

10 April 2017

The Rt Hon Greg Clark MP
Secretary of State for Business, Energy & Industrial Strategy
Department for Business, Energy & Industrial Strategy
1 Victoria Street
LONDON
SW1H 0ET

An Secretary of State,

Coast to Capital Industrial Strategy response

We welcome the Government's consultation on the development of an Industrial Strategy and are pleased to set out our contribution to the national debate on the development of the economy of the United Kingdom.

Since our creation in 2011, the Coast to Capital LEP has developed into an agile and well-informed business-led organisation with a unique perspective on the economic challenges facing our region.

We have begun to deliver significant change in the region through our strategic leadership to address the issues holding back our economy. For example, by investing nearly £300m through our Growth Deals we are delivering projects which increase the economic capacity of our region, and will leverage significant private sector investment into our economy. Our Growing Places funding is supporting high potential businesses to grow and expand more quickly than they would otherwise be able to do.

We will be rewriting our Strategic Economic Plan in 2017 to take account of the new opportunities for the region from the Industrial Strategy and the UK's changing global profile.

This new strategy will confirm the Coast to Capital area as a digital and innovation corridor. We have significant potential to leverage our existing strengths in digital infrastructure and technology, research and international connectivity across all of the region's businesses, sectors and places. We will help deliver an economy that is amongst the most productive in the UK.

THE STORY OF OUR PLACE

The Coast to Capital region's unique identity has a powerful draw to business and entrepreneurs from London, across the country and the rest of the world.

That identity comes from the strong cultural, lifestyle and heritage offering of the region. It is close to London, with easy access to Europe and other international destinations. The region offers a mix of city, urban, coastal and rural living close to abundant natural resources.

With a population of 1.9million people, the Coast to Capital regional economy is successful, worth £49.7bn gross value added (GVA). We have a well-educated and mobile workforce with high levels of employment and nearly 90,000 businesses offering more than 800,000 jobs.

The single functional economic area of Coast to Capital unites 18 local authority areas and two proposed devolution areas (Three Southern Counties and Greater Brighton), each with its own important role with respect to local decision making. It is driven economically by the M23/A23 corridor, the spine running through our region, which links Croydon, the fastest growing London Borough to the Greater Brighton city region. We are very proud to have initiated our Enterprise Zone in Newhaven in partnership with Lewes District Council at the start of April 2017, just one of the many places in our region with potential for further growth in productivity and innovation.

At the heart of the region and situated on this growth corridor is the Gatwick Diamond, home to Gatwick international airport and a cluster of multi-national HQs in the largest business district in the South East. Rural West Sussex has a highly diverse and successful rural economy with burgeoning global brands including English wines. Worthing, in Coastal West Sussex, has the second highest exports per job in the country and is one of only 12 towns ranked above average for productivity in a recent Centre for Cities report.

AN UNDERSTANDING OF OUR REGION

Our economic success is underpinned by a robust and highly diversified regional economy and a strong and healthy labour market. With a regional employment rate of 78.9%¹, 4.8% higher than the national average, we rank 7th out of the 38 LEPs. Only 15.4%² of jobs are in the public sector, which is 2% lower than the national average, highlighting the importance of the private sector, our entrepreneurial strengths and the potential to attract private investment.

Business in the Coast to Capital region benefits from a number of competitive advantages:

- Proximity to London (the region is highly connected, there are up to 18 trains per hour to London via Croydon, 16 per hour via Gatwick, and 8 per hour via Brighton³)

¹ ONS Annual Population Survey Q3 2016

² Business Register and Employment Survey 2015

³ Southern Rail Website Rail planner 2017

- International connectivity (in 2016 43 million passengers flew through Gatwick airport to 228 destinations in 74 countries making it the most productive single runway airport in the world⁴).
- Highly educated and mobile population (42% of population have level 4+ qualifications⁵, and 33% commute over 10km compared to 29% nationally⁶)

