

**Coast to  
Capital**



**Local Industrial  
Strategy**

Draft interventions and logic chains,  
LISA Panel, 14 January 2020

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# Introduction

Between September and October 2019, Coast to Capital consulted on the evidence base for our Local Industrial Strategy (LIS), as summarised by the draft economic profile. This set out the key challenges for future economic growth across our area using the 5 Foundations of Productivity from the UK Industrial Strategy. The consultation found high levels of support for our findings and created consensus about the opportunities for our area.

In addition to our consultation, we have engaged stakeholders across sectors and places through more than 80 separate LIS engagements since January 2019. Through a co-creation approach with stakeholders we identified a broad range of actions, or interventions, that would help us address the key challenges and opportunities at the local level. We have refined these through further targeted engagement to develop a shortlist of draft interventions for the LIS.

# Introduction

The rationale for and description of these LIS draft interventions is presented by this document in the form of 'logic chains' for the Local Industrial Strategy Analytical Panel (the LISA Panel) in January 2020. This is an informal stage of the LIS process designed only to test the robustness of our evidence base and methodology for identifying potential interventions using the emerging logic chains. It is not an approval of or commitment by us or Government to the interventions as presented.

After the LISA Panel, we will complete and sign off our final LIS draft interventions with our Board on 29 January 2020. We will then begin to test and negotiate each of the interventions with relevant Government departments. This will help us to understand national policy and resource support, in light of the new Government's approach to regional investment, leading to the drafting, sign-off and publication of our LIS.

Each of the LIS draft interventions presented in the logic chains are at different stages of development and readiness to be delivered. Each has a different resourcing implication and requirement for both the public and private sector. We aim to develop a business case for each intervention.

## Methodology

Each logic chain is presented in three columns which explain:

**The challenge** – describing what the challenge is, based on the statistical and anecdotal evidence we have gathered

**The intervention** (or interventions) – describing what we propose to do to address the challenge and what kind of help we will need to do that (from Government or other partners)

**The outcome** – what the intervention is designed to achieve over the short and longer term

Page references within the logic chains (marked EP) refer to the LIS draft economic profile unless otherwise stated

# Logic chains – Foundations of productivity

# 1. People: local talent pipeline

## The challenge

Coast to Capital has strong overall qualification levels, though with some pockets with significantly lower levels (EP, p31). The area offers a number of distinct sector strengths, which can provide significant value to a developing UK economy. However, business productivity is affected by a collective market failure in training, careers and recruitment provision.

- Population growth has been highest among those aged over 50 and, in most areas, the 16-24 population has declined (EP, p20)
- People who commute out of the area earn more than those who work here (EP, p28)
- Median house prices are nine times higher than median resident earnings (EP, p66)
- Mid-level and skilled roles tend to be the most difficult jobs to fill (EP, p33)
- Changes in skills needs and the shift in the occupational profile means that meeting future skills needs remains a challenge (Skills and Labour Market Research: Baseline Report, p21)

## The intervention

### 1.1 Creative and digital Apprenticeship Levy pilot (Brighton & Hove)

Collaborate with Wired Sussex (a creative and digital membership organisation), three leading companies and DfE to deliver a sector based pilot for the introduction of greater flexibility in the apprenticeship levy to support SMEs in our creative and digital sector cluster

### 1.2 Improved talent pipeline for local industrial strengths (LEP area)

Coordinate existing public and private spend on the 'talent pipeline' to match supply and demand more effectively in local areas (e.g. 'talent academies' concept being explored by a number of major employers in the area)

## The outcome

Success will be measured by:

- Reduction in the number of vacancies reported by businesses
- FE/HE offer aligned to employment opportunity
- Better pathways for younger and older professionals
- Increase in attainment levels (particularly in more deprived communities)
- Increase in employment rate (particularly in more deprived communities)

Long term benefit will be an increase in our ability to attract and retain a population of younger associate professionals, reflected by an increase in our younger population profile in key areas and improved success rates in recruitment. This will lead to greater business confidence to invest in developing a local 'talent pipeline'. More UK and overseas inward investment will be secured through increased investor confidence in the area.

