

<b>Subject:</b>	<b>ECONOMIC STRATEGY AND ACTION PLAN 2013-18</b>		
<b>Date of Meeting:</b>	<b>11 July 2013</b>		
<b>Report of:</b>	<b>Executive Director Environment, Development &amp; Housing</b>		
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<b>Wards Affected:</b>	All		

**FOR GENERAL RELEASE**

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report seeks approval of the refresh of the Economic Strategy and Action Plan 2013 – 2018

**2. RECOMMENDATIONS:**

That the Committee:

- 2.1 Approves to the refresh of the Economic Strategy and Action Plan 2013 -2018 and recommends the strategy for approval to Full Council in October 2013.
- 2.2 Thanks the Economic Partnership and other business and voluntary sector partners for their contribution to the creation of the new Economic Strategy for the city.
- 2.3 Authorises the Executive Director for Environment, Development & Housing to make any minor amendments relating to the report following further consultation with the Economic Partnership in September 2013.
- 2.4 Notes the work taking place to align the Economic Strategy with the Greater Brighton City Deal proposals and emerging Coast to Capital Local Enterprise Partnership (LEP) Growth Strategy.

**3. BACKGROUND INFORMATION**

- 3.1 In June 2012 a project working group was established by the Programme Management team to oversee the commissioning of the economic strategy.

- 3.2 Chaired by Geoff Raw, Executive Director Environment, Development & Housing, the working group set up regular meetings with the Economic Partnership to co-commission the work and oversee the progress of the refresh of the strategy. The group has continued to meet regularly to steer the work and the consultation process.
- 3.3 The Economic Development and Culture Committee (EDCC) has received regular verbal updates on the progress of the economic strategy. A committee report in June 2012 outlined the approach and further reports in November 2012 and January 2013 provided details of the consultation process and progress on the strategic priorities.
- 3.4 Since reporting to EDDC in January 2013 there have been four further meetings of the working group; two consultation events hosted by the Economic Partnership for the business community, partnership representatives and stakeholders and a follow-up presentation to the City Sustainability Partnership.

### **Purpose of the Strategy**

- 3.5 In October 2012 Roger Tym & Partners, (part of Peter Brett associates) in collaboration with Bio-Regional were commissioned to undertake the economic strategy refresh. The consultants were selected through competitive tender and interviewed by a panel comprising representatives from the City Council, the Local Strategic Partnership, the Coast to Capital LEP and the City Sustainability Partnership.
- 3.6 Drawing on a robust evidence base for the local functional economic area along with national and international economic trends and forecasts. the refreshed strategy seeks to articulate a compelling case to civic and business leaders and voluntary sector representatives for a new approach to economic development; one that ensures that the city uses its fair share of the world's resources and reduces its carbon emissions.
- 3.7 The strategy focuses on how the city can adopt measures that lead to a sustainable economy, taking into account the wider social and environmental impacts of economic development.
- 3.8 The strategy covers the period 2013 – 2018 and brings together a range of policies, strategic documents and initiatives both current and in development. The accompanying five-year action plan of transformative projects and investment initiatives seeks to enhance the economy of the Brighton and Hove sub-region. The action plan provides a clear link to the strategy and demonstrates how the actions proposed move the city towards its stated aspirations.

## Overview of the findings

- 3.9 The desk research revealed that Brighton and Hove has weathered the world economic crisis relatively well. It is considered to be the third fastest 'recovering city' in the country (source: Centre for Cities) driven by the strong performance of the tourism and cultural offer as well as the maturing of the Computing Digital media and IT (CDIT) businesses. Other sectors such as business and finance have also held up well.
- 3.10 Brighton and Hove has a growing reputation for the entrepreneurialism of its residents, the high skills base and alternative economy and it has been cited by several sources as a good place in which to invest.
- 3.11 The geographical constraints of the city; nestled between the sea and the South Downs National Park are seen as very physical constraints on expansion and a case is made for recognising that the functional economic area of the city expands beyond local authority boundaries encompassing Lewes, Adur and Worthing.
- 3.12 The city's assets including its highly qualified workforce, university specialisms, and the recent growth in knowledge intensive sectors such as CDIT along with emerging sectors such as the environmental industries are cited as areas that, with the right intervention could yield significant jobs and business growth in the city region.
- 3.13 A review of government policy drivers highlights the changing nature of central government intervention in regeneration and an expectation from government that local authorities will work with private sector investors and their LEP's to regenerate their local areas and achieve private sector jobs and business growth.