AN OVERVIEW OF OUR KEY SECTORS

The region is the location of choice for a number of large and globally significant employers which contribute to the agglomeration of businesses in the South East which drive the UK's economy. We welcome the Government's focus on getting the right deal for the most important sectors of the UK economy. Many of these are strongly represented in our region, strategically located to take advantage of excellent connectivity and the benefit of places such as Croydon, Gatwick, Crawley and the Greater Brighton city region:

- **Life Sciences:** GSK and other life science companies clustered in West Sussex; a world leading centre for medical equipment manufacture in Crawley; a medical school and bio-innovation centre in Brighton; and Pfizer in Reigate
- **Automotive:** Rolls Royce in Chichester; Caterham Cars in Crawley; and Ricardo in Shoreham
- **Hi-tech manufacturing:** Manor Royal industrial estate at Gatwick is a national centre for hi-tech manufacturing firms including Thales and home to the UK's largest "industrial" Business Improvement District (BID)
- **Creative digital industries:** our region is home to world class technology clusters in Horsham, Brighton and Croydon; our Digital Catapult and 5G test bed in Brighton; cultural institutions including Glyndebourne, Chichester Festival Theatre; the Brighton Festival and the internationally renowned BRIT school in Surrey
- **Financial services:** American Express; Royal Sun Alliance; AIG; Zurich; HMRC; Legal and General; and LV are some of the major financial companies in the region taking advantage of the M23 growth corridor
- **Travel and transport:** Gatwick Airport; Virgin Atlantic; and TUI Travel all in and around Crawley. We also host major rail facilities at Three Bridges and a global aviation infrastructure including a proposed multi-million pound Boeing hangar at Gatwick
- **Professional services:** Mott MacDonald in Croydon; WS Atkins in Epsom; Crawley is a service sector hub for the South being home to national management consultancy firms and consultants such as PWC
- **Food and drink:** Nestlé and other major food and hospitality businesses clustered around Gatwick; a very large number of food and drink entrepreneurs with a high export potential including the £1bn glass house industry based in Chichester; award-winning English wine producers and high provenance food of all types particularly within the South Downs National Park

⁴ Gatwick Airport Website

⁵ ONS Annual Population Survey 2016

⁶ ONS Census 2011

- **Tourism:** a region with abundant natural resources - the South Downs National Park, various designated Areas of Outstanding Natural Beauty, many seaside towns including Brighton & Hove – and a rich heritage and plentiful cultural events and attractions

The economic diversity of our region is a product of its ability to adapt and develop appropriate economic specialisations. This is not a city region, dominated by a single municipal culture and with the legacy costs and inequalities that hold back growth in many parts of the UK. Instead, the Coast to Capital region offers a range of high performing business scenarios which provide a template for future economic growth in a global market.

WHAT IS HOLDING US BACK

We are building a good understanding of the complex issues around productivity in our region. The main issue is significant variation across different towns and sectors, suggesting significant blockages to unlocking our full potential. GVA per head in some parts of our region is amongst the highest in the country with Crawley⁷ ranking 8th out of 62 British cities. However, our analysis⁸ of ONS data shows that we rank only 13th out of the 38 LEPs in terms of GVA per head⁹ and in some parts of the region, particularly our more deprived coastal towns, economic output is lower still.

We will pursue this through the rewrite of our Strategic Economic Plan during 2017 in order to ensure that our regional economy offers opportunities for everybody and can adapt in order to deliver these. In this submission, we set out a range of actions which are needed at regional level in order to address the following issues that we have already identified:

- **Low scale-up from small into medium size businesses.** Our percentage of medium sized businesses is lower than the national average (1.3% vs 1.6%¹⁰).
- **Skills shortages and gaps.** There are significantly lower than average levels of qualifications at level 4+, up to 12% below national average, along the coast and around Crawley¹¹.
- **Exceptionally high housing costs.** The Housing White Paper confirms that housing affordability in our area is between 9 and 15.5 times income, one of the highest levels in the country.
- **Lack of business space.** Unlike most regions, ours has only one significant business park – at Manor Royal near Gatwick. Regional business parks are not yet able to offer the quality and volume of office and industrial space that is in demand.
- **Few examples of business clustering.** The diversification of our regional economy and lack of business space mean that supply chains are rarely based in our region. This leads to fewer medium-sized businesses of the kind which offer innovation and higher skilled roles.