## 2. Business environment: business growth

The challenge	The intervention	The outcome
<p>Employment growth, business growth and business start-up figures for Coast to Capital have been lower than the national and South East averages in recent years, failing to reflect the strength of our economic and cultural assets.</p> <ul style="list-style-type: none"><li>• Employment growth has been lower than the national average and 23 other LEPs since 2012 (EP, p36)</li><li>• Business growth has been lower than the national average and 17 other LEPs since 2012 (EP, p40)</li><li>• Business start-up rates are low across the region compared to the national average, particularly in much of the south and West Sussex (EP, p44)</li><li>• Most businesses in the area are micro or small. The area around Gatwick airport (Crawley) has a higher proportion of medium or larger businesses (EP, p43)</li><li>• Our largest, more established sectors are not necessarily the same as our high value, growth sectors (EP, p42, p97)</li><li>• There has been a 41% fall in inward investment projects between 2015/16 and 2018/19 (EP, p45)</li></ul>	<p><b>2.1 Expanded growth Hub business support (LEP area)</b></p> <p>Secure resource to expand the LEP Growth Hub business support offer to cover the full needs of pre/scaling and innovative business, targeted toward companies operating in future sector strengths. Offer to include, as examples:</p> <ul style="list-style-type: none"><li>• Securing inward investment (see 3.2)</li><li>• Accessing new trade markets</li><li>• Developing strong supply chains</li><li>• Maximising digital advantage (infrastructure and skills)</li><li>• Accessing talent and developing skills</li><li>• Modernising business recruitment practices</li><li>• Utilising innovation ecosystems</li></ul> <p>Knowledge sharing through:</p> <ul style="list-style-type: none"><li>• Peer to peer learning e.g. roll out of our nationally recognised Escalator Programme</li><li>• Commissioned programmes of activity to support SMEs</li><li>• Business expert networks and support e.g. experts in residence</li></ul>	<p>Success will be measured by an increase in companies accessing information, advice and guidance and Growth Grants through the Growth Hub, according to target sectors and representing an increase in female entrepreneurs in the area. There will be an increase in participation in support for scaling businesses in the area.</p> <p>Long term benefit will be an increase in business and/or employment growth (allowing for the impact of automation to increase productivity while reducing numbers in some sectors e.g. horticulture). More UK and overseas inward investment will be secured through increased investor confidence in the area.</p>



## 2. Business environment: business space

### The challenge

Our Commercial Property Study shows that the supply, quality and type of commercial space available in Coast to Capital is a key constraint to employment and business growth across the area but experienced differently in five defined market areas.

- Office vacancy rates are low in Brighton & Hove, the wider coast and Croydon and there is a particular lack of high quality stock in these areas (EP, p51)
- Proportionately there have been fewer 4-5 star office transactions in Coast to Capital than in more productive competitor LEP areas (EP, p49)
- Industrial vacancy rates are generally stable, but there is a severe lack of high quality stock across most market areas (EP, p55)
- Since the introduction of permitted development rights in 2013, commercial supply has been significantly reduced by conversion of existing premises to residential (Gatwick 360°, p68)
- 7 (out of 33) urban centres have higher town centre unit vacancy rates than the national average and 11 above the South East average (EP, p82)

### The intervention

#### **2.2 Retail space acquisition vehicle (LEP area)**

Secure investment to pilot a vehicle that will acquire empty retail or business space at the request of Local Authorities and repurpose it for commercial use, preserving high-streets as vibrant employment centres and retaining business rates.

#### **2.3 Coordinated quality/quantity of scale-up business space (LEP area)**

Develop a means to coordinate the business space supply chain targeted to local sector needs, and with a focus on high quality office space rather than industrial space to meet demand. Working more closely with Local Authorities and developers to identify the types of commercial development that are most needed.

### The outcome

Success will be measured by an increase in the quantity and quality of new business space being delivered within each of the market areas, according to demand by key sector businesses to grow. Where the availability of land is an inevitable constraint in our area, increased developer confidence will be created to counter the appeal of residential development.

Long term benefit will be an increase in business and/or employment growth. More UK and overseas inward investment will be secured through increased investor confidence in the area.

# 3. Places: sustainable growth

## The challenge

Coast to Capital has a diverse range of nationally important urban, rural and coastal places, clustered around Gatwick airport and close to London. While each place offers distinct opportunities a number of common challenges can be targeted by a clustered and coordinated approach to sustainable growth:

- Productivity per head of population is lower than the national average across most local authorities (EP, p14)
- 70% of jobs are located in our urban centres, but employment growth within them is lower than the regional average (EP, p76)
- Levels of deprivation are generally low but there are pockets of severe deprivation, especially along the coast (EP, p60)
- Median house prices are nine times higher than median resident earnings making the area highly unaffordable (EP, p66)
- Levels of personal wellbeing vary across the area. Three local authority areas are below the national average for all wellbeing scores (EP, p69)

