

<b>Subject:</b>	<b>Proposal to create a new Economic Strategy for Brighton &amp; Hove</b>		
<b>Date of Meeting:</b>	<b>23 March 2017</b>		
<b>Report of:</b>	<b>Executive Director for Economy, Environment &amp; Culture</b>		
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The current Economic Strategy comes to an end in 2018. Since the strategy was published in 2013, there have been multiple factors impacting on the city's economy and, of particular note, is Brexit and its imminent impact on the city and the Government's recently published Green Paper on the Industrial Strategy.
- 1.2 The report sets out the rationale for preparing a new Economic Strategy for Brighton & Hove City and alignment with wider policy developments. It considers the proposed approach and overall indicative timescales for its development.

**2. RECOMMENDATIONS:**

That the Committee:

- 2.1 Approves the development of a new Economic Strategy (2018-2022) for the city.
- 2.2 Approves the proposed approach and overall indicative timescales to develop the new Economic Strategy. The final draft strategy will be reported to committee and Council for approval.
- 2.3 Agrees that Officers commence delivery of the new Economic Strategy with the commissioning of a background paper on the economic and political context in the city ('The City's Economic Story and Policy Context').

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The current Economic Strategy (2013-2018) was published in 2013 and comes to an end in 2018. It was written shortly after the financial crisis, which the city survived relatively well despite the poor economic climate and slow growth since

2008. Brighton & Hove was the third fastest recovering city in the UK driven by the strong performance of the cultural and tourism offer and the growth of the Creative, Digital and IT sector (CDIT). In addition, the financial and business services sector was strong, although the era of public sector austerity had started.

- 3.2 Since the current strategy was written there have been a multitude of factors affecting the city's economy which have come into place or are in the political pipeline, at a local, regional and national level, as outlined below.
- 3.3 Firstly, in 2014, the Coast to Capital Local Enterprise Partnership published its Strategic Economic Plan (SEP), which formed the basis of negotiations with Government on a Local Growth Deal for the Coast to Capital area.
- 3.4 In the same year, the city and its surrounding area saw the formation of the Greater Brighton Economic Board and the signing of the Greater Brighton City Deal with government. The Board comprises business and political leaders from the city region. Its remit is to oversee a six-year programme of investment in jobs, housing, skills and business, which includes the regeneration of Shoreham and Newhaven Harbours and establishing growth centres at Preston Barracks and New England House in Brighton & Hove. Greater Brighton's economic challenge is to raise its productivity to a level to reflect the area's economic potential.
- 3.5 Last year the Brighton & Hove City Council produced its new City Employment & Skills Plan (2016-20) which identified three priorities – no one left behind, supporting the learn to earn transition and enabling businesses and workers to benefit from growth. The document was supported by the 'Brighton Story' which is a data map of the city's labour market. The development of the new plan came at an important time, with employment and skills under-going major changes e.g. DWP and the Apprenticeship Levy.
- 3.6 The City Plan (adopted in 2016) sets out the overall strategic vision for the future of Brighton & Hove to 2030 and is the council's key planning document. It determines how the council will respond to local priorities, meet the challenges of the future and identify the broad locations, scale and types of development needed together with the supporting infrastructure. City Plan Part Two is under development: it will build on Part One strategic policy framework and identify and allocate additional development sites.

#### Post-Brexit Economy

- 3.7 Last year the UK voted in favour of leaving the EU but there is a great deal of uncertainty surrounding the impact of Brexit on the UK economy. Many businesses in the city already operate internationally or would like to access export markets, yet the impact of Brexit on trading with the EU is unknown. Possible future restrictions on hiring staff from the EU, combined with a lack of skills being a key concern among our businesses, means some businesses worry where they will get the right staff from. Businesses have a number of grave concerns about the Post-Brexit economy, primarily what our relationship with the EU, our largest trading partner, will look like.