⁷ Centre for Cities, Cities Outlook 2017

⁸ ONS Local Authority GVA Estimates 2014/Coast to Capital 2016

⁹ ONS LEP GVA Estimates 2015

¹⁰ ONS Business Counts 2016

¹¹ ONS Annual Population Survey 2016

- **High presence of some industries where SMEs predominate**, such as tourism or social care, where wages and productivity are lower and where more support is needed to support sectorial growth.
- **Lack of resilience on our transport network**, with both rail and road services across the region being close to capacity and vulnerable to disruption and congestion. Investment and innovation is urgently needed in our region to maintain the crucial link between transport and productivity across the economy.
- **Ineffective links between business and further/higher education** with significant scope to better match graduate/higher level skills with job opportunities in the region and to link the research capabilities of business and universities.

OUR CONTRIBUTION TO THE INDUSTRIAL STRATEGY

Our strong economic fundamentals and good performance enable the Coast to Capital region, along with the rest of the South East, to make a strong contribution to the Government's Industrial Strategy. Investment in the South East and support for further innovation in our economy will help to rebalance the national economy away from central London and to provide well-paid and productive careers for all our people.

We explore in [Annex A](#) how the Coast to Capital region intends to engage to make a difference on many of the issues identified in the Government's Green Paper. We set out the work that we are already doing, or plan to do, on five of the key themes within the Industrial Strategy and two that are important to the future prosperity of the region. We also set out the asks that we have of Government which will support us in our work.

1. Investing in science, research and innovation
2. Developing skills
3. Upgrading infrastructure
4. Supporting businesses to start and grow
5. Encouraging trade and inward investment
6. Access to housing and business space
7. Cultural leadership and destination management

DEVELOPING REGIONAL SOLUTIONS

Coast to Capital is a strong and ambitious local enterprise partnership which has a clear understanding of the regional economy and of the priorities for maximising our economic output in line with the Government's goals.

In 2017/18 we will pursue the work needed to deliver our seven key themes set out above and explained in more detail in Annex A to this letter, as well as our existing commitments in relation to the Growth Deals, Growing Places Fund and European Structural Investment Funds.

The LEP enjoys excellent working relationships and close partnership with local authorities in our region, including those which are involved in preparing devolution deals and the creation of a sub-national transport body for the South of England. But above all we are able to bring significant added value to the region through the

close collaboration of business and education leaders in setting and supporting the delivery of our work. This will be particularly important over the coming year as we re-write our SEP and engage on the issues identified in the Industrial Strategy.

As an agile organisation with a highly engaged Board and without the legacy costs of the public sector, we offer excellent value for money as a partner to Government, particularly because of our ability to leverage in expertise and specialist skills from the range of successful and innovative businesses around our region. We are keen to step up to the new challenges that the country faces and we have the ambition and ability to be a strong regional partner working closely with Government on the delivery of an economy that offers opportunity to all within our region. We would welcome further Government commitment to support and encourage us in this work.

I look forward to discussing our ideas further with you.

Yours sincerely

Timothy Wates
Chairman

Tim Wates



ANNEX A – Our contribution to the Industrial Strategy

Investing in science, research and innovation

Science, research and innovation has the potential to play an unparalleled role in raising productivity levels.

The Coast to Capital region is home to cutting edge multi-national organisations such as Thales (defence aerospace) and Ricardo (clean automotive) and a wealth of innovative SMEs such as the URT Group in Bognor, CTEC Energy in Newhaven and Dearman Engine Company in Croydon who are leading the way in R&D and innovation. We have a very strong university presence along the coast which generates high levels of research and innovation.

