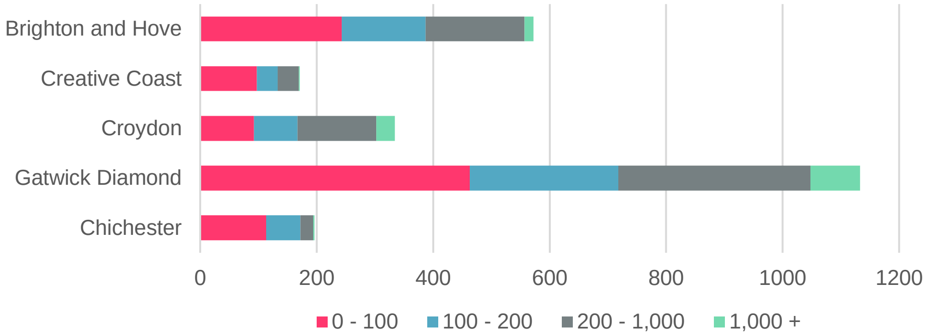

Employer Reported Hard to Fill Vacancies by Occupation, 2017



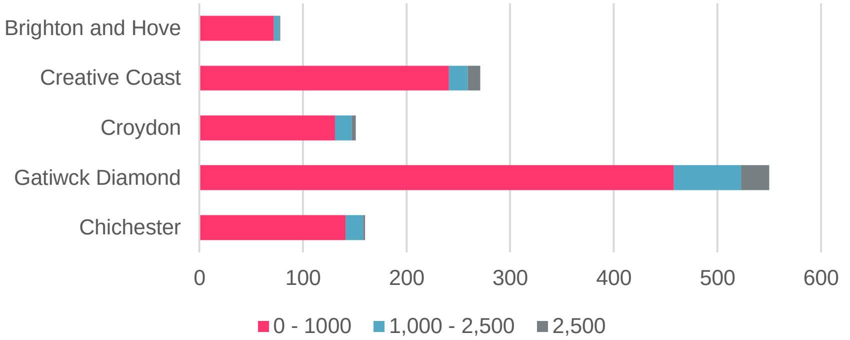

Data Source: ONS, Annual Population Survey

# Office take up has been for mid-to-lower quality stock, driven by a lack of higher quality stock across the region. There have been fewer 4-5 star office transactions than in more productive competitor areas...

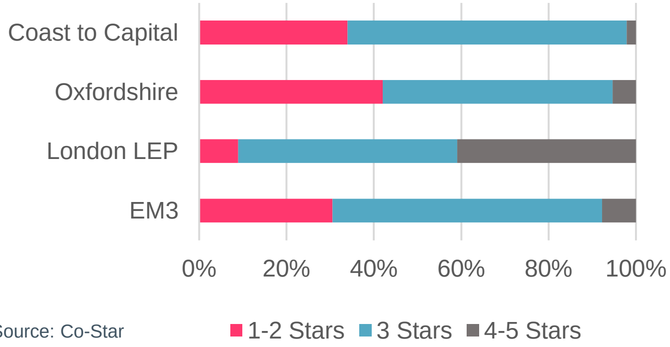
Total **Office** Lease Deals by Floorspace by Market Area (2013-2018) (sq m)



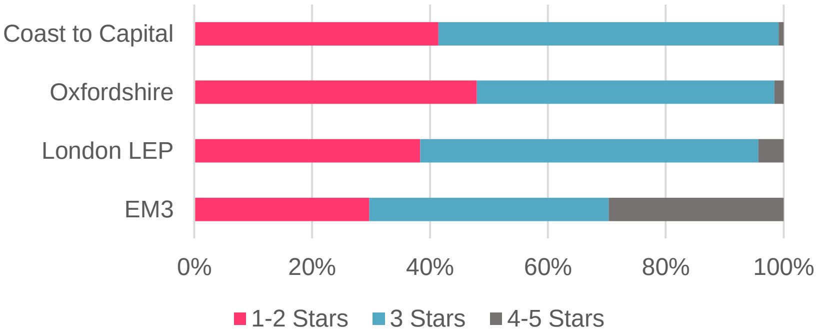

Total **Industrial** Lease Deals by Floorspace by Market Area (2013-2018) (sq m)




Proportion of **Office** Lease Deals by Quality (2013-2018) (sq m)