## The Economic Vision for the City

- 3.14 The vision for the city to 2018 is: -

*Brighton and Hove will be on the path towards a resilient low carbon economy, known for its creative, digital, information technology businesses, growing environmental industries and services and supported by more sustainable city infrastructure. The unique cultural offer will raise the presence of the Greater Brighton City Region on the international stage and the benefits of growth will be shared by all.*

- 3.15 The city's economic strategy balances the need for economic growth with a commitment to developing a low carbon economy, based on the ten One Planet Living principles. The new Economic Strategy challenges the city to make the most of its reputation as the UK's "rebellious, alternative, economy" capitalising on its strong cultural offer, well-educated population, high quality lifestyle and university

specialisms. Despite impressive performance over the past decade, the city's key economic challenge is its modest productivity levels, given its large number of businesses and the strong educational profile of its population.

### **Challenges and Opportunities**

- 3.16 Brighton & Hove has emerged strongly from being a low value coastal economy, but it has yet to make the transition into a high performing one. It needs to champion greater ambition; provide a better mix of quality business accommodation; and embed its universities into the fabric of its economy, so that it can develop and retain the right talent and commercialise its expertise. Its strengths lie largely in its creativity and how it can apply this effectively to support economic growth. The strategy states that, "the sectors that most stakeholders consider to be important to the city's economy are culture, leisure and tourism, and creative, digital and IT (CDIT)".
- 3.17 The CDIT sector is now recognised in Government circles as important to the city's economy's future. It has seen double-digit employment growth in recent years, is strongly export-oriented and the clustering that has occurred in the city is proving to be self-sustaining. The sector is on the cusp of becoming mature. However, its businesses need access to better premises and technical skills and models of innovation support that focus on strengthening knowledge exchange networks and collaboration.
- 3.18 The economic strategy suggests that there is also some potential within the environmental industries. It cites some evidence of renewable energy clustering around Shoreham Port and suggests that expertise within the universities could be better harnessed to support growth in the eco-tech sector. However, it warns that there is not the potential to develop a presence across all the environmental industries and that sustainable building, through a retrofit programme, may be the best focus for the city.
- 3.19 The route to a greener economy may be through better engagement with our neighbours, supporting the development of a renewable energy cluster in Shoreham and the development of a cleantech cluster in Newhaven, from where E.ON will service its offshore windfarm farm. Newhaven is also home to a new energy management centre and there are plans for an environmental and marine engineering University Technical College.
- 3.20 The strategy also recommends encouraging mainstream businesses to change the way they operate. This could include incorporating energy

security, resource efficiency and affordability into jobs and new investments; encouraging businesses to develop local low carbon supply chains; creating more local jobs and use technological innovation to reduce the need to travel and developing Smart City management systems to improve the quality and affordability of public services and to reduce transport congestion and pollution.

## **Employment and Skills**

- 3.21 Brighton and Hove does not on first appearance have a skills problem. Its population is well-educated and it exports more talent to work than it imports. However, many of its businesses still find it difficult to recruit people with the skills that they need. Furthermore, the fragmented structure of much of its private sector means that many of its small businesses do not have the capacity to take on apprentices and train staff who lack workplace and sometimes quite specific skills.
- 3.22 The city has weathered the recession well compared with many areas and unemployment has remained low. There is evidence that the economy is more resilient than it used to be, but it is essential that all residents share in this relative prosperity. The City Employment and Skills Plan (2011 – 2014) recommends a balanced approach to job creation and schemes to support local people to compete effectively in the labour market. It suggests that there is a particular need to focus on young people, where it is widely recognised that periods of unemployment can have long-term negative impacts.

## **Strategic Objectives**

- 3.24 The Economic Strategy sets out five strategic objectives that provide the overarching framework for taking forward the strategy:-
- SO1** To maintain Brighton & Hove's distinctive destination and lifestyle offer
  - SO2** To grow quality jobs and business opportunities in higher value and low carbon sectors
  - SO3** To better align jobs skills to projected needs and in support of higher value sectors
  - SO4** To tackle barriers to employment and to create employment opportunities for all
  - SO5** To establish a strong and influential Greater Brighton City Region
- 3.25 These strategic objectives reflect a desire to ensure that the city maintains its uniqueness and its particular strengths such as quality of life, culture and tourism whilst broadening its offer through building on strengths in the knowledge economy. The objectives also recognise the need to grow jobs in sectors that require graduate skills while at the

same time ensuring that those with lower skills are able to access the labour market.