We are part of the 'Innovation South' Science and Innovation Audit (SIA) which thematically is focussing on the South's strengths in digital enabling technologies and our ability to translate these into commercial value. When complete, it will give us a better idea of the existing strengths and the opportunities open to us in our region and our neighbouring LEPs. Working closely with industry and universities, we will use our SEP to build on the findings of this work and develop ways to exploit these strengths on a wider scale. Anticipating this work, we have four priority themes which will put innovation at the heart of our economic growth and allow us to focus our efforts on identifying specific blockages to our regional competitiveness.

The first theme is the development of knowledge exchange frameworks to support dialogue between business and our higher education providers. This will enable the region to capitalise on the excellent cutting edge activity that could be shared and developed more widely; in order to support the development of regional business clusters and supply chains around specific technological strengths. The LEP would seek to support this by encouraging closer cooperation between higher education and business, and using our funding role to build and sustain this.

The second theme is digital transformation. Our tech clusters of Brighton and Croydon and the Digital Catapult in Brighton are already leading the way in digital innovation. We need to explore how those businesses can support the digital transformation of our existing industrial sectors. In some sectors, established companies from our region are already developing products which exploit this innovation. We seek to extend this innovation into sectors such as transport and logistics, tourism, health and social care and other sectors in order to exploit our regional potential.

The third theme is use of data. Big data has the potential to transform the regeneration of place and to inform consumer choice across the economy. Our

strong tech clusters, early adoption of 5G technology and existing innovation in the transport, telecoms and other sectors makes this region well placed to innovate further in this area, and we would look to support industry, the public sector and universities in doing this.

The fourth theme is collaborative support and mentoring. We are starting to see positive results in start-up and scale-up growth from models of research, technology transfer, business support and mentoring that have been developed in response to a need for commercialisation. One example of this is the Sussex Innovation Centre, a wholly owned subsidiary of the University of Sussex based in Brighton and Croydon. It offers a collaborative setting where businesses, academics, students and graduates can gather and innovate and provides support and office space to start-up businesses and those looking to scale and grow. We would look to extend this or similar model across the region and seek the investment to help us to do so.

Reflecting these strategic priorities, the **science, research and innovation investment priorities** of our region are:

- To complete the Innovation South science and innovation audit as quickly as possible to get a clearer picture on the existing research landscape in our region
- To promote collaboration between our universities, which are mainly based in Brighton, our colleges, and business across the region in order to support wider knowledge exchange
- To promote links between our digital hubs and wider industry in order to promote digital transformation and the use of big data across all economic sectors in order to boost productivity
- Further development of the 'innovation centre' type model and the Digital Catapult in order to identify and boost highly productive small businesses and to help them grow within our region.

Developing skills

The Coast to Capital region has a highly skilled and creative population. Overall educational attainment is high and level 4+ qualifications are above the national average at 42%. Our skills base is well placed to support our vision to develop a digital and innovation corridor but there are challenges that we need to address.

There is a mismatch between the skills required in the region, the geographical location of those skills and the labour market. The number of people with level 4+ qualifications in the towns along the coast and around Crawley is between 1% and 12% below national average¹ and this leads to in commuting in order to fill the technician and professional level jobs. A large number of graduates from

¹ ONS Annual Population Survey 2016

our south coast universities remain in Brighton (24.6%²) which is at first glance very good news, but many are underemployed in low level jobs.

There is a good level of commitment to Apprenticeships from businesses and sectors across the Coast to Capital region. We understand that many of our skills gaps could be addressed through more of a focus on vocational education and there is no shortage of vacancies. However, there are lower than average Apprenticeship starts (0.63% of the population vs 0.92% in England 2015/16³) in the region with the academic route seen as the gold standard across much of our geography. The vacancies we do have are often at low levels with a predominance in business and administration.

We identify five themes which we will focus on to address the skills imbalances in the region and to drive up productivity levels.

The first theme is digital. We are interested to explore with Government and partners how an Institute of Technology (IoT) might support our ambition to become a digital and innovation corridor and how it could provide the skills needed to: bring about digital transformation across our sectors by tapping into the technology developments that are happening in Brighton and Croydon; to support the development and growth of our digital tech businesses; to help all of our businesses to become digital businesses with the skills they need to succeed and to unlock the power of data in our regional economy. We envisage the IoT being based on the theme of digital and supporting the length of the corridor, delivering out of more than one location, and very much a partnership between further and higher education providers, businesses and the LEP.

