

Arun Economic Development Strategy 2020-2025

# Creating our Future

DRAFT

Our vision is to create a dynamic, competitive and sustainable place to live, work and do business

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# Introduction

Arun district is ready for investment. We have the businesses, the people, the heritage, the location and the room to grow. We are forging ahead to create a dynamic new future.

We are at a pivotal moment in our history. Our exciting opportunities for economic development have the potential to put Arun on the map as the place for businesses to invest and grow and for people to live in and visit.

Arun has plenty of affordable employment space and strategic employment sites. The international ports of Southampton and Portsmouth, the national motorway network and the UK's two main airports of Heathrow and Gatwick are all within easy reach and London to Bognor Regis is just over an hour and a half on the fastest trains.

Our attractive climate, location on the South Coast, historic towns and villages and access to superb countryside provide our people with an enviable quality of life. There is a good range of schools and, although house prices are rising, they are still relatively affordable for a south coast location, with a wide variety of urban and rural living on offer.

Our three main towns of Arundel, Bognor Regis and Littlehampton each have their own identity. The visitor economy continues to be a major asset, but our plans are about more than tourism; we have a diverse range of business sectors and our business population has grown by more than 15% in the last five years - nearly 700 more businesses chose to locate or start- up here and we have strengths in advanced manufacturing, horticulture and a growing creative sector.

We know we cannot afford to stand still and that we face challenges; tackling low skills among sections of the workforce and pockets of deprivation are high on our priority list. We have ambitious regeneration plans and change is already underway with significant new investment in Bognor Regis and Littlehampton. We are working hard to make sure the area continues to attract new businesses and more young people for economic and social renewal.

This economic development strategy sets out our course to make our vision a reality over the next five years.

## **Arun in brief**

Arun District lies on the south coast of England and includes the well-known towns of Arundel, Bognor Regis and Littlehampton. As well as the natural asset of the coastline, the beautiful River Arun, the longest river in Sussex, runs north to south, providing an important range of habitats and biodiversity before joining the sea at Littlehampton.

Although Arun contains commercial and residential development, there is also a large rural area, most of which lies within the South Downs National Park.




Well-known employers include The Body Shop and Rolls-Royce Motor Cars. Tourism is still a major industry and the seaside is one of Arun's best-known assets. Bognor Regis is a major draw for summer visitors, home to Butlin's Bognor Regis Resort with its new £40 million-pound Splash Pool. Other star attractions include Arundel Castle, Fontwell Racecourse and the South Downs National Park.

The horticulture industry, that mostly grows a range of soft fruits, herbs, sweet peppers and plants, is also a key feature of the coastal plain in the District, making use of the fertile alluvial plain, beneficial climate, long sunshine hours and the high light levels.

Notwithstanding Arun's attractions and locational advantages, the district has experienced decline in the coastal towns and both Bognor Regis and Littlehampton contain areas among the most deprived 20% nationally.

**“Our vision is to create a dynamic, competitive and sustainable place to live, work and do business”**

#### Our building blocks for economic development:

 <p><b>Future places</b></p>	 <p><b>A business success story</b></p>	 <p><b>Prosperous and happy communities</b></p>
<b>Creating our future together through:</b>		
<p><b>Shaping our places</b> for people to live, work and visit</p>	<p>Attracting investment and success giving businesses the space and support to grow and prosper</p>	<p><b>Putting people centre stage:</b> healthy, happy, prosperous lives</p>
<b>Our ambition:</b>		
<p>is for Arun to be a globally-connected business location with thriving towns and villages each with a strong identity, offering enough affordable, well-designed housing, connected by first class transport and digital infrastructure</p>	<p>is for Arun to have a dynamic, diverse and growing business base with strong local supply chains and a wide range of employment opportunities for our people</p>	<p>is that all our people have the aspiration, access to skills, qualifications and employment opportunities to achieve their potential, and that our people enjoy happy, long and healthy lives with high satisfaction rates with less risk of crime and deprivation</p>
<b>Our priorities:</b>		
<ul style="list-style-type: none"> <li>o Town centre regeneration</li> <li>o Employment space</li> <li>o Housing</li> <li>o Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>o A growing business population</li> <li>o New business creation</li> <li>o Growing micro businesses into SMEs</li> <li>o A strong and innovative knowledge economy</li> <li>o A diverse and balanced range of sectors</li> </ul>	<ul style="list-style-type: none"> <li>o A skilled and qualified population</li> <li>o Live and work locally</li> <li>o High aspirations and achievement for young people</li> <li>o Higher disposable household income</li> <li>o High happiness and life satisfaction rates</li> </ul>

## **Arun: changing places and future trends**

Across our area, things are changing. In Bognor Regis, over £365m of investment has been levered in, delivering the new Rolls-Royce Technology and Logistics Centre, the University of Chichester Business School and Technology Park. Butlin's recent multi-million pound investment has delivered three new 4\* hotels and Splash Pool which is boosting the local visitor economy.

Thousands of new homes are being built in Bognor Regis, a new relief road takes through-traffic out of the town centre where an enhanced public realm scheme has improved the core retail area. Bognor Regis's railway station has been refurbished to provide a creative digital hub to attract vibrant new businesses to the town centre and a placebranding initiative will promote all the town has to offer.