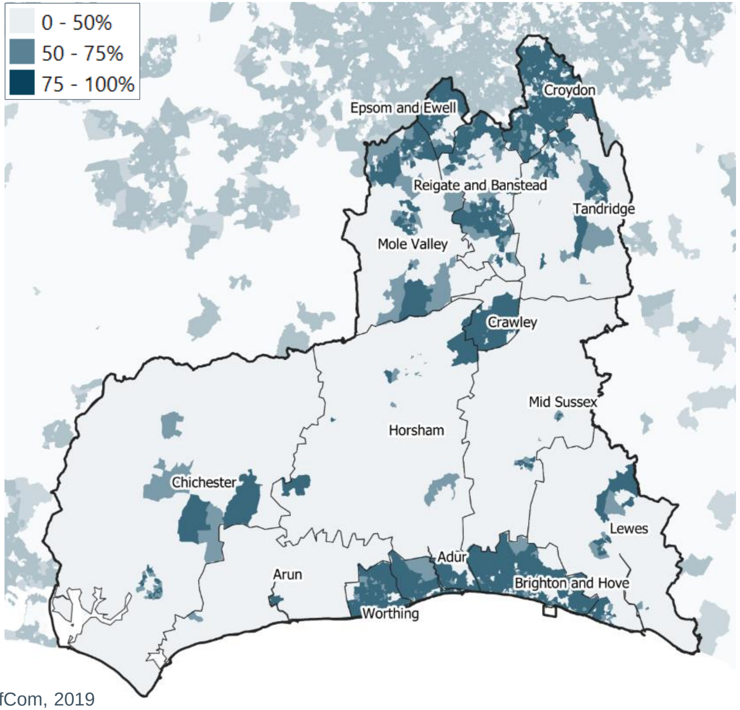

Proportion of **Industrial** Lease Deals by Quality (2013-2018) (sq m)




Data Source: Co-Star

# Ultrafast broadband connectivity is strong in urban areas, but weaker in most rural locations. 4G outdoor coverage is comprehensive, but indoor coverage* is lower than the national average…

Coverage of Ultrafast Fibre Broadband in the Coast to Capital Region (2019)




4G Mobile Coverage

| | 4G Outdoor | 4G Indoor |
|---|---|---|
| Croydon | 100% | 95% |
| Brighton and Hove | 100% | 91% |
| Arun | 100% | 83% |
| Epsom and Ewell | 100% | 83% |
| Crawley | 100% | 81% |
| Reigate and Banstead | 100% | 80% |
| **England** | **83% **** | **80%** |
| **Coast to Capital** | **99%** | **77%** |
| Mid Sussex | 98% | 77% |
| Worthing | 100% | 76% |
| Horsham | 98% | 76% |
| Tandridge | 99% | 75% |
| Lewes | 99% | 73% |
| Adur | 100% | 66% |
| Mole Valley | 95% | 64% |
| Chichester | 93% | 61% |

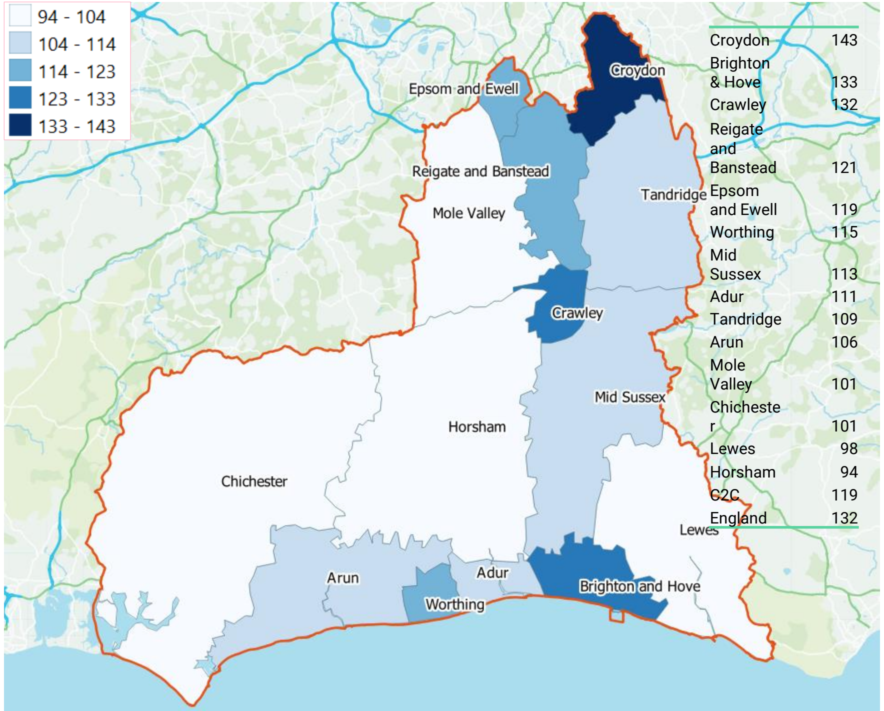
Data Source: OfCom, 2019

* Note: indoor coverage offers a more suitable proxy for mobile coverage than outdoor coverage.