The second theme is professional and higher level skills. We see a role for Coast to Capital in working with our further and higher education providers to integrate our graduates with employers across the region, both where there is demand for high level skills and also as a part of the regional innovation network and knowledge exchange. We would like to explore the opportunity for University provision in the Gatwick and Croydon areas and will work with partners to do this. We see Higher and Degree Level Apprenticeships as essential to addressing skills gaps through development of the existing workforce and will engage with employers on this agenda.

The third theme is technical and vocational skills. We need to support the pipeline of talent into the labour market and to address the intermediate level skills shortages and drive a growth in technician and supervisory capacity in our region. To this end we fully support the creation of a new system of technical education and will work closely with our FE partners to ensure that they have the intelligence and links to business that they need to succeed.

² Higher Education Statistics Agency 2012

³ SFA Apprenticeship Data Cube 2016

Our Growth Hub will continue to work with our SME businesses to raise awareness of and generate a supply of Apprenticeship opportunities. We will encourage our Apprenticeship providers to focus on the skills gaps and needs that will emerge as the UK heads into a global market place and an increasingly digital world.

The fourth theme is workforce development. We recognise the need for us to engage with our large businesses to ensure they are making full and appropriate use of the Apprenticeship levy and that where possible the levy supports their supply chain to develop and grow. We will prioritise existing European Social Funding for business and education partners to ensure that up skilling and retraining are embedded into workforce strategy and that employers are encouraged to retain older workers. We are keen to engage with Government to consider how it might support this, and the careers guidance that must sit alongside it, through future domestic investment and potential business incentives.

The fifth theme is careers education. Through our co-investment with Government in the Enterprise Adviser Network we will continue to engage with schools and colleges to ensure that they understand the economic picture of the region and that strategic matches are made to develop talent pipelines for our emerging and growing businesses. We will have a particular focus on STEM subjects to support our digital and innovation aspirations.

Reflecting these strategic priorities, the **skills investment priorities** of our region are:

- Investment in an Institute of Technology in our region focussed on the M23 digital and innovation corridor
- Continued investment in the Coast to Capital Enterprise Adviser Network
- Local commissioning of the Adult Education Budget to ensure that it is used to meet the strategic needs of the area
- Commitment by Government to allow Apprenticeship Levy payers to open up their digital account to their supply chain to the benefit of a wider workforce
- Investment in domestic revenue funding to address the shortfall in workforce skills funding when ESF comes to an end

Upgrading infrastructure

The economic geography of the region is defined by strong transport links, including the whole of the Southern rail franchise, Gatwick airport and a national road network. This links Croydon, the London borough with the fastest level of economic growth in 2015/16, to Gatwick airport, the Greater Brighton city region and other coastal and rural communities.

The region is defined by a highly productive and diversified regional economy and key to this is resilient and future-proofed connectivity. There are four specific drivers of our economy which rely on this connectivity. The Coast to Capital LEP focuses its efforts on unblocking pinch points in our regional infrastructure which hold them back.

The first theme is access to London. The London economy relies on talent and expertise from our region which commutes into well paid jobs in financial, commercial, Government and other sectors every day. Business in the Coast to Capital region relies on access to London markets, to finance and to wider links across the UK in order to grow and develop. Without reliable and resilient transport links, particularly through further investment on the **mainline railway**, the economic output and capacity for wealth generation in our region will be impaired.

The second theme is the development of Gatwick airport. The Gatwick campus employs nearly 30,000 people, with a further 30,000 employed around the airport sites in sectors such as hospitality, travel and tourism, food and engineering. Towns near Gatwick such as Crawley, Reigate, Horsham and Burgess Hill are home to strong local employers which are among the most productive in the country. We need further investment in **rail and road links around the 'Gatwick Diamond' region** to support the development of our region.

