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A way forward for the economy of the Lewes District

An interim economic development strategy

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Introduction

1 One of the Council's key aims is "Supporting and promoting a diverse and prosperous local economy". This document is a brief strategic overview of the economy of the Lewes District, and sets out a course to best meet the expected conditions and challenges of the present and the future.

2 This report has been prepared in the context of extensive work carried out by the District Council on a Best Value Review of promotion of the local economy, and two important pieces of work commissioned in 2005 as background for the Local Development Framework to examine the characteristics of the overall economy, and to examine the economy of town centres. These were: *An Analysis of Business Growth Potential in Lewes District (Step Ahead Research, 2005)*

Lewes (District) Retail Study (GVA Grimley, 2005)

These authoritative pieces of work have provided the background for this document, and their extensive factual background and detailed analysis is not reproduced here. Anyone seeking more information and analysis to support the précis of the present position that follows here is recommended to refer to those studies which are on the Council's website.