In Littlehampton, vital improvements to the flood defences on the River Arun have been put in place to safeguard homes and businesses and provide an award-winning riverside walkway. Over 1,000 new homes, as well as much-needed business premises, are planned for the West Bank of the river.

The Council has invested £17m in the new 'Wave' leisure pool and facilities near the town centre. The seafront is home to a host of award winning, stylish and modern architecture such as the Thomas Heatherwick-designed East Beach Café, the Acoustic Shells/Stage by the Sea performance venue and the Long Bench.

### **Changing town centres**

The changes on our high streets show no signs of slowing down as the rise of online shopping continues to have far-reaching impacts. The Centre for Retail Research<sup>1</sup> predicts that many more shops will close, and town centres will have to change to a social, leisure and entertainment focus.

Town centres will have to change to survive with a proportion of retail outlets converting to service-led businesses such as food and drink, hair and beauty and gyms, or small offices, creative workspace, community services and housing. This could attract younger people to live, work and enjoy leisure facilities, breathing new life into town centres.

### **Changing climate**

Pressure on resources such as water and energy will continue to grow, while green and general waste disposal challenges and increased recycling, resulting from the growing population, will mount. Sea level rise and potential flooding will continue to be a key issue in coastal areas and flood plains. The population and economy will need to be resilient to this.

### **Changing infrastructure**

Population growth will dominate local planning with demand for more housing, particularly for the ageing population, set to continue for the foreseeable future.

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<sup>1</sup> "Retail at Bay 2019" Centre for Retail Research

Digital technology will drive huge changes in the ways we work, live and get around.

Remote and flexible working will continue to grow with more people spending at least part of the time working from home. More jobs will come under threat from artificial intelligence (AI) and 36% of large companies now use AI, up 50% in just one year<sup>2</sup>.

The home will become increasingly “smart” with data-sharing, voice-operated devices supporting home security, carbon reduction, health monitoring and healthier lifestyles<sup>3</sup>.

Autonomous vehicles are predicted to change the car ownership model and climate change will drive modal shift to low carbon transport such as e-bikes electric and possibly hydrogen vehicles.

This has big implications for local infrastructure development where connectivity is key and demand for cleaner, greener solutions will prevail.

### **Changing technologies**

Technological developments are driving changes not just in how we live and communicate or the availability of new products and services but also in the way in which we do business. The UK, and the southeast, is at the forefront of developments in technologies that will provide new economic opportunities<sup>4</sup>.

Digital Enabling Technologies are driving immense changes, for example, robotics, sensors, and human computer interaction, causing new sectors and businesses to develop where others decline. These new technologies have knock-on effects on employment – for example self-service tills are replacing checkouts, with some shops/cafes now staff-free using contactless payments.

5G and next generation communication devices will continue to have far-reaching effects on the speed and the way in which business is done.

Big data: as our use of digital devices has increased rapidly so has the volume and extent of data being collected. Exploitation of big data is already creating new business opportunities from data visualisation to the development of machine learning.

### **Changing population**

Arun’s population is forecast to grow by 22,000 (14%) by 2031. Most of this increase (19,400) will be in the older population, 60 and above. There is also forecast to be 3600 more children and young people aged 0 to 24 living in the district.

### **Changing organisations**

The traditional corporate 9 to 5, Monday to Friday work environment is giving way to many new ways of working and organisational forms. Virtual companies; networked partnerships such as Airbnb and loose structures made up of colleagues that come together for a project and then

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<sup>2</sup> “2019 Digital Trends” Econsultancy/Adobe

<sup>3</sup> Tech trends 2019 Hub Spot CTA

<sup>4</sup> “*Innovation South: A Powerhouse Of World Class Strengths In Digital Enabling Technologies*”. Science And Innovation Audit Report. DBEIS 2017

disperse are all increasingly prevalent. Across all types of organisations, remote and flexible working will become increasingly common. New types of leaders and managers will be required who can manage this fluidity as well as advancing technological changes and respond to the ongoing need to innovate to survive.

Employment space will continue to move towards a more flexible model with long term leasing of large premises becoming less and less the norm, with more casual, smaller creative spaces for co-working and looser business structures becoming usual in many sectors of the economy.

### **Changing consumers**

Plant based diets, the sharing economy, reduced plastic, upcycling, digital detoxing, personal health monitoring and online coaching and mentoring services are just a few trends that have emerged relatively recently and are disrupting current business models. The pace at which new trends appear and develop is speeding up. In future, consumers are expected to own less and rent more, demand much more environmentally-friendly products and services, move to more local buying and away from “always on-line” to new experiences for a proportion of their time.



## Arun: future places

**Our ambition is for Arun to be a globally-connected business location with thriving towns and villages each with a strong identity, offering enough affordable, well-designed housing, connected by first class transport and digital infrastructure**

Making the most of our new homes, employment space, natural assets, heritage and unique quality of place through sustainable development will be essential if we are to attract and retain businesses, talented individuals and grow our visitor economy.

Arun benefits from an excellent location, close to the motorway network, within easy reach of London and the UK's two main airports and the international ports of Portsmouth and Southampton.

Among our greatest assets are our seaside and historic towns and villages, each with its own identity, as well as access to some of the best countryside the nation has to offer in the South Downs National Park.

We have a range of affordable business space with opportunities to develop more on key sites. Our growing population means more housing is a must and we have the space to provide this with less pressure on land than neighbouring areas. We recognise, however, that development schemes must be viable for private sector developers to invest. We will work with them to make this happen.