The third theme is the development of small businesses across our region. Coast to Capital is home to more than 80,000 small or start-up businesses with particular concentrations in our rural area, in Brighton and in Croydon. Many of these are highly innovative and will be the engine for future growth, wealth and employment in our region. We prioritise the development of **local and strategic infrastructure** which will support the creation of more employment space and housing in our region, so that we remain competitive in attracting entrepreneurs and supporting the growth of businesses. We support the delivery of local plans in order to deliver the significant housing growth that they contain and prioritise infrastructure, regeneration and innovation in order to do this. We also prioritise regional corridors which will link our major industrial sites with their growing supply chain.

The fourth theme is the promotion of innovation in transport and logistics building on the competitive advantage that our region enjoys in our digital skills and business base. The LEP is working hard to connect and scale up the growing power of innovation in Croydon, Brighton and our universities to apply the productivity gains from new technology to the transport and logistics businesses which already have a strong presence in our region. Leveraging the world-leading influence of firms like Thales, Ricardo and Gatwick Airport should allow us to develop a regional economy which gains a strong sectorial specialisation and can put us in the vanguard of the next phase generation of digital innovation

within the global economy. This requires investment in our **5G expertise**, in the **fibre infrastructure** of the region, in the **skills and specialisms** of the workforce and in the **engagement of major businesses in developing local supply chains**.

Reflecting these strategic priorities, the **infrastructure investment priorities** of our region are:

- the delivery of the Network Rail investment priorities for the Brighton Mainline (as set out in the recently published Government document)
- investment in the A27 corridor through RIS 1 and 2
- investment in bottlenecks along the M23 Northern Corridor linking Gatwick to Croydon and London
- investment in local and regional infrastructure in order to support the delivery of housing and business space developments identified in local plans
- we would also seek an urgent alignment of transport and digital infrastructure investment in order to catalyse further innovation in transport and logistics in our region

Supporting businesses to start and grow

Coast to Capital has an entrepreneurial spirit. Start-up numbers have increased on average 8.8% year on year over the last five years with record high levels of start-ups over the last three⁴.

However, only around 55% survive more than three years, a rate that has been falling, and even fewer scale to medium size⁵.

Coast to Capital has a broad-based economy and as a consequence businesses miss out on the advantages that come with supply chain clusters. With high start-up numbers there are high levels of competition and a lack of affordable move on space and transport infrastructure resilience issues bring additional challenges.

There are low levels of capital investment in businesses which have an impact on productivity. The market for funding has become increasingly complex and businesses find it a challenge to identify the most appropriate funding for their circumstances. Many businesses are often reluctant to release equity in their businesses. Poor planning and business modelling skills by business owners means that funders are often reluctant to invest in a business.

In addition businesses are restrained by the lack of a skilled and accessible workforce which often impacts on owner/manager growth ambitions.

⁴ ONS Business Demography 2015

⁵ Ibid

We recognise that there is room for increased levels of business sustainability and growth in the region and work to address the blockages that currently exist. In order to support our start-up businesses to scale and contribute more significantly to economic growth in the region we have identified four themes which we will focus on.

The first theme is lack of move on and making space. There is an excellent opportunity for Coast to Capital to engage much more closely with Government on this agenda to develop a regional approach. Our work to increase the availability of housing and business space is already in train and we are talking to Government and the HCA about this.

The second theme is funding mechanisms. We are currently exploring how our Coast to Capital Growth Grant programme could focus less on business growth, and jobs, and place more emphasis on investments that improve business processes, upgrade capital and strategic development. By embedding this programme within our Growth Hub we could also deliver support at critical stages of development to ensure businesses survive in the short term and thrive and grow in the long term, in turn leading to growth in jobs and productivity. We would like to explore with Government the potential funding avenues to do this.

Manor Royal Business District near Gatwick has been home to the UK's largest industrial Business Improvement District (BID) since 2013. We are keen to find out more about the other BIDs in our region to quantify the value businesses are contributing to economic development, regeneration and growth via the collective BID levy. A greater understanding of the role of BIDs and what they are doing would provide useful insight and intelligence for the LEP which would then enable us to lead the way on supporting and encouraging private investment through them. We understand that the power of the Manor Royal BID, for example, could be significantly enhanced by joint working and aligning budgets to meet shared objectives. We believe Government could support us to introduce the mechanisms to allow that to happen.