**Note: This figure is based on % geographic area covered rather than premises.

# Coast to Capital has low business start-up rates compared to the national average…

## Map of Business Start Up Rates by Local Authority (per 1,000 businesses), 2018




| Start-up rate (per 1,000 businesses) | |
|---|---|
| Croydon | 143 |
| Brighton & Hove | 133 |
| Crawley | 132 |
| Reigate and Banstead | 121 |
| Epsom and Ewell | 119 |
| Worthing | 115 |
| Mid Sussex | 113 |
| Adur | 111 |
| Tandridge | 109 |
| Arun | 106 |
| Mole Valley | 101 |
| Chichester | 101 |
| Lewes | 98 |
| Horsham | 94 |
| Coast to Capital | 119 |
| England | 132 |

Data Source: ONS, Business Demography

# There is national quality R&D activity across Coast to Capital, but clear issues are beginning to surface…

## Brighton's Digital Sector

Strengths in…

- Gaming
- Augmented Reality/Virtual Reality
- Creative
- E-learning

With growing provision of co-working space

14.4k digital tech jobs

WiredSussex

AMERICAN EXPRESS

University of Brighton

## Across Coast to Capital…

### Manor Royal Business Park

Strengths in…

- Aerospace — Gatwick London Airport
- Electromedical Manufacturing
- Advanced Engineering

varian

Elekta

THALES

BOEING

Co-Working Spaces

Electric Fuel Cells — CeresPower

RICARDO — McClaren Engine Manufacturing

Hydrogen fueled Buses — Brighton&Hove essential travel for our city

Collaborative Innovation across Horticulture & Viticulture

With a productive, complex economy and seemingly plenty of R&D going on, the question remains…

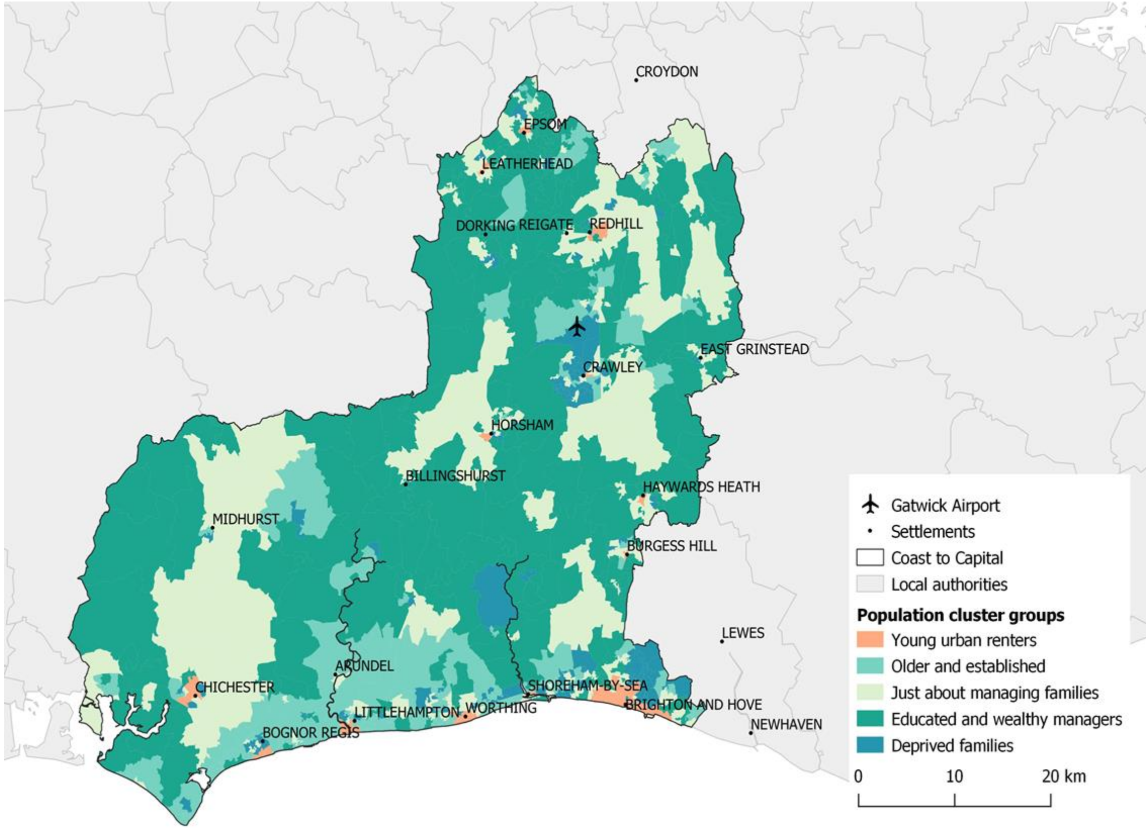
## What are the problems?