New investments in physical infrastructure include the expansion of the University of Chichester Bognor Regis campus to provide a £35m Technology Park, the Rolls-Royce Technology and Logistics Centre and a range of road improvements, including the £28m Bognor Regis northern relief road completed in 2017.

We know that competition for business investment is intense and that, to get ahead and succeed, we must have digital and transport infrastructure that can compete with the best. Bognor Regis and Littlehampton offer large scale regeneration opportunities. These developments have the potential to support the revitalisation of our town centres and seafronts. We will create sustainable communities with the infrastructure, facilities and services needed to regenerate and diversify the economy.

### **Future places: priorities**

- **Town centre regeneration**
- **Employment space**
- **Housing**
- **Infrastructure**

## Town centre regeneration

### Bognor Regis

Bognor Regis is undergoing major regeneration initiatives with new homes, public realm improvements, a creative and digital hub for businesses and potential opportunities for new strategic developments on council-owned sites. Planned new student accommodation will mean more young people bringing money into the local economy, supporting local shops, cafes and leisure facilities and attracting new businesses.

Our confidence in Bognor Regis' future is being evidenced by increased business investment such as the Butlin's new £40m Splash Pool and at least £5m of further private sector premises investment levered in by the public realm improvements in the town centre, while the University of Chichester continues to expand and invest in its Bognor Regis Campus. More young people and families are moving in, taking advantage of our relatively affordable housing, the range of education on offer, countryside and coastal leisure opportunities such as the boom in watersports.

### Littlehampton

Plans are coming forward for improvements to the town centre and seafront in Littlehampton. The East Bank redevelopment has made a significant change while greatly improved flood defences on the River Arun have also benefited the town. A new café and water sports venue is planned on the beach.

Vibrant new concept designs have been produced to revitalise the seafront, greens and promenade. Ambitious plans for the West Bank include new homes, business space, public amenities and a new cycleway along the River Arun to Arundel.

### Arundel

Arundel's unique character, architectural heritage and history means it will continue to act as a major visitor destination. The focus is to maintain and enhance its many cultural and town centre assets and respond creatively to the challenges the retail environment faces.

#### ***Town centres: our opportunities***

- *Review and develop masterplans for Bognor Regis and Littlehampton town centres that will ensure their prosperity and sustainability*
- *Develop ambitious regeneration plans for the Regis Centre and Hothampton council-owned car park sites in Bognor Regis*
- *Progress redevelopment of the council-owned St Martin's car park.*
- *Optimise the opportunities offered by the seafronts, seafront greens and waterfront sites in Bognor Regis and Littlehampton*
- *Build on Arundel's cultural, leisure and town centre amenities to secure its future as a vibrant visitor destination*
- *Support Business Improvement Districts and town centre management*
- *Facilitate a range of public events to increase footfall and visitor numbers*

## Employment space

Our growing business population that has increased by 15% in five years shows that there is strong demand for employment space in Arun. We have a good mix of affordable premises and room to develop more. Our aim is to increase local employment opportunities to redress the balance between residential development and jobs for local people. We want new residential development matched by employment space to ensure there are new local employment opportunities for local people.

Both Bognor Regis and Littlehampton town centres are designated as Economic Growth Areas (EGAs) in our Local Plan<sup>5</sup> which promote an integrated approach to employment creation linked with skills development. There is a focus on retail, office, leisure and cultural development which can demonstrate a positive impact on the economic viability of the town centres, and which promotes a range of uses.

Housing development in surrounding areas is also expected to show links to the EGAs. For example, housing planned at Pagham is expected to link to the Bognor Regis town centre employment opportunities.

We have also allocated new good quality employment land for development in Bognor Regis, Littlehampton and Angmering including the 70 ha Enterprise Bognor Regis site which can provide over 4,000 jobs when fully developed and occupied. The aim is for Enterprise Bognor Regis to support a variety of uses including advanced manufacturing, light industrial and small business studio units.

For Littlehampton, the harbour, town centre and industrial estates are part of the Economic Growth Area and provide opportunities for new development that increases the viability of the town. The proposed West Bank development site could provide more commercial space. Our relatively low job density and high out-commuting rates support our focus on preserving and increasing employment space.

### ***Employment space: our opportunities***

- *Protect existing employment sites and resist conversion to housing*
- *Promote Enterprise Bognor Regis as a strategically important employment site*
- *Support the growth of employment in the Littlehampton EGA by supporting harbour and marina development, leisure, hotels, cafes and restaurants*
- *Continuing to support the Bognor Regis EGA by supporting employment space for the creative cluster, knowledge-based employment, cultural and leisure sector*
- *Adapting to changes in the retail sector and town centres by supporting the repurposing of former retail units for footfall-led activity such as food and drink, office, leisure, cultural, residential and social destinations*
- *Promote Arun as a business investment location*

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<sup>5</sup> Arun Local Plan 2011 to 2031 (July 2018) Arun District Council

## Housing

Our high quality of life is attracting more people to want to live here. With our growing population and people living longer, this means that we will have 12,000 more households in Arun in 2031 than in 2016.

Most of the growth in households will be in the older age groups, particularly those aged 75 to 84 for whom nearly 9,000 new homes will be required by 2041.