## The intervention

### 3.1 Transformative capital investment in towns

Develop prioritised and coordinated investment plans for urban centres and wider growth corridors. We will use the Urban Centres research to inform prioritisation and incorporate plans for significant new homes (e.g. Redhill to Horsham, coastal Greater Brighton, Epsom and Surrey towns)

### 3.2 Marketing vehicle for the Coast to Capital area

Related to 2.1 above, an appropriate marketing vehicle would maximise the draw of our local people, places and businesses, possibly at a sub-regional/regional level. It would attract inward investment and promote our growing experience economy to international markets using new connections to Gatwick

### 3.3 Step change in the growth of the Gatwick economy

Gatwick airport and the land around it will be a major driver of our region over the coming decades. We would like to partner with Government to undertake a major study into the infrastructure required to support this growth and ensure that it is sustainable.

## The outcome

Success will be measured according to:

- Housing units delivered as a part of local plans (by type/affordability)
- Increased inward investment figures
- Business and employment growth
- Increase in employment rate (particularly in more deprived communities)

Long term benefit will be an improved sense of personal health and wellbeing in communities. Increased business growth with more housing supply will help to address housing affordability and the sense of opportunity for all ages in our areas. High streets will be more vibrant with greater business rather than retail representation. More UK and overseas inward investment will be secured through increased investor confidence in the area. Our approach to sustainable growth and development will also mean biodiversity net gain (see 3.4) and improved air quality in our areas.

# 3. Place: natural capital

## The challenge

Coast to Capital offers a unique mix of natural environments, with many protected designations, connecting London to over 55 miles of coastline, much of it heavily populated. World-class natural assets are the South Downs National Park, the Surrey Hills Area of Outstanding Natural Beauty and Wakehurst (part of Kew Royal Botanic Gardens). Surrey was recorded as the most wooded county in the UK (22% compared to 12% national average) in 2014.

Collectively, we need to recognise the total value (environmental, economic, social) of our natural capital, particularly its role in carbon sequestration, by both land and marine based assets.

- New studies predict that parts of Sussex will be below sea level by 2050
- 41% of UK species studied have declined since 1970 (only 26% have increased)
- Large kelp forests off the Sussex coast have been reduced to just pockets since the late 1980s

## The intervention

### 3.4 Natural capital account (study) and investment company

Create a vehicle with natural capital expertise to develop a natural capital account and create a long-term pipeline of natural capital and carbon offsetting investment opportunities (e.g. woodlands, hedgerows, wetlands), and develop a funding model which allows net gain investments to act as seed funding to be matched with other funding sources.

### 3.5 Commercial scale kelp management

Restore the kelp beds over the 90kmsq of seabed within the Rampion Windfarm footprint, serviced by the same fleet routes, absorbing 900k tonnes of carbon, with commercial farming of kelp for industrial and domestic use. Kelp improves water quality, nurtures marine life and sequesters high volumes of carbon.

## The outcome

Success will be measured by an increase in natural capital monitoring and investment, leading to net gain in biodiversity with greater management of our land and marine natural habitats and an increase in their value.

There will be increased capacity to store carbon and water, improving flood storage and water purification, flood resilience and species diversity as well as supporting health benefits for the local community.

Long term benefit will be a reduction in biodiversity loss and climate change impacts. Communities will report increased personal health and wellbeing through interaction with nature, both within urban centers but also through improved access to surrounding green space.

## 4. Infrastructure: 5G digital region

### The challenge

Coast to Capital has nationally significant projects across public, private and education sectors for digital infrastructure and application. This includes a 5G testbed (with one of the first UK performance, arts and cultural venues equipped with 5G technology in the UK) and Ion Quantum Technology Group at the University of Sussex.

Ultrafast broadband coverage is strong in urban areas, but is far less comprehensive in most rural areas creating a digital divide and restricting rural business innovation (EP, p93). 4G outdoor coverage is comprehensive across the region, but many more rural areas have lower than average indoor coverage (EP, p93).

The 2019 Greater Brighton business survey found 60% of businesses have superfast broadband and only 4% ultrafast. Most common reasons for not having ultrafast were that businesses did not need it (46%), that it wasn't available (29%) and that it was too expensive (10%).

### The intervention

**4.1 Leverage maximum benefit from a 'digital railway' and broadband spine** Network Rail is progressing procurement for a telecoms solution to deliver uninterrupted high-speed cellular internet and mobile reception on the Brighton Mainline. It is planned that this project will be delivered without public funds. Coast to Capital will work with Network Rail and Local Authorities to extend the benefits of the infrastructure to local hubs (e.g. station buildings) and areas.