- 3.8 There are opportunities through Brexit for the city to cast its net wider and trade with countries outside of the EU and provide further support to those businesses that are already trading overseas. There is a need to ensure that universities and business support providers develop an offer that can help the city build on its strengths.
- 3.9 A key focus for the Economic Strategy is how we position the city as a place for trade and investment in a post-Brexit UK and it is imperative we review our Economic Strategy now in order to reposition the city and remain competitive. Understanding the new opportunities and challenges facing the city in post-Brexit UK is critical in determining how to boost international trade and maximise the city's economy. In the wake of the EU referendum it is more important than ever that we strengthen the city's links with Europe and globally.
- 3.10 The Centre for Cities, Cities Outlook 2017 report, shows that the EU is the largest market for British cities with 46 per cent of goods and services being exported to EU countries. The EU is the main export market for Brighton & Hove with 53 per cent of the city's exports going to the EU. The report suggests Brighton & Hove's industrial policy should focus upon existing strengths, improving existing infrastructure, improving skills and improving the attractiveness of the city as a place for investment for exporters.

#### Inclusive Growth

- 3.11 Inequalities between places and people 'create a drag on growth and a drag on public funds'<sup>1</sup>. A key principle in the new Economic Strategy therefore will be to support ways to promote inclusive growth in the city to ensure that no one is left behind and make growth work for everyone. The RSA's Inclusive Growth Commission defines inclusive growth as 'broad-based growth that enables the widest range of people and places to contribute to economic success and to benefit from it too. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes'.
- 3.12 The 'How to Guide – Making Growth Work for Everyone' by the RSA Inclusive Growth Commission outlines principles for inclusive growth. They are intended as guiding principles and/or an approach to bring out the level of system change required to create inclusive growth. The process to develop the Economic Strategy will include consideration and, if relevant to the city, taking on-board some of these principles, as outlined below:
- A binding mission – a shared commitment to inclusive growth, how it can be achieved and the roles that government, society and businesses play. This has greatest traction at a place-level where there is a shared sense of identity
  - Measure what counts – identify and measure what we value in the city and want to achieve from inclusive growth e.g. access to quality jobs, housing affordability, travel to work costs etc
  - Understand the system – identify what is having a negative impact on inclusive growth outcomes and design solutions to overcome the barriers. This process will involve engagement with the public, employers, investors, public sector, universities etc

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<sup>1</sup> How to Guide – Making Growth Work for Everyone, RSA Inclusive Growth Commission, 2017

- Flexible, aligned resource base – ensure strategic finance of physical and social infrastructure to maximise the value of private, public and third sector investment, which may include a move towards preventative rather than reactive spending
- Entrepreneurial, whole-system leadership – to bring together the political leaders, businesses and civil society to drive change to the system. It requires a clear vision for the city and what actions are needed to achieve the vision. It requires the means and flexibility to respond to dynamic change.

### Industrial Strategy

- 3.13 In January, the Government released its Green Paper, 'Building Our Industrial Strategy', to build a strategy that improves living standards and economic growth by increasing productivity and driving sustainable growth across the whole country.
- 3.14 Encouraging trade and inward investment is a key focus of the Industrial Strategy and it sets out the Government's investment of £400 million in a new Digital Infrastructure Investment Fund to boost commercial finance for broadband providers.
- 3.15 The Green Paper focuses on localism with skills and infrastructure spending and recognises that local needs differ. It promises £170m to boost technical education by funding new colleges and eradicating courses seen by business as low quality. These will be replaced with fewer higher quality courses designed to fit the needs of employers in the surrounding area.
- 3.16 The new Economic Strategy will seek to support the opportunities and solutions outlined in the Green Paper.

### Development of a New Economic Strategy (2018-2022)

- 3.17 A new Economic Strategy is needed that reflects a significantly different economic and political environment in the city, since the 2013-2018 Economic Strategy was produced. It is therefore proposed a new Economic Strategy is written to reflect these changes and thereby enable the city to be in a stronger position to respond to new challenges and opportunities.
- 3.18 It is proposed a new Economic Strategy will be commissioned and funded by Brighton & Hove City Council and developed in partnership with Brighton & Hove Economic Partnership.
- 3.19 The new strategy will cover five-years from 2018 to 2022. It will include a vision for the city's economy and an implementation plan that will build upon the city's economic strengths and its role within the Greater Brighton City Region. It will help support the delivery of the *Economy & Jobs* priority of the City Council's Corporate Plan 2015-19.
- 3.20 Brighton & Hove sits at the heart of the Greater Brighton City Region and the Coast to Capital area and although the strategy will be written for the city, it will

take into consideration and align with the strategic priorities identified for these wider geographies.