Population growth analysis shows a requirement for 919 net new homes per annum to be built each year until 2031<sup>6</sup>. However, Arun has agreed to help provide some housing towards the targets of neighbouring local authorities, Chichester and Worthing, who have greater land constraints but are part of the same housing market area.

Development will be mostly focused on Bognor Regis and Littlehampton where it will be sustainable as it will be located near employment and services, and support regeneration in the towns. All the strategic housing sites will have good access to employment, services and facilities and deliver an enhanced quality of life to all our residents.

### ***Housing: our opportunities***

- *Plan for, and support, strategic housing development that strengthens communities and links people to employment, transport and services*
- *Support repurposing of buildings to provide new homes in strategic locations, e.g. redundant retail in upper storeys or on the periphery of town centres where this will help to bring new life into town centres or under-used rural buildings that cannot be used for business accommodation.*

## Infrastructure

### Transport

Our aim is to reduce the need to commute by encouraging local employment. We aim to support local communities, town centres, businesses and services through better transport infrastructure.

We are some way from achieving our aim with challenges including road congestion at peak times on major trunk roads (A29, A27 and A259), many railway level crossings which cause delays to both road vehicles and trains, lack of safe crossings for pedestrians on some roads and slow rail services.

In addition, bus services are limited, people are discouraged from cycling by poor and disjointed cycleways and the public right of way (PROW) network could be improved in many ways. More locally, Littlehampton town centre is poorly connected to the key attractions of seafront and riverside with predictable economic consequences.

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<sup>6</sup> GL Hearn Updated Housing Needs Evidence Arun District Council 2016

These issues have far-reaching economic, social and health consequences. Although transport infrastructure planning takes place at county level, we work closely with the County Council to develop shared priorities that benefit the wider area.

***Transport: our opportunities***

- *Support transport development that reduces the need to travel to work by car and promote the use of vehicles that use low carbon energy*
- *Give residents and visitors the choice of walking or cycling through better infrastructure and linking towns, coast and country*
- *Support strategic and local improvement of the road and rail network that reduce congestion and delay for businesses and workers such as A27 Arundel bypass and A29 realignment*

**Digital Connectivity**

First class digital connectivity is essential to attract businesses, support home workers and home-based businesses, and enable residents to take full advantage of services, social and economic opportunities.

We are committed to providing the fastest broadband possible to all premises. The danger of being left behind in the race to ultra-fast connectivity is very real and we are working with our strategic partners to ensure the communities future digital connectivity needs will be met.

***Digital Connectivity: our opportunities***

- *Complete the Gigabit West Sussex project and continue to work in partnership to deliver a county wide connectivity strategy*
- *Ensure all parts of the district are working towards having access to full fibre broadband.*
- *Prepare a Digital Infrastructure Strategy for Arun that aligns with Countywide proposals*
- *Work with partners to bid for funding to deliver better digital infrastructure in Arun*

**Green Infrastructure**

Within our district we have outstanding landscape, countryside, riverside, coastline, historic and archaeological heritage as well as access to the South Downs National Park.

We value our unique natural assets and heritage, and we aim to encourage and enhance biodiversity, plan for and mitigate the effects of climate change, conserve natural resources and encourage the public connection to nature through providing good biodiversity habitat close to where people live.

It is vital that new development supports and sustains our unique identity and integrates with the landscape. Maintaining the built-up area boundary, conserving and enhancing gaps between settlements and supporting green infrastructure are all important elements in our land use strategy.

We recognise that we need to do more, and we are working to develop a greatly improved cycling infrastructure to maximise the advantages of the growth in cycling and new developments such as e-bikes.

***Green Infrastructure: our opportunities***

- *Progress the Littlehampton to Arundel riverside cycle-way*
- *Work with green and sustainable businesses e.g. identify R & D funding and cluster development*
- *Support the implementation of the West Sussex Energy Strategy*
- *Complete the Bognor Regis to the South Downs Green Infrastructure Plan*

## Arun: a business success story

Our ambition is for Arun to have a dynamic, diverse and growing business base with strong local supply chains and a wide range of employment opportunities for our people

Over 5,000 businesses choose to locate in Arun and our business population is growing. There was a 15% increase in the number of businesses between 2014 and 2018<sup>7</sup>. We have a range of employment space available, ready for development and able to accommodate businesses of all sizes, activities and budgets, and more is being created. We have good connections and improving transport and digital infrastructure.

Our business base is diverse and resilient, including high-tech horticulture, advanced manufacturing and engineering, marine businesses, a developing creative sector and a large tourism and hospitality industry.

Businesses and investment are proactively encouraged to locate in Arun. Through the Arun Business Partnership we make sure we have good relationships with as many of our local employers as possible, this includes regular networking events, company visits and consultations, responding to their concerns and enabling business growth.

Recognising that micros and SMEs now want creative and co-working space on easy terms, and that demand for traditional offices is declining, we are actively supporting and promoting conversion of underused buildings to new uses such as the new creative digital hub, The\_Track, at the railway station in the heart of Bognor Regis. The open plan, co-working space allows individuals to work collaboratively in a shared space.

As some sectors decline, the dynamism and resilience of our economy will depend on how enterprising, innovative and knowledge-intensive our businesses are and adaptive to change and new ways of working.

We want to see successful new businesses being created and growing, and a widening business base with plenty of well-paid, non-seasonal, secure local employment opportunities.