**4.2 Digital infrastructure coordination and investment**

Work with Local Authorities and other partners to co-ordinate and accelerate the delivery of local broadband plans across the area to create consistently high levels of connectivity for urban and rural areas

**4.3 Expand the Digital Catapult 5G testbed** Extend the 5G testbed to the Crawley area to provide access for our hi-tech manufacturing sector around Gatwick, delivering the full transformative potential of 5G to the areas' economy

### The outcome

Success will be measured by an increase in the availability of ultrafast broadband brought about by greater development and coordination of digital infrastructure assets across sectors. Uptake and application rates will be achieved through better promotion by providers and business support through the Growth Hub, measured by future business surveys.

Long term benefit will be an increase in business and/or employment growth. This growth will be led by increased innovation activity and spend brought about by the availability of broadband access and 5G connectivity across our sector strengths, opening up international markets and attracting more UK and overseas inward investment.

## 4. Infrastructure: smart, clean mobility

### The challenge

Coast to Capital is a nationally and internationally connected area. Congestion and its impact on productivity and air quality is a major concern. There is a pressing need to adopt technology to manage sustainable resident, commuter and freight travel. Nationally leading projects are Riding Sunbeams (electrified rail routes powered by clean, community owned energy), led by Community Energy South with Network Rail, and Brighton&Hove Buses/Metrobus (Crawley) plans for zero-emissions bus services.

- Improvements are needed to ease congestion on major north-south and east-west routes as the priority (e.g. Brighton Main Line with the M23/A23 and the A27/A259 with the West Coastway line)
- Three of our towns have air pollution levels above the South East average (EP, p73) and 11 above the national average
- Transport accounts for the majority of carbon emissions (EP, p74)

### The intervention

#### 4.4 Windmill Bridge Junction (Network Rail lead)

Government to confirm commitment to investment in the Croydon Area Remodelling Scheme (CARS) to release the critical network bottleneck and create a major capacity/frequency uplift in the Brighton Main Line. This scheme is being developed by Network Rail

#### 4.5 Economic growth aligned with regional transport investment priorities

Government to confirm future investment in the transport network through devolved regional transport investment (Transport for the South East), to deliver cleaner and smarter journeys ('mobility as a service') aligned to sustainable economic growth

#### 4.6 Clean mobility (EV and Hydrogen)

Support Local Authorities to deliver extensive EV charging networks to meet future private vehicle demand. Move toward clean, public and larger fleet transport by developing a hydrogen 'demonstrator region', with industry leadership to create the hydrogen supply chain.

### The outcome

Success will be measured by improved journey times and reduced journeys. Carbon emissions will be reduced, with aspirations to be set in line with Government's own UK targets and plans.

Coast to Capital will continue to work with local public, private, education and community partners, representing the area nationally through the Greater South East Energy Hub.

Long term benefit will be improved air quality, particularly in urban centres. Business productivity will increase due to shorter journey times. Exporting/importing times will be improved due to more efficient freight movement.

## 5. Ideas: innovation acceleration

### The challenge

Coast to Capital ranks 7<sup>th</sup> in the UK for both economic complexity and productivity (EP, p95). However, innovation (R&D) activity and spend is very low across public, private and education sectors (EP, p99 and 100).

There are common challenges for specialist innovation businesses across Coast to Capital, which mirror many of the productivity challenges highlighted across the previous 4 foundations.

- Skills shortages in areas of innovation specialism and the associated recruitment problem
- Minimal engagement between businesses and universities
- Inability to expand due to lack of space and cost of land
- Research and development moving elsewhere, either within the UK or internationally

(All: EP, p98 and p102)

### The intervention

#### 5.1 Innovation accelerator centre in Crawley/Manor Royal

Provision of a world class innovation accelerator for hi-tech manufacturing innovation will allow Coast to Capital to compete more effectively for innovation and productivity, as part of the wider south east. The innovation centre concept is advancing with local public and private partners and would include physical space in the heart of Manor Royal and create opportunity for collaborative industry networking across the Coast to Capital area

### The outcome

Success will be measured by increased innovation (R&D) activity and spend across our sector strengths. Wider benefits to business and the economy will be:

- Business and/or employment growth
- Reduction in vacant skilled posts
- Increased inward investment

Long term benefit will be an increased younger professional population, with opportunity and routes to skilled employment. Business and investor confidence will be increased leading to higher rates of national and international inward investment. Coast to Capital's overall productivity would be increased, driven by its main economic clusters each specialising in distinct sector strengths.

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