Recent data & engagement suggests R&D is **not** as prevalent as it appears, with companies facing difficult challenges.

- Skills shortage
- Minimal University Engagement
- Struggling to hire — VACANCY
- Lack of Space
- Cost of Land
- Cannot expand
- R&D moving elsewhere

Data Source: Metro Dynamics; TechNation Report (2018)

# Coast to Capital is a highly complex area to define – it has extremely diverse economies and even more diverse places…



# Our story

- Historic strength in the size and value of our economy
- But clear picture of an economy in decline
- Caused by an interconnected series of market failures

- Workforce and skills are insufficient for jobs available
- Environment is not attractive enough for companies to embed and grow
- Towns are well connected but many lack identity and opportunity
- Attraction to commuter wages means housing is unaffordable
- Innovation activity and spend unfit for a modern 21st century economy

- Compounded by dependence on London and other regions

# 3. Sectors of national significance

# Hi-tech industry

| Sector | Jobs | Clusters | Specialisms | Level of specialism | Key companies |
|---|---|---|---|---|---|
| Air Transport | 9,500 | Gatwick Diamond | • Aviation companies<br>• Airport services | 5 times more specialized than England | • Gatwick Airport<br>• Virgin Atlantic<br>• Norwegian Air |
| Advanced manufacturing & electronics | 10,875 | Gatwick Diamond, South Coast Corridor | • Electronics manufacture<br>• Medical technologies manufacture<br>• Air defence manufacture<br>• Automotive manufacture | 2 times more specialized than England | • Bowers and Wilkins<br>• GP Acoustics<br>• Vindex Systems<br>• Ricardo<br>• Thales<br>• Elekta |

# Creative industries

| Sector | Jobs | Clusters | Specialisms | Level of specialism | Key companies |
|---|---|---|---|---|---|
| Creative, arts and entertainment activities | 3,000 | Brighton & Hove, South Coast Corridor | • Performing arts and theatres<br>• Artistic creation<br>• Graphic design | 1.3 times more specialized than England | • Brighton Dome & Festival<br>• Chichester Festival Theatre<br>• Glyndebourne<br>• Fairfield Halls |
| Publishing activities | 3,500 | Brighton & Hove, South Coast Corridor and Gatwick Diamond | • Video game development<br>• Software development | 1.2 times more specialized than England<br><br>Coast to Capital recognized as centre for video game industry | • Creative Assembly<br>• Brandwatch<br>• Dotmailer<br>• The Focus Group |

# Horticulture & Viticulture

| Sector | Jobs | Clusters | Specialisms | Level of specialism | Key companies |
|---|---|---|---|---|---|
| Agriculture, Forestry & Fishing | 9,000 | Rural West Sussex, Rural Surrey | • Glasshouse industry<br>• Vegetable growers | This sector makes up nearly 8% of rural businesses<br><br>Chichester is home to the UK's first automated glasshouse | • Langmead Group<br>• Fargro<br>• Tangmere Airfield Nurseries<br>• Vitacress |
| Growing of grapes and manufacturer of beverages | 1,000 | Rural West Sussex, Rural Surrey | • Vineyards and estates<br>• Alcohol production | Collaboration within the sector to develop best practice and build industry from the ground up | • Denbies<br>• Ridgeview<br>• Bolney<br>• Nyetimber<br>• Wiston Estate Winery |