A good mix of knowledge-intensive employment is important for productivity and prosperity, and we want to build links to the innovative expertise and specialisms in universities and research establishments in the wider region<sup>8</sup>. We also want to encourage a balanced economy with a range of sectors which will be more resilient than one that is heavily dependent on sectors in decline, such as retail or heavily seasonal businesses.

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<sup>7</sup> ONS UK business counts. See also Economic Profile of Arun 2019 Arun District Council/ Simpson Consulting

<sup>8</sup> See: *Innovation South -A Powerhouse of World Class Strengths in Digital Enabling Technologies: Innovation Audit DBEIS 2017*

This kind of business base will be good for the local economy and the community. It will also help the environment and our residents' work-life balance if we can reduce high levels of in- and out-commuting.

### **A business success story: priorities**

- **A growing business population**
- **New business creation**
- **Growing micro businesses into SMEs**
- **A strong and innovative knowledge economy**
- **A diverse and balanced range of sectors**

## **A growing business population**

Arun's business base is growing. The number of businesses increased by 15% over the last five years, out-performing West Sussex, Coastal West Sussex and the South East region on this metric. There are now 5,330 registered businesses in Arun, 690 more than five years ago.<sup>9</sup>

While we do well, we are not performing at the highest level yet. Greater Brighton has increased its business base by 17% in the last five years compared to Arun's 15% increase. In Brighton and Hove city itself the increase was over 20%. We have some way to go to match this performance.

Ours is a two-part strategy; encouraging more businesses to move in to take advantage of our employment space and supporting more new businesses to be created. (See: New business creation in the next section.) Businesses tend to locate where there are other like-minded businesses, an appropriate skills base, efficient transport and communications infrastructure, support services and facilities. Our strategic employment sites mean we benefit from available, good value employment space but we need to ensure that the other factors for business growth are in place.

### ***A growing business population: our opportunities***

- *Protect our employment space so our local businesses can grow and expand*
- *Provide more and better jobs for local people, reduce out-commuting and attract more young people to the area*
- *Encourage new businesses to move into our area, capitalising on overspill from nearby districts where employment space is in short supply*
- *Conserve existing employment space and provide new premises that meets the need of vibrant young innovative businesses e.g. co-working and creative spaces*

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<sup>9</sup> For detailed statistical analysis, see the Economic Profile of Arun 2019, Arun District Council/Simpson Consulting



## New business creation

A strong business creation rate together with a high closure rate (business churn) is regarded as a sign of a dynamic economy. Both creation and closure rates tend to be low in Arun indicating that there may be a lack of entrepreneurship locally.

Although 615 new businesses started up in Arun in 2017, 560 businesses closed giving a net gain of just 55 businesses.

The number of new businesses per head of working population is relatively low in Arun at just under 70 new businesses per 10,000 working age population in 2017. This is 13.5% below the Coastal West Sussex average of 81 new businesses per 10,000 working age population and 32% below the Brighton and Hove figure of 103. This may suggest that the local population is less entrepreneurial than in other areas.

### ***New business creation: our opportunities***

- *Provide business start-up support to new and micro businesses*
- *Support and deliver business networks, such as the Arun Business Partnership*
- *Support the creation of new business incubator space for start-ups and small move-on units*
- *Work with our partners to up-skill our businesses to ensure they remain competitive and enterprising*
- *Provide grants to small businesses to support innovation and growth*
- *Support town centre retailers to reduce costs and overheads*

## Growing micro businesses into SMEs

Medium sized businesses (50-250 employees) are the key to economic growth and prosperity<sup>10</sup>. Most of Arun's businesses are micros; just under 90% have fewer than 10 employees. Arun also has more small businesses in the 10 to 49 employment size band than comparator areas. Supporting these businesses to grow even by 10% will have a major impact on both local employment and the economy.

The reverse is true for the medium and large categories where Arun tends to have fewer medium and large size businesses than the comparator areas.

Arun also has more businesses in the smaller turnover size bands of below £5m per annum and noticeably fewer businesses in the over £5m turnover categories. This is important because the smaller turnover businesses could be more vulnerable in an economic downturn and are less likely to create high value employment.

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<sup>10</sup> [Learning from the Mittelstand](#) Enterprise Research Centre

### ***Growing micros businesses into SMEs: our opportunities***

- *Work with the education providers and employers to match and supply the pipeline of skilled people they need*
- *Support the delivery of business to business networks*
- *Support the creation of small move-on units on easy in, easy out terms*
- *Work with partners to facilitate training, business advice and R & D opportunities*

## **A strong and innovative knowledge economy**

A knowledge-based economy is an expression used to describe the trend towards our greater dependence on knowledge, information and high skill levels to support economic growth.

It is based primarily upon knowledge-intensive activities that involves the collection, analysis, and synthesis of information. As well as being a major catalyst in modern economic success, knowledge-based businesses provide the technical expertise, problem-solving, performance measurement and evaluation, and data management needed for today's competition. Examples include Silicon Fen near Cambridge where 1,400 high-tech companies employ 48,000 people. They require a computer-literate, skilled workforce good at innovating processes and systems. Not everyone can be a knowledge worker but the greater prosperity these companies bring can benefit local economies. They also tend to use clean technologies and business models that are better for the environment. *Arun's strongest knowledge economy sector is Aerospace & Transport, probably due to the presence of Rolls-Royce and its supply chain. Arun also does well on Technical Consultancy and Financial Technology.*

Arun has slightly over 500 businesses in the knowledge economy out of its total of 5,330 businesses, the lowest share of all the comparator areas and 30% below the South East regional average. At 9.8% of all businesses, Arun's knowledge economy has remained more or less static between 2014 and 2018.