The third theme is business support. In order to increase confidence and increase ambition for growth amongst business owners we highlight the importance of business support initiatives. With further investment our Growth Hub has the potential to deliver/provide a co-ordinating function for business support initiatives in the region. We would like to explore the appetite for a regional support network. European Regional Development Funding (ERDF) is a major source of revenue funding for business support in Coast to Capital and across the UK. It is important to find a way to maintain this support once the European Structural Investment Funding programme is closed. The retention of business rates at a local level is a good policy and Government might encourage retained rates to be re-invested in local business support. We have the opportunity to explore this model through our Newhaven Enterprise Zone which

launched on 1 April 2017 and would be keen to share our findings with Government as impact is evidenced.

The fourth theme is skills for business. Investment in basic skills and ongoing skills development of existing staff is essential for businesses to be successful and grow and keep up with changing technology and an increasingly digitalised world of business. Businesses are often reluctant to invest in their staff from fear of losing them to competitors. We would like to explore with Government the possibility of workforce development incentives.

Reflecting these strategic priorities, the **business growth investment priorities** of our region are:

- investment in capital funding for business via LGF
- investment in our emerging model to support the increase in housing and business space
- revenue funding for skills development/business support
- mechanisms for business rates retention
- workforce development incentives

Encouraging trade and inward investment

The economic geography of the region benefits greatly from strong international transport links with Gatwick Airport at its heart, serving 228 destinations globally and attracting high levels of business, labour and tourism to the area. There is already a cluster of multi-national headquarters in close proximity to the airport with others placed on strategic transport links around the region. We are opening up trade links with the ASEAN following a successful trade mission to Vietnam last year.

However, despite the advantage of global connectivity, the Coast to Capital region has a low number of exporters, particularly amongst SMEs. Only 19% of businesses are estimated to export in any form, and fewer export regularly⁶. Of those that do not currently export only 5% plan to export in the next five years. This aligns with research that shows the UK is ranked in the bottom five of European countries where large shares of exporting come from SMEs.

Whilst levels of foreign investment in the South East are high, our analysis of the preliminary end of year numbers from DiT indicate that FDI levels have fallen 44% year on year in the Coast to Capital region and anecdotal evidence suggests that the level of FDI enquiries we receive through our Growth Hub have also dropped.

It is becoming evident that exporting in our region is held back by a lack of ambition for growth and the risk adverse nature of our businesses, a mind-set

⁶ Coast to Capital Business Survey 2011/Surrey Business Survey 2013/Greater Brighton and West Sussex Business Survey 2014

that is difficult to overcome. Anecdotally businesses are reporting the following additional (not exhaustive) barriers to exporting:

- language difficulties and cultural differences
- lack of understanding of regulations, standards and documentation
- tariffs and non-tariff barriers
- lack of knowledge of foreign markets or the opportunities available
- currency volatility
- uncertainty post-Brexit

International trade is a priority for the Coast to Capital Board. We are committing significant time and resource to an International Trade Task Group over the next six-nine months. Chaired by a Board member, local business leaders and representatives from DiT will come together to develop recommendations to increase international trade and promote foreign direct investment.

In advance of this task group we would identify four themes that will support an increase in international trade in the region.

The first theme is international trade visits and initiatives. Through Coast to Capital ERDF allocations, Newable is now under contract to fully fund export related business support and trade visits and exhibitions, alongside improved management of overseas posts and business networks.

The second theme is developing stronger links with Gatwick Airport. This will help us to support initiatives that make more use of short and long haul destinations and to identify potential trade visits.

The third theme is building the profile of the region which can support our access to international markets. As a non-city region it is important to understand and clearly communicate the factors in our regional economy which will be most helpful to support international trade.

We would like to explore with Government the potential to release HMRC data on the exporters in our region. This would allow us to profile our exporters and the sectors they operate in, identify the issues and constraints they face, build key relationships, and create a network of exporters. We would also benefit from increased DiT capacity to facilitate targeted introductions to export opportunities for SMEs.