#### Greater Brighton Economic Board

- 3.21 The review of the next Economic Strategy will align with work streams already taking place through the Greater Brighton Economic Board including the Greater Brighton Smart Growth Strategy, which is being developed, and the Greater Brighton Trade and Investment Strategy.
- 3.22 Greater Brighton Economic Board is looking to develop a regional innovation and growth strategy informed by Smart Specialisation – ‘Greater Brighton Smart Growth Strategy’. The guiding idea behind Smart Specialisation is regional policy should intelligently spend money in areas with the biggest impact, informed by robust high-quality evidence and consulting widely to intelligently choose these high impact areas.
- 3.23 The Department for International Trade (DIT) gave a presentation to the Greater Brighton Economic Board (GBEB) in January 2017 regarding inward investment. The GBEB is working with the Brighton & Hove Economic Partnership to develop an inward investment strategy – the Greater Brighton Trade and Investment Strategy. The strategy would also help businesses to export which is particularly important in the post-Brexit environment. It will focus on the following areas:
- Gather intelligence to gain a greater understanding of companies in the City Region
  - Cultivate better and more targeted engagement with the DIT, building upon their work with the Brighton & Hove Economic Partnership
  - Develop a clear ‘offer’ in terms of the City Region as a place to locate and grow
  - Support businesses to shift the way they operate in a post-Brexit world, tackling their barriers to export through more integrated delivery between the DIT and the wider business support offer.

#### Civic Office

- 3.24 The council is developing designs and a financial business case to refurbish and modernise Brighton Town Hall to become a multi-sector hub for business growth, international trade, inward investment activity and destination marketing to position the city as ‘open for business’.
- 3.25 The Economic Strategy will align with and support the delivery of potential uses for the space, to include:
- International relations and inward investment – the opportunity for the Town Hall to provide a focus upon activity which seeks to promote investment into the city, support businesses to export and develop our external relations nationally and internationally
  - Economic Growth – an opportunity to bring together functions that seek to drive inclusive economic growth working in partnership with the Brighton & Hove Chamber of Commerce and Brighton & Hove Economic

Partnership. This would include a refocused Economic Growth Unit and International Relations function for the city council

- VisitBrighton Office – marketing Brighton & Hove and the surrounding area as a destination to domestic and overseas visitors
- Better! Brighton & Hove Think Tank – to identify, analyse and propose solutions to major problems in the city, to encourage the adoption of solutions and identity and support the realisation of opportunities in the city
- A refocused Civic Office and Lord Lieutenancy with an agreed programme of activities that aims to support economic growth and inward investment
- Managed workspace for SMEs with a business support programme.

### Timetable & Process

3.26 It is proposed that the new Economic Strategy will be developed over the next 12 months. The indicative timetable is set out in the table below.

3.27 It is proposed to initially commission a background paper ('The City's Economic Story and Policy Context'). It will set the scene for the economic and political environment in the city and scope the areas for consideration to inform the tender specification for the new Economic Strategy. The briefing document to commission a background paper is in Annex 1. This forms part of the first stage in the development of the new strategy.