### ***A strong knowledge economy: our opportunities***

- *There are opportunities to build on these existing businesses through links to the specialist knowledge base in local universities and to nearby innovation centres of excellence*
- *Developing products quickly, using universities and other intermediaries*
- *Our strengths in advanced manufacturing and the presence of nearby universities with significant expertise in supporting SME research and development provide opportunities for Arun to grow existing businesses*

## **A diverse and balanced range of sectors**

A diverse and balanced economy has a good mix of different sectors, skills and sizes which Arun already has, however over-reliance on low wage/low skilled sectors or vulnerable sectors reduces resilience in turbulent times. Sectors like construction tend to be cyclical, high street retail is undergoing rapid decline while the visitor economy requires a lot of part-time and seasonal employment.

Arun is heavily reliant on construction which is its largest sector with over 17% of its businesses, making it vulnerable to economic downturns. Arun also has a higher proportion of retail than many other areas. Only Greater Brighton has a higher proportion of retail businesses. Retail, which as a sector in decline, is expected to see further heavy job losses in the next few years.

However, the relatively low number of high street chains, good mix of independent retailers and lower than national average vacancy rates in Arun's town centres, might provide stronger resilience to this decline.

### ***A diverse and balanced range of sectors: our opportunities***

- *Arun's emerging strength in manufacturing provides an opportunity for growth working with partners to develop the Advanced Manufacturing and Engineering sector*
- *Support our tourism sector and promote Arun as a major visitor destination*
- *Work closely with our horticultural sector to overcome workforce recruitment issues*
- *Target higher skilled/value businesses to locate in Arun to help retention of higher skilled residents and to reduce the need for out-commuting*
- *Support the delivery of new, modern employment space at Enterprise Bognor Regis and other sites to attract and grow more higher value businesses, for example, creative and digital industries*

## Arun: prosperous and happy communities

Our ambition is that all our people have the aspiration, access to skills, qualifications and employment opportunities to achieve their potential, and that our people enjoy happy, long and healthy lives with high satisfaction rates with less risk of crime and deprivation

Our population is growing, not just because people are living longer, mostly healthier lives but also because more people are moving to Arun. In 2016 to 2017, a net growth of 1,700 more citizens came to Arun from other parts of the UK<sup>11</sup>. More young people and families are locating here, attracted by the good quality of life on offer.

We can offer a range of employment, a choice of housing that is more affordable than some other areas close by such as Chichester and Brighton, a favourable climate with more hours of sunshine per annum than almost anywhere in the UK and a good range of schools and community services.

Our historic towns and villages, and wealth of cultural and leisure opportunities close by, our access to coast and countryside and a more relaxed attitude to life than many places give our area its unique character and strong sense of local community.

We want all people to have the skills and qualifications to make the most of the economic and social opportunities our area has to offer. Skilled and qualified individuals are not only needed by our businesses but are able to compete more effectively in the labour market, take advantage of economic opportunities and lead satisfying lives.

Opportunities to learn and retrain are important for all of us throughout life but particularly for those who are less well qualified, and critically important for young people starting out.

But it is not all about economic prosperity and work. We want people to have happy and healthy lives as well as economically successful ones. Over the last century there has been a long-term trend in rising life expectancy and falling mortality rates in the UK. In the 20 years between 1991 and 2011, life expectancy at birth for females in England and Wales grew by almost four years and for males by more than five years although the rate of increase has tended to slow recently. However, in Arun, life expectancy is lower than in our neighbouring areas.

The fact that people are living longer means that maintaining active and healthy lifestyles is increasingly important, not only for individual wellbeing and happiness, but because the ageing population places increased demand on services. Active and engaged lifestyles help with mental as well as physical health. A wide and eclectic range of physical, social, cultural and leisure facilities is vital for individual health, social interaction and community cohesion, and will help to attract younger people to move into the area.

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<sup>11</sup> ONS Migration indicators 2017

## Changing communities

Technological change is just one of multiple global trends that will impact people living in Arun. An ageing population, changing employment structures, climate change, urbanisation and rising income inequality will all have important implications for our communities.

The impact of the ageing population on rising demand for housing and healthcare is well-known but it will have other economic impacts including:

- A fall in GDP as the working age population shrinks. Even if productivity growth continues at its current rate, output is predicted to fall by 10% in the UK over the next 50 years. <sup>12</sup>
- Ageing populations are also predicted to adopt more robots, thus further contributing to a slowdown in growth (robots do not buy things).
- The biggest rise in households will be in single households and people will be more digitally connected but possibly lonelier.
- Local community services will continue to be under pressure and contracting out to local communities with a high percentage of volunteers in the labour force may become a feature.

As globalisation continues it is likely that wage growth will continue to be slow, leading to growing household income uncertainty and greater inequalities.

At the same time, there will be a growing desire for a better work-life balance, more local employment and reduced commuting. These combined with stagnating wages, and higher energy costs and taxes could limit the pursuit of ever-higher consumption in favour of greener, more self-sufficient lifestyles with more sharing, bartering and circular local economies.