In addition, there are currently approximately 1,300 overseas owned businesses in the Coast to Capital area providing the opportunity to explore and better understand the attraction of the Coast to Capital region to businesses and to develop our future offer to international markets. There is a role for the Government and DiT to work with Coast to Capital to provide resource to target and account manage these businesses and to support engagement with overseas posts and business networks.

The fourth theme is building a regional export network. We are also exploring the potential for ERDF to address the barriers around SME ambition by developing an export ambassador scheme to provide mentoring support from large companies and their supply chains. The Coast to Capital Growth Hub is best placed to regionally co-ordinate this activity, working alongside local Chambers of Commerce, as it has identified from its client database companies with export potential that could be encouraged to explore the opportunities.

Reflecting these strategic priorities, the **international trade investment priorities** of our region are:

- revenue replacement for ERDF when it comes to an end
- continued investment in Growth Hubs
- we would also like to negotiate access to HMRC data and an increase in capacity for DiT to engage more closely with Coast to Capital

Access to housing and business space

The availability of affordable housing and business space is one of the major barriers to economic growth in the Coast to Capital region. The population in Coast to Capital is predicted to grow in line with UK trends, driven particularly by longer life expectancy. Demographic trends mean that demand for dwellings of all types will for single people and couples is growing more rapidly than that for family homes.

The Government's housing White Paper⁷ confirms the significant impact that growing demand is having on house prices in our region. Although local plans for housing delivery anticipate the construction of a further 30,945 homes in the region by 2020, there remains concern that this will not be sufficient either to keep pace with rising demand, or to deliver the range of tenure types that our growing economy needs, or to ensure the availability of housing for people at all points on the income scale. As the White Paper shows, intervention is needed to address these market failures and to ensure that sufficient housing and business space can be delivered to retain our national and international regional competitiveness.

Coast to Capital LEP is developing a range of products to support the delivery of local plans in our area and to help bring forward housing types and commercial space which will support growth and productivity in our region. The LEP will not act as developer, but will work with planning authorities and the private sector with a focus on supporting, funding and advocating housing and business space as well as unblocking site-specific issues. We are working closely with Government and the HCA on the development of a model to enable this.

⁷ Fixing our Broken Housing Market

Cultural leadership and destination management

As a non-city region, wider perception of the Coast to Capital area can be varied and limited.

The region's huge economic potential, is however, underpinned by its diversity and its unique cultural, natural and geographical assets. It has excellent connectivity to national and global markets.

Many LEPs have developed Destination Management strategies in order to support the development of their regional brands, and to exploit the potential for further growth of foreign direct investment, tourism and business tourism. It is our intention to explore the global brand of our region and to work with local and national partners on the most effective way of marketing the region nationally and internationally. This will help to further exploit our economic potential in line with the industrial strategy.

This work will be taken forward further as part of the development of the SEP. It will include an assessment of the region's cultural industries, tourism, the events and leisure economy and the role of the HE and FE sectors in attracting skills and talent into our region. Our goal is to build a stronger regional identity based around place, excellence and high-value added businesses, products, culture and amenities.

The first theme in this is to explore and understand the role that cultural and creative industries play in the growth, regeneration and specialisation of our towns. Our region contains cultural communities and talent of national and global significance, and we need to maximise the benefit that this brings to our whole region.

The second theme is to understand better the pull factors which will continue to attract investment from businesses and individuals into our region, and to develop a destination management strategy to inform this – learning from LEPs in other parts of the country who already play this role.

The third theme is to link this work to our international and national marketing work through close cooperation with the Department for International Trade, Higher and Further Education institutions, Gatwick Airport, the City of Brighton and Hove, the South Downs National Park and local business associations who are already active in this area.

Given this our priorities in this area are:

- to engage further with cultural leaders in the region to properly understand the different models for the role of culture in economic growth
- to learn from best practice in other parts of England about how to develop a destination management strategy
- to work with partners to put this into effect