- 3.26 The final strategic objective relates to the need for closer working across the city region to help address issues of housing and commercial premises supply and encourage joint investment across local authority boundaries in infrastructure projects that will unlock stalled development and generate jobs.
- 3.27 The executive summary to the strategy contains a long list of projects related to these strategic objectives; the projects have been tested against a number of criteria to determine their viability and their contribution to the strategic objectives. Bio-Regional have considered the long list and have made suggestions for additional projects that would align with the city's One Planet Living principles, particularly in regard to Equity in the Economy.
- 3.28 One significant project has been identified for each strategic objective based on a prioritisation framework which took into consideration the impact on the projects in areas such as its fit with the strategic objectives including sustainable development. A wider list of projects were identified and assessed and have been included within the strategy as projects that could also make a positive contribution to the City's economy.
- 3.29 The Economic Strategy provides the overarching framework for the economy of the city; it does not seek to replicate activities that are already happening elsewhere but aims to compliment them. Similarly the action plan does not replicate projects and activities that are being addressed in other strategies, for example: -

<b>Theme</b>	<b>Strategy</b>
Employment and Skills	The City Employment & Skills Plan 2011-14
Reducing Environmental Impact	Sustainability Action Plan 2013
Maintaining the Cultural and Creative Sector	Cultural Strategy

### **Consultation on the Economic Strategy**

- 3.30 The Economic Partnership hosted two consultation events in January and March 2013 to which representatives from the business community, the City Sustainability Partnerships, the voluntary and community sector and other stakeholders were invited. The aims of the events were to brief participants on the aims of the strategy, obtain their views on the general approach and obtain feedback on the

proposed projects within the action plan.

- 3.31 The second follow up event to which the same group were invited provided an opportunity to look more closely at some of the proposed projects within the action plan and prioritise those they felt would make a significant contribution to the city economy. The full project list was not considered due to time constraints but participants were sent the full list which forms part of the Executive Summary prior to the meeting. Feedback from the event highlighted the need to address educational attainment in schools; tackle housing and commercial premises and secure investment for business and job growth.
- 3.32 The original timeline for the completion of the strategy was set before the City Council and its partners secured the invitation to develop a City Deal and before the Coast to Capital LEP was asked by Government to prepare a LEP wide plan to drive business and jobs growth, lever private sector investment, and in particular steer the allocation of the new EU funding programme for regeneration from 2014 – 2020.

### **Aligning the strategy to the Greater Brighton City Deal**

- 4.0 Brighton & Hove partnered with three neighbouring authorities – Lewes Adur and Worthing – to develop an expression of interest for a combined 'City Region', and this was submitted to the Cabinet Office and Minister for Cities on January 15 2013.
- 4.1 All of the Round Two City Deal expressions of interest were approved. The next stage of the process is to develop the expression of interest into a robust proposal via a 'Negotiation Document', supplied by government that sets out the opportunities for growth in the sub-region and the flexibilities required from government to unlock the city's potential as a generator of new business and high quality employment.
- 4.2 The city's economic strategy balances the need for economic growth with a commitment to developing a low carbon economy, based on the ten One Planet Living principles. The City Deal Agreement has a focused approach on specific measures to address the low productivity in the City Region.
- 4.3 The Economic Strategy recognises the importance of looking beyond the city's boundaries to deliver much of the supporting infrastructure that it needs and to position itself well to secure EU structural and Local Growth Funds from 2015. The emerging City Deal Agreement, therefore, takes forward some of these challenges on a City Region basis.

## Coast to Capital LEP Strategic Plan for Local growth

- 4.4 The strategy is being developed at a time when LEP's are being given more powers and responsibilities including a requirement to produce a Local Growth Plan that will set out priorities for investment across their local areas. The Coast to Capital (C2C) growth plan is being developed in consultation with area representatives in the public and private sector. The timing of the Economic Strategy Refresh has facilitated discussions with the LEP and is helping to ensure that the city's priorities are helping to frame the growth plan
- 4.5 The role of LEP's is being redefined as a consequence of recommendations set out in the Heseltine report, '*No Stone Unturned*'. Among the significant recommendations taken forward by the coalition government is a requirement that all LEP's produce a multi-year strategic plan for local growth.
- 4.6 The Government's report on infrastructure spending (June 2013) indicates that LEP's will have strategic influence over resources of around £20 billion nationally for the period to 2021. Access to a Single Local Growth Fund of over £2 billion comprising skills, housing and transport for 2015 -16; a transport fund of £5 billion for 2016/17 – 2020/21 to enable long-term planning of infrastructure investment; and LEP's will be given responsibility for how £5.3 billion of EU Structural Investment Funds will be spent.
- 4.7 Strategic plans that secure approval from central government via will have access to a proportion of this funding for their local areas in the form of a Single Local Growth Fund. Further guidance is expected on how the plans will be developed but initial guidance makes clear that LEP's will be expected to include a range of factors that impact on the local economy including: -
- § LEP vision and priorities
  - § Economic analysis
  - § Investment plan: local leverage and pooling: aligned with EU investment Plan
  - § Skills Strategy
  - § Monitoring evaluation & transparency
- 4.8 The first draft of Structural Funds Investment Strategy has to be submitted by the LEP at the end of September and agreed with Government by January 2014.
- 4.9 LEP's are expected to consult very widely including discussion with various communities of interest. For Coast to Capital this will mean including the needs of the constituent parts of the LEP, rural, urban, and coastal along with those that impact across the area such as