### **Prosperous and happy communities: priorities**

- **A skilled and qualified population**
- **Live and work locally**
- **High aspirations and achievement for young people**
- **Higher disposable household income**
- **High happiness and life satisfaction rates**

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<sup>12</sup> McKinsey 2015

## A skilled and qualified population

More than three-quarters (79%) of businesses expect to increase the number of higher-skilled roles over the coming years. Yet two-thirds (66%) fear that there will be a lack of sufficiently skilled people to fill vacancies<sup>13</sup>. Skills shortages cost our employers money as well as the lost opportunities for growth. The Open University's Business Barometer estimates that organisations spent £6.3 billion nationally in 2018 on temporary workers, recruitment fees, inflated salaries and training as a result of skills shortages and gaps.

Arun has lower percentages of its working age population qualified at each level than all the comparator geographies including West Sussex and Coastal West Sussex as a whole. The difference is particularly striking at NVQ3+ and NVQ4+. Only 23.9% of Arun's workforce is qualified at NVQ4 and above, over a third lower than the Coast to Capital rate of 44.3% while 5,200 or 6.1% of Arun's working age population has no qualifications. This will limit people's chances of gaining financially rewarding employment and could also deter businesses from investing in the area.

For those at the higher end of the skills spectrum, converging technologies, for example technological devices with multiple functions, and cross-disciplinary skills, for example a mix of scientific knowledge and communications skills, will be a growing feature of skills demand. This is particularly true for the combination of STEM skills such as biotechnology, information and communications technology, nanotechnology and cognitive science. The age of big data will drive demand for people with data analytics and data visualisation skills able to use and apply vast amounts of data.

Automation and technology will continue to put high numbers of middle and low skilled jobs at risk. Even lawyers are thought to be at risk with the potential for AI to carry out routine procedures such as probate, divorce and conveyancing.

The labour market is likely to become more, not less, insecure and the standard working week will be further eroded. The ongoing decrease in employment in large organisations and looser, more flexible business models mean that people will have to take on more independent ways of working such as self-employment, zero hours contracts and portfolio jobs. They will have to take greater responsibility for their own skills development. Recruitment will become further automated and selection will be carried out by AI putting the low skilled at even more of a disadvantage.

### ***A skilled and qualified population: our opportunities***

- *Work with our partners and other learning providers to increase take-up of learning provision, particularly in key sectors and at higher academic levels*
- *Support the promotion of Science, Technology, Engineering, Arts & Mathematic (STEAM) subjects*
- *Encourage and help businesses to employ apprentices*
- *Promote initiatives that deliver education and skills provision to meet employer needs and helps those with the greatest barriers to work*

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<sup>13</sup> CBI Education and Skills Annual Report 2018, in partnership with Pearson.

## Live and work locally

Arun's job density is low at 0.61%. This means that there are only 6 jobs for every 10 people of working age. This is something we wish to improve. A high rate of local employment benefits not only residents but also the local economy, particularly town centres and local services such as childcare. It increases social cohesion; the more local the workforce, the greater the community involvement. Having more jobs locally helps businesses to lower recruitment costs, reduces travel time and stress for employees and encourages employee retention. It also helps the environment by reducing out-commuting and enables more people to walk and cycle to work, supporting a healthier lifestyle.

Arun has a high rate of out-commuting - the highest in Coast to Capital area - and is a net exporter of labour. Over 42% of the employed workforce leave Arun each day, resulting in a net population decrease of 18,241. Arun residents also tend to travel the furthest to work - over 15% travel 20km or more to their workplace.

### ***Live and work locally: our opportunities***

- *Work with local employers to understand the skills gaps and barriers to local recruitment and encourage more locally supportive working practices*
- *Engage with local education and training providers to enlist their help in overcoming barriers to local working and filling skills gaps among learners and reduce out-commuting*
- *Support the delivery of the best digital connectivity to enable more home working*

## High aspirations and achievement for young people

We want all our young people to have all the skills and qualifications they need to succeed in work and life. We know our young people tend not to perform as well academically as those in some other areas. Some of our young people are held back by their low aspirations and confidence which is both damaging and very hard to overcome. The problem is already apparent at Key Stage 4 (GCSE) when the average Attainment 8 pupil score<sup>14</sup> was 43.5 in Arun in 2017/18 compared to 46.7 in West Sussex and 47.9 in the South East. In English and Maths, the percentage achieving Grade 9 to 5 was 38.2% in Arun compared to 43.1% in West Sussex according to Department of Education statistics.

Apprenticeships can provide young people with a work-based route to gaining the skills and qualifications that are in high demand and provide progression routes to higher qualifications. Apprenticeships will be key to providing the intermediate skills that our employers need for growth, particularly in sectors like manufacturing and construction. Although nationally there has been a decline in apprenticeship take-up since the employer levy was introduced, Arun has seen a

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<sup>14</sup> Attainment 8 scores, the new way of measuring school and LEA performance, are calculated by adding up the points pupils achieved in their eight English Baccalaureate subjects taken at GCSE, and dividing by 10.

particularly large drop. However, we are also aware that a number of local employers provide their own bespoke in-house training which do not necessarily appear in these statistics.

Apprenticeships in Engineering and Manufacturing Technologies, (a priority sector for Arun), accounted for 170 starts in 2016/17. This equates to 13% of the total and in fourth place behind Health, Public Services and Care (36%), Business Administration & Law (23%) and Retail and Commerce (17%).

