

Agenda Item No: **Report No:**

Report Title: **East Sussex Economic Development Strategy Consultation**

Report To: **Cabinet** **Date:** **23 July 2007**

Lead Councillor: **Cllr A De Vecchi**

Ward(s) Affected: **All**

Report By: **Director of Planning and Environmental Services**

Contact Officer(s): **Sue Moffatt, Assistant Director (Policy & Projects)**

Purpose of Report: **To seek comments on the new East Sussex Economic Development Strategy consultation to the East Sussex Economic Partnership (ESEP).**

Officers Recommendation(s):

1 To submit the comments in paragraph 3.1 – 3.9 to ESEP.

Reasons for Recommendations: **To respond to the consultation within the deadline of 31 August 2007.**

1 Information

- 1.1 The East Sussex Economic Partnership (ESEP) has refreshed the East Sussex Economic Development Strategy published originally in 2002. A new Strategy has been published for consultation and this report outlines the responses which it is suggested that the Council submits to the Economic Partnership.
- 1.2 A copy of the new Strategy is attached in the Appendix to this report and therefore the report will cross-reference to the original document rather than repeating the information which it contains.
- 1.3 This report therefore starts with a commentary on individual parts of the Strategy and concludes with suggested responses to the three questions which the Strategy raises in its Foreword.

2 Commentary on the Strategy

Purpose of the Strategy – Page 3

- 2.1 The Strategy is formulated within the framework of the Regional Economic Strategy and the South East Plan. The Council has made previous statutory representations in support of the economic strategies proposed in the South East Plan. In particular, these relate to the regeneration of the Sussex Coast Sub-Region which covers a large part of the District.

The Potential – Page 4

- 2.2 The reference to Newhaven reflects our current priorities. The higher education establishments and strong graduate retention rates are of particular relevance in the District because of the proximity to the universities which have a strong influence in the northern parts of the District. The small high value businesses tucked away in rural areas are a feature in this District, as in others, because we know that the rural area provides more employment overall than in any individual town in the District apart from Lewes. The District has traditionally not been a focus for large scale industrial activity, and nor would this be environmentally appropriate in view of the high quality environment, which is itself an economic strength. The internet trading reference in the Strategy is important, therefore, in recognising this new kind of communication can bring smart growth which could be dynamic without damaging the environment.

What needs to change – Page 4

- 2.3 Paragraph 3.1 on page 4 reflects the disparity in the District in relation to the differences between the coastal area, particularly in Newhaven and Peacehaven in terms of deprivation and skills, compared with Lewes and the rural area where high level of skills and learning performance creates a very different economic environment.
- 2.4 The current economic performance described in paragraph 3.2 reflects the issues identified in the Lewes District that were detailed in the research that this Council has commissioned previously for the Local Development Framework.
- 2.5 The section on factors constraining economic growth (3.3 on Page 5) identify one of the most difficult problems across East Sussex whereby the market is not delivering better resources and services to aid business retention and expansion. This represents one of the most difficult challenges facing all local authorities in the county.
- 2.6 With regard to Transport (3.3.2 on Page 5), the Strategy has recognised that an innovation-led entrepreneurial culture can help to improve economic performance within the limits of the transport network.

Key Challenges 3.4 on Page 6

- 2.7 The bullet points here identify complex and challenging issues. The issues of particular relevance to the Lewes District are on creating conditions for higher levels of investment and business growth; the attraction of new knowledge based businesses; and the need to encourage quality business creation and survival.

Role and Identity in the Coastal Strategy

- 2.8 This section recognises the importance of an integrated culture and tourism offer in the economy of the District, and also recognises that farm diversification is often providing superior locations for business to that which is on offer in urban areas.

Local Growth Opportunities – Lewes District 4.5 on Page 9

- 2.9 Lewes District Council's Interim Economic Development Strategy forms the basis for this part of the Strategy.

Strategic Framework 5 on Page 10

- 2.10 The document's Vision, Mission Strategic Objectives and factors identified for what success will look like, have been developed from the analysis in the previous pages of the Strategy. They accord with this Council's own vision, particularly in terms of the

encouragement of innovation, the growth of entrepreneurial activity, instilling a learning culture to develop the work force, and ensuring an appropriate availability of premises.

Strategic Focus – Building on the growth of Newhaven 6.3 on Page 11

- 2.11 This identifies the potential to transform the Port areas and regenerate the local economy in Newhaven. However, we recognise this will be a challenging task because of specific local physical and economic factors.
- 2.12 We are already engaged in workforce development initiatives through the development of the enterprise centre on Denton Island, and believe that this will mark a step change in local economy, providing there is a future opportunity down the line for growing businesses to be able to secure “move on” accommodation.
- 2.13 The idea of pursuing “Freeport” status of the Port is a new idea, but is likely to require considerable investigation in depth before we would be able to comment on its potential value and feasibility.