# Tourism

| Sector | Jobs | Clusters | Specialisms | Level of specialism | Key companies |
|---|---|---|---|---|---|
| Visitor economy | 9,600 | All areas | • Culture and heritage<br>• Retail and leisure<br>• Business travel and conferencing<br>• 'Green' and agro-tourism | Brighton & Hove is one of the UK's top ten tourist destinations for overseas visitors<br>25% of tourism jobs are in rural areas | • Brighton Fringe<br>• South Downs National Park<br>• Surrey Hills AONB<br>• Butlins |

# 4. Developing our pitch

# Business environment

| Insights | Pitch | Pipeline |
|---|---|---|
| Some business sectors of exceptional strength with potential to play a leading part in a modern 21st century economy<br><br>But inadequate supply of business space, and land constraints compounded by residential permitted development | There is market failure in providing an environment for businesses to grow; stops us from meeting our full potential<br><br>Younger people, non-commuters and people with lower qualifications are being left behind<br><br>We need a range of support to help create better business conditions, and to support growth | • Support creation and renewal of new business districts<br>• Explore further ‘enterprise zones’, including ‘Freeport’ provision<br>• Build on our Escalator Programme and Growth Hub to hothouse scaling firms<br>• Create a strong international marketing profile for the region, including learning from ‘Develop Croydon’ |

# Places

| Insights | Pitch | Pipeline |
|---|---|---|
| Highly networked towns serving London, Gatwick and the South East<br><br>But many are not attractive or accessible to highly skilled workers who will build the future economy<br><br>An international cultural/leisure destination but a fragmented sense of identity and no coherent marketing strategy | Need to prioritise Brighton, Crawley and Croydon as growth cities<br><br>Identify regional towns with plans and potential for growth and get targeted support to promote our key sectors<br><br>Help local authorities deliver intensive growth and tackle 'clone town' perception. Quality of growth is key | • A Gatwick infrastructure study; growing airport as a regional asset<br><br>• Prioritised network of regional hubs<br><br>• Town centre work to tackle demographic challenge, and make places attractive to working age people |

# Infrastructure

| Insights | Pitch | Pipeline |
|---|---|---|
| Transport needs to link growth towns together more seamlessly, not just send people to London<br><br>Digital infrastructure should be our competitive strength<br><br>World class natural environment constrains growth but lends itself to a natural capital investment pipeline | Transport infrastructure<br><br>Digital infrastructure<br><br>Natural infrastructure<br><br>An explicit move away from the car<br><br>Regional innovation on transport as a service, including engagement on new rail franchise | • National pilot on investment with our Local Nature Partnerships<br>• Carbon sequestration projects<br>• Coordinate ultrafast broadband connectivity to create the first truly 5G region<br>• Cleaner, smarter travel choices by innovating in zero-emission vehicle adoption, ticketing and rail franchising<br>• Government investment in major transport projects including TfSE and rail priorities |

# Ideas

| Insights | Pitch | Pipeline |
|---|---|---|
| Class leading innovation strengths in multiple sectors but with alarmingly low levels of public and private R&D investment and wider market failures<br><br>We need to push our strengths much harder – eg non-university UK 5G testbed and Quantum computing lab at University of Sussex | Public sector investment is passing us by: need to rectify<br><br>Private sector investment risks drying up: places need to be clear that they want to reverse this<br><br>We have sectors of huge potential: need to focus support on them<br><br>Review scale up, business support, innovation services across region and improve them | • Beacon centre for innovation in Crawley: nationally significant links between industry and education<br>• 21st century business districts in our growth towns to attract and retain businesses in sectoral clusters<br>• Review and improve existing services<br>• Coordinate ultrafast broadband connectivity to create the first truly 5G region |

# People

| Insights | Pitch | Pipeline |
|---|---|---|
| Well established older workers but a concerning younger working age population gap (20-40)<br><br>High level of employment but we are underutilising the high skills base within the area<br><br>Businesses and sectors are not training and developing staff well enough including poor take up of apprenticeships | To skill and retain workers across all ages in jobs that will deliver our future economic growth<br><br>Business is not doing anywhere near enough<br><br>A priority to engage inactive and under-represented groups | • Business led skills strategy for the region through the Skills 360 Board with associated business cases for revenue and capital<br>• Apprenticeships<br>• Business led Apprenticeship levy pilot for digital SMEs<br>• Initiatives on diversity and inclusion |

# 5. Developing our proposition

# Considerations for Board

- To work these up in close collaboration with Board members
- Continue engagement with partners and Government
- Draft LIS for agreement at January Board
- Develop a 'Golden Thread' which summarises, and structures, our offer