***High aspirations and achievements for young people: our opportunities***

- *Work with our priority sectors, including manufacturing and tourism, which can offer opportunities for young people to progress through apprenticeships.*
- *Continue to work with our partners including West Sussex County Council and Coastal West Sussex to promote STEM skills to young people through initiatives such as STEMfest*
- *Survey local businesses to better understand the local training provided*

## **Higher disposable household income**

The amount of money people have to spend after the main bills are paid is perhaps more important than top line income levels as it will determine the degree of choice people have in their lives. Gross Disposable Household Income (GDHI) is a useful measure of relative wealth. It is a measure of the amount of money that people have available for spending or saving after taxes, social contributions and benefits, such as pensions and national insurance, have taken effect.

GDHI statistics show that in all the comparator areas, the amount of disposable household income has risen over the reference period. However, in 2017 at £20,731 per annum in Arun, it was significantly lower than in any of the comparator areas. Average wages in Arun have remained low for many years and this is reflected in the GDHI.

***Higher disposable household income: our opportunities***

- *Our priorities for skills and business development will extend economic opportunities and aim to increase wages for our residents and longer term, will have a positive effect on household incomes*
- *Providing more affordable housing to rent and buy will help to increase the amount of money people have available and the prosperity of the area will be improved*



## High happiness and life satisfaction rates

Economic wellbeing is not the only form of wellbeing. A priority is ensuring that our residents have high levels of life satisfaction and happiness. For many families, having enough money to pay the rent and bills, eat and clothe yourself and family is the basic minimum. Work-life balance, quality of the built and natural environment, social cohesion and the availability of cultural and leisure pursuits are all important factors.

Arun residents' rate themselves slightly higher on life satisfaction, feelings of life being worthwhile and happiness than the comparator areas.

Arun residents also have lower anxiety levels, probably due to the quality of life.

### ***High happiness and life satisfaction: our opportunities***

- *Build on the high level of life satisfaction and happiness in Arun and conserve what people value about our area.*
- *Ensure there is a wide range of cultural and leisure opportunities in our area*
- *Protect our natural assets*

## Conclusion and next steps

Based on the extensive analysis in the Economic Profile of Arun 2019 and consultation with partners<sup>15</sup> we have set out in this Economic Development Strategy our high-level priorities and opportunities for achieving our vision for Arun.

We recognise that the pressures on resources are likely to continue so the opportunities we have highlighted are those which will not only have an impact, but they are also those where we believe we can make a difference working with our partners. The Council will focus on doing a manageable number of things well, rather than aiming to do everything and we will also prioritise those actions which will be transformational for our places, businesses and people.

The next steps, after approval by Cabinet, will be to take forward the priorities and opportunities we have developed in this Strategy through a deliverable action plan including monitoring and evaluation arrangements. This will be developed in-house by officers and disseminated to Members. A shorter publication, setting out Arun's economic development priorities, will also be published and suitable for external use. We aim to start delivery early in 2020.

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<sup>15</sup> See consultation details in Annex A

## Annex A: Consultation

Consultation with partners and businesses is essential if our Economic Development Strategy is to be grounded in reality and to complement the work of our partner organisations. We have held two consultation workshops with businesses and stakeholders and one, in June 2019, with Council Members, which examined the evidence from our Economic Profile and identified and agreed the priorities and opportunities.

### 26<sup>th</sup> June 2019

#### Briefing to Arun Councillors on the Arun Economic Profile evidence base

This forum briefed Members on the new Arun Economy Development Strategy evidence base. Members were presented the data that had been gathered to inform the strategy document and the themes and priorities that have emerged from the evidence base and stakeholder workshops.

Attended by:

Cllr Bennett	Cllr Dixon	Cllr Oliver-Redgate
Cllr Bicknell	Cllr Gunner	Cllr Oppler
Cllr Mrs Catterson	Cllr Mrs Gregory	Cllr Mrs Pendleton
Cllr Clayden	Cllr Mrs Haywood	Cllr Dr Walsh
Cllr Coster	Cllr Jones	Cllr Mrs Worne
Cllr Mrs Daniells	Cllr Lury	Cllr Mrs Yeates

#### Our consultees

Cllr Paul Bicknell	Arun District Council
Cllr Phil Hitchins	Arun District Council
Stephen Manion	Arundel Castle
Andy Batty	Arundel Town Council
James Stewart	Arundel Town Council
Michael Tu	Arundel Town Council
Phillip Roberts	Beachcroft Hotel
Martin Emmett	Binstead Nursery
Neil Jarvis	The Body Shop
Adam Cunard	Bognor Regis Chamber
David Wride	Bognor Regis Chamber
David Myers	Bognor Regis Regeneration Board
Sarah Norman	Bognor Regis Town Council
Caroline Wood	Coastal West Sussex Partnership
Nick Laurence	James Laurence Group
Paul Hanson	Landlink Estates
Juliet Harris	Littlehampton Town Council
Peter Herbert	Littlehampton Town Council
Jill Alcorn	St. Philip Howard School
Simon Liley	The Angmering School
Dave Cooper	University of Chichester
Anne De Sausmarez	West Sussex County Council
Patrick Griffin	West Sussex County Council
Richard Hopkins	West Sussex Growers Association