Stage	Date	Action
Stage 1	By April 2017	<b>Approval to proceed with the commissioning of a new Economic Strategy</b> by Brighton & Hove City Council and the Economic Partnership  Draft brief and commission a background paper 'The City's Economic Story and Policy Context' to inform the Economic Strategy tender specification
Stage 2	Qtr1 2017/18	<b>Appoint consultants to develop a new Economic Strategy</b>
Stage 3	Qtrs 2 and 3 2017/18	<b>Engagement &amp; Consultation to develop a draft strategy</b>
Stage 4	Qtr 4 2017/18	<b>Draft strategy</b> to committee
Stage 5	Qtr 1 2018/19	<b>Final strategy</b> for Brighton & Hove City Council and Economic Partnership sign off

## 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 No alternative options were considered. It is considered imperative to prepare a new Economic Strategy now for the city to reposition itself and remain competitive, particularly in light of Brexit and the new opportunities and challenges facing the economy.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The new strategy will be developed in partnership with Brighton & Hove Economic Partnership. There will be an extensive period of consultation with businesses, public and third sector stakeholders, central government, the Coast to Capital Local Enterprise Partnership and the Greater Brighton Economic Board. The appointed consultants will be required to engage extensively with stakeholders in the City Region.
- 5.2 A presentation outlining the proposal to develop a new Economic Strategy was discussed at the Brighton & Hove Economic Partnership on 7<sup>th</sup> March 2017. The Partnership endorsed the proposal to commence the development of a new strategy.

## **6. CONCLUSION**

- 6.1 The current Economic Strategy (2013-2018) comes to an end next year and combined with a multitude of factors affecting the city's economy (see Section 3), this has informed the decision for a new strategy.
- 6.2 A new Economic Strategy is needed that reflects a significantly different economic and political context for improving the economic prospects in the city, since the last strategy was produced.
- 6.3 A clearly articulated vision that is owned by city stakeholders and accompanied by a clear strategy will ensure that the city is better able to respond to changes in the economy and exploit opportunities as they arise.

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

### Financial Implications:

- 7.1 The costs associated with the production of the Economic Strategy will be met from the 2017/18 Economic Development initiatives budget. The financial implications of the final strategy will be included in future committee reports. The consultants should be appointed in accordance with the Council's Contract Standing Orders and Financial Regulations.

*Finance Officer Consulted: Gemma Jackson*

*Date: 15/02/2017*

### Legal Implications:

- 7.2 There are no immediate legal implications arising from this report.

*Lawyer Consulted: Alice Rowland*

*Date: 16/02/2017*

#### Equalities Implications:

- 7.3 The Project Manager will liaise with the Equalities Team at the council to identify any equalities implications concerning the strategy or its outcomes. The new Economic Strategy will be accompanied by an Equalities Impact Assessment which will consider whether there are any negative impacts arising from the strategy and will seek to mitigate them.

#### Sustainability Implications:

- 7.4 The new Economic Strategy will contribute to Brighton & Hove becoming a 'sustainable city' in accordance with the Environmental Sustainability priority of the City Council's Corporate Plan 2015-19, and the City Sustainability Action Plan. In seeking to deliver growth in a sustainable way that meets the city council's carbon reduction targets, the Economic Strategy will take into account the recommendations of the Sustainable Community Strategy, the Biosphere Management Plan and the Climate Change Strategy.

#### Any Other Significant Implications:

#### Crime & Disorder Implications:

- 7.5 Studies have repeatedly linked unemployment to rising crime and the deterioration of health. Improving the economic prospects of the city's residents through the development of a new Economic Strategy may contribute to reducing crime and anti-social behaviour.

#### Corporate / Citywide Implications:

- 7.6 The new strategy will support the delivery of the *Economy & Jobs* priority of the City Council's Corporate Plan 2015-19. It is expected that the creation of a new 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.

#### Risk and Opportunity Management Implications:

- 7.7 There are no risk and opportunity management implications arising from this report.

#### Public Health Implications:

- 7.8 The 2015 Public Health report focuses on equalities impacts and the information from this document will help inform strategies to address equalities in the delivery of the new Economic Strategy. The strategy will aim to have a positive impact on the residents in the city by improving the economy.



**DRAFT brief to inform the new Economic Strategy tender specification****1. THE BRIEF AND PURPOSE**

This brief is for the preparation of a background paper 'The City's Economic Story and Policy Context' which will provide a review of economic data, the policy landscape and the city's economic story and set out a clear and coherent narrative of the issues facing the city. This paper forms Stage 1 for the development of the Economic Strategy (see Section 3, Timetable & Process).