7.1 Supporting outcomes required on Page 12

- 2.14 These identify some important outcomes which the District should subscribe to, particularly innovation in business growth, opportunities in culture, leisure, tourism and sport, the care sector and public services.
- 2.15 Raising aspirations for entrepreneurship, and supporting small businesses has potential in this District in both the coastal and rural areas.
- 2.16 Widening the choice of commercial property (7.3 on Page 13) recognises some of the greatest challenges in this District in terms of retaining and bringing forward employment land in the context of the strong competition from the housing market, which threatens to swamp it and eliminate business uses. We are already recognising this in our work on the Local Development Framework. However, the planning policies for retaining employment land have to be supported by robust evidence that sites are economically viable, as retention solely on policy grounds is no longer acceptable under Government planning policy. Therefore the second paragraph, (which talks about the need for direct partner actions and site of interventions to address problems), goes to the heart of fundamental problems relating to maintaining and expanding the supply of business premises in much of the area.
- 2.17 Promoting land allocation, by itself, will not guarantee that any development occurs.

3 Proposed responses to ESEP’s consultation

It is recommended that the following comments be made in response to the Strategy proposed by ESEP:-

Question 1: Are the priorities identified the right ones?

- 3.1 The priority themes reflect the priorities in the South East Plan and the Regional Economic Strategy, and the findings of research an experience in the county.
- 3.2 In particular we support the priority given to:
 - fostering and supporting enterprise
 - co-ordinated development of culture and tourism as economic drivers

- strengthening skills and training of the workforce in areas of educational under attainment
 - retention, regeneration and provision of sites for business
- 3.3 In relation to culture and tourism, we consider that the strategy would benefit from more information in the body of the report to support the one sudden appearance of this sector in the text.
- 3.4 Much more information is needed to evaluate the Newhaven “Freeport” proposal and we would be interested to discuss the matter with you, and to see your further analysis.
- 3.5 However, we believe that the greatest priority needs to be on the retention and provision of sites for business. In our experience this is by far the greatest challenge because of the combination of high returns from housing development, the strong demand and need for housing, the soaring costs of development, and the relatively low return from development for business. We believe that sophisticated information, analysis, advice, concerted and co-ordinated effort by agencies across the county will be required. Without this, there is a risk that within 10 years, despite all the proactive work on entrepreneurship and skills development, the opportunities for enterprise and the work will be severely constrained by the lack of land and business premises in East Sussex, apart from businesses working from home or in converted barns.

Question 2: What can be done to give the proposals greater impact?

- 3.6 ESEP has already provided valuable support to us by direct advice from Locate East Sussex, and the commissioning of specialist studies. Such mentoring and support has been invaluable. Government policy now demands that planning authorities’ Local Development Frameworks and development control decisions are substantiated by robust evidence. Much of this requires knowledge and expertise, not normally present within local government, about development finance and smart ways to secure business space development. There needs, therefore, to be some means of providing robust support for meeting this challenge through building up a county wide ‘centre of excellence’ service providing mentoring, advice, problem sharing, brokering with regional and national bodies, and support for bidding for external funding where appropriate.

Question 3: How can you contribute to the delivery of these priorities?

- 3.7 We are already contributing to fostering enterprise and skills through our active involvement in the development of the Newhaven Enterprise Centre, supporting the Newhaven Enterprise Gateway Service, and previously facilitating the development of the Training Centre on our land at Denton Island. This is an ongoing process, to which we remain strongly committed.
- 3.8 We can promote an enhanced role for culture and tourism as an economic driver through our role in tourism marketing and promotion; support to accommodation providers; operator of spaces and facilities; and as guardians of the integrity and quality of the natural, historic and public realm.
- 3.9 With support in a challenging commercial environment, we can develop planning policies to safeguard and allocate land for business, and seek to protect those resources through the development control process.
- 3.10 We can use our knowledge, in partnership with others, to find answers to the often complex problems of regenerating brownfield land, through our understanding of the

planning process and specialist knowledge of issues such as land contamination and flood risk.

Further information about the economy of the Lewes District

- 3.12 If Members are interested in specific information about the District we commissioned a report "An analysis of business growth potential in the Lewes District" in 2005. This is on the website <http://www.lewes.gov.uk/environment/5591.asp>
- 3.13 Following this an interim Economic Development Strategy for the District, "A Way Forward for the economy of Lewes District" was published in 2006. This is on our website <http://www.lewes.gov.uk/environment/9727.asp> Hand copies of both are available from this office.

4 Financial Appraisal

No direct implications as this is a consultation report.

6 Environmental Implications

I have completed the Environmental Implications Questionnaire and there are no significant effects as a result of these recommendations.

7 Risk Assessment

I have completed a Risk Management Questionnaire and this report does not require a risk assessment because the issues covered by the recommendations are not significant in terms of risk.

8 Background Papers

- East Sussex Economic Development Strategy Consultation – June 2007
- South East Plan – March 2006
- The Regional Economic Strategy 2006
- An Analysis of Business Growth Potential in Lewes District by Step Ahead Research (2005)
- A Way Forward for the Economy of Lewes District (an interim Economic Development Strategy) 2006

9 Appendix

East Sussex Economic Development Strategy – Consultation Draft, 1 June 2007.

Lindsay Frost
Director of Planning & Environmental Services

27/6/07