transport, housing and skills. They will also be expected to work with any City Deal propositions being developed in their areas. Other LEPs will be consulted such as Solent and Enterprise M3, and LEP's are being encouraged to work collaboratively (not just with neighbouring LEP's) where there are similar economic challenges.

- 4.10 The Coast to Capital LEP has made clear its support for the 'Greater Brighton' City Deal and is keen to ensure that the emerging Growth Plan supports the actions and aspirations agreed in the City Deal proposal.
- 4.11 Initial scoping work is underway on the LEP Growth Plan. Working groups are being established to take the various work streams forward and manage the consultation; a final draft is scheduled for LEP Board Approval in January 2014.
- 4.12 City Deal, the new Economic Strategy and the emerging Coast to Capital LEP Growth Plan will be the main strategic documents for the economic development of the city region; it is therefore vital that the three documents are in alignment and working towards the same goals. That is not to say that there cannot be differences within the documents; some aspects of the economic strategy are very specific to Brighton and Hove and will not therefore be reflected in the City Deal or the LEP Growth Plan. However it is clear that the three documents must be mutually reinforcing and provide a clear and coherent narrative for the city's direction of travel towards a sustainable economy.

### **Revised timeline for the Economic Strategy Refresh**

- 4.13 The Economic Strategy work was extended from its original end date of March 2013 to July 2013 to facilitate alignment with the City Deal proposal and the LEP Growth Plan.

## **5. CONSULTATION**

- 5.1 Consultation on the refresh of the economic strategy has been extensive and has included one-to-one meetings and group consultations with city leaders, the LEP, public sector agencies, the City Sustainability Partnerships, businesses and representatives from the voluntary and community sector. The views of the various groups have been considered by the Economic Strategy Refresh Working Group and have been fed into the strategy as appropriate.

## **6. FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

- 6.1 There are no immediate financial implications arising from this report. The costs associated with production of the Economic Strategy are being met from within the Economic Development initiatives budget for 2013-14 along with a contribution of £10,000 from the Local Strategic Partnership. Work relating to the implementation of projects included within the action plan will be subject to further reports.

The financial implications of the City Deal will be subject to a separate report.

*Finance Officer Consulted: Jeff Coates*

*Date: 24/06/13*

Legal Implications:

- 6.2 There are no immediate legal implications arising from this report. Work arising from the Economic Strategy that impact on council services and resources will be subject to separate reports.

The legal implications for City Deal in terms of governance, decision making and investment will be subject to another report.

*Lawyer Consulted: Bob Bruce*

*Date: 24/06/13*

Equalities Implications:

- 6.3 The Economic Strategy will be accompanied by an Equalities Impact Assessment which will consider whether there are any negative impacts arising from the agreed priorities and will seek to mitigate them.

Sustainability Implications:

- 6.4 The new Economic Strategy will contribute to Brighton and Hove becoming a 'sustainable city' taking forward projects that accord with the One Planet Living Principles . In seeking to reduce the carbon footprint of the city the Economic Strategy will take into account the recommendations of the Climate Change Strategy, the Sustainable Community strategy and the city's bid to attain UN Biosphere status.

Crime & Disorder Implications:

- 6.5 Improving the economic prospects of the city's residents may contribute to reducing and anti social behaviour.

Risk and Opportunity Management Implications:

- 6.6 There are no risk & opportunity management implications arising from this report.

Corporate / Citywide Implications:

- 6.7 It is expected that the creation of the Economic Strategy will have a positive impact on the economic performance of the city in terms of support for existing and new businesses, support for job creation and training and investment in commercial premises that have stalled due to the recession. The strategy will also contribute to the development of the City Deal proposal and help facilitate joint working with other public sector agencies.

**SUPPORTING DOCUMENTATION**

**Appendices:**

Draft Economic Strategy and Action Plan 2013 -2018

**Documents in Members' Rooms:**

None

**Background Documents:**

None