The purpose of the background paper is to inform the development of the tender specification for a new Economic Strategy (2018-2022) for Brighton & Hove City. There is considerable information and intelligence that has already been collected on various key sectors and issues. The background paper needs to pull together these existing strands and use available data and information to create a coherent narrative that reflects where the city's economy is today.

**2. CONTEXT/ BACKGROUND INFORMATION**

The current Strategy was published in 2013 and was written shortly after the financial crisis. The city survived relatively well despite the poor economic climate and slow growth since 2008. Brighton & Hove was the third fastest recovering city in the UK driven by the strong performance of the cultural and tourism offer and the growth of the CDIT sector. In addition, the financial and business services sector was strong, although the era of public sector austerity had started.

Since the strategy was written there have been a multitude of factors affecting the city's economy which have come into place or are in the political pipeline, at a local, regional and nationally level, as outlined below.

Firstly, in 2014, the Coast to Capital Local Enterprise Partnership published its Strategic Economic Plan (SEP), which formed the basis of negotiations with Government on a Local Growth Deal for the Coast to Capital area. Coast to Capital sought £559m funding from central government as part of the Local Growth Fund over six years. In return Coast to Capital has committed to a projected £2.8bn private sector funding to support the Growth Deal proposals, investment of £550m of public sector funding from local authorities, higher education and others, forecasts the creation of 60,000 jobs (over next 10 years), along with 27,000 homes and 970,000 sqm of new employment floorspace.

In the same year, the city and its surrounding area saw the formation of the Greater Brighton Economic Board. The Board comprises business and political leaders from the city region. Its remit is to oversee a six-year programme of investment in jobs, housing, skills and business, which includes the regeneration of Shoreham and Newhaven Harbours and establishing growth centres at Preston Barracks and New England House in Brighton & Hove. Greater Brighton's economic challenge is to raise its productivity to a level to reflect the area's economic potential.

Last year the Brighton & Hove City Council produced its new City Employment & Skills Plan (2016-20) which identified three priorities – no one left behind, supporting the learn to earn transition and enabling businesses and workers to benefit from growth. The document was supported by the ‘Brighton Story’ which is a data map of the city’s labour market. The development of the new plan came at an important time, with employment and skills under-going major changes e.g. DWP and the Apprenticeship Levy.

The City Plan (adopted in 2016) sets out the overall strategic vision for the future of Brighton & Hove to 2030 and is the council’s key planning document. It determines how the council will respond to local priorities, meet the challenges of the future and identify the broad locations, scale and types of development needed together with the supporting infrastructure.

Last year the UK voted in favour of leaving the EU but there is a great deal of uncertainty surrounding the impact of Brexit on the UK economy. Many businesses in the city already operate internationally or would like to access export markets, yet the impact of Brexit on trading with the EU is unknown. Possible future restrictions on hiring staff from the EU, combined with a lack of skills being a key concern among our businesses, means some businesses worry where they will get the right staff from. Businesses have a number of grave concerns about the post-Brexit economy, primarily what our relationship with the EU, our largest trading partner, will look like.

There are opportunities through Brexit for the UK to cast its net wider and trade with countries outside of the EU and provide further support to those businesses that are already trading overseas. There is a need to ensure that universities and business support providers develop an offer that can help the city build on its strengths.

In January, the Government released its Green Paper, ‘Building Our Industrial Strategy’, to build a strategy that improves living standards and economic growth by increasing productivity and driving growth across the whole country. The Green Paper promises £170m to boost technical education by funding new colleges and eradicating courses seen by business as low quality. These will be replaced with fewer higher quality courses designed to fit the needs of employers in the surrounding area. The Green Paper focuses on localism with skills and infrastructure spending and recognises that local needs differ.

The benefits of economic growth should be shared by all. There is a recognition that economic growth has not always delivered economic benefits and to those who are most vulnerable in society. This strategy will seek to develop creative and innovative approaches to growth that will create opportunities for all segments of the population and distribute the dividends of increased prosperity fairly across society.

These factors have informed the decision to prepare a new Economic Strategy to better reflect the changed business climate, emerging national policy and the impact of Brexit.

The task is to produce a clearly articulated vision that is owned by city stakeholders and accompanied by a clear strategy that will ensure that the city is better able to respond to changes in the economy and exploit opportunities as they arise.

### 3. OUTPUT

This brief sits within Stage 1 in the development of a new Economic Strategy. It scopes the preparation of a background paper, to be entitled 'The City's Economic Story and Policy Context' which should be no more than eight pages of A4'.

The background paper needs to do the following:

- review the range of local, regional and national policies, strategies, investment programmes and initiatives - both current and in development
- set the economic context for the city
- set the political context for the city
- scope the nature of the challenges and opportunities for the city
- scope the areas for consideration and set the scene to inform the tender specification for the new Economic Strategy for Brighton & Hove City (2018-2022).

It will need to provide a review of economic data, policies and strategies that impact on the city to include, but not limited to, those listed below:

- Government policy (current and in development) e.g. industrial strategy
- Any policy discourse in relation to UK legislation and EU legislation and its impact on business and the economy
- The Coast to Capital LEP's emerging Strategic Economic Plan
- The City Plan prepared by Brighton & Hove City Council
- The Economic Strategy for Brighton & Hove City 2013-2018
- The City Employment & Skills Plan for Brighton & Hove 2016-2020
- Greater Brighton City Region - strategic priorities and investment programmes
- Visit Brighton's emerging Tourism Strategy
- University of Brighton and University of Sussex strategic plans and reports e.g. sector strengths, SMART specialisation
- Think-tank reports on the future of the UK economy
- Reports by PwC / KPMG / CEDOS - sector reviews and UK financial health
- Centre for Cities reports - Brighton & Hove economy.

Other issues for inclusion in the background paper are:

- The fact that LEP are reviewing their Strategic Economic Plan
- The Greater Brighton Economic Board (GBEB) are continuing to develop proposals to drive economic growth through their devolution discussions with Government
- That GBEB have commissioned work on the development of the Smart Growth Strategy
- Working with GBEB on development of a new approach towards inward investment, trade and export.

#### 4. PROCESS AND TIMESCALES

The process and overall timescales for developing a new Economic Strategy are as follows:

<b>Stage 1</b>	<b>By April 2017</b>	<b>Draft brief and commission a background paper 'The City's Economic Story and Policy Context'</b> Approval to proceed with the commissioning of a new Economic Strategy by Brighton & Hove City Council and the Economic Partnership. Commission consultants to produce the background paper.
<b>Stage 2</b>	<b>Qtr1 2017/18</b>	<b>Appoint consultants to develop a new Economic Strategy</b> The strategy will be commissioned and funded by Brighton & Hove City Council and developed in partnership with Brighton & Hove Economic Partnership. The strategy will cover five-years from 2018 to 2022 and include a vision for the city's economy and an implementation plan that will build upon the city's economic strengths and its role within the Greater Brighton City Region.
<b>Stage 3</b>	<b>Qtrs 2 and 3 2017/18</b>	<b>Engagement &amp; Consultation to develop a draft strategy</b> The new strategy will be developed following an extensive period of consultation with businesses, public and third sector stakeholders, central government, the Coast to Capital Local Enterprise Partnership and the Greater Brighton Economic Board. Brighton & Hove sits at the heart of the Greater Brighton City Region and the Coast to Capital area and although the strategy will be written for the city, it will take into consideration and align with the strategic priorities identified for these wider geographies.
<b>Stage 4</b>	<b>Qtr 4 2017/18</b>	<b>Draft strategy</b> to committee and the Economic Partnership.
<b>Stage 5</b>	<b>Qtr 1 2018/19</b>	<b>Final strategy</b> for Council and Economic Partnership sign off.

#### 5. CONTRACT VALUE

The contract value for Stage 1 is estimated to be £15,000 excluding VAT payable on completion of the Stage 1 report.

## **SUPPORTING DOCUMENTATION**

1. Economic Strategy - Brighton & Hove 2013-2018
2. Brighton & Hove City Plan Part One
3. City Employment & Skills Plan – Brighton & Hove 2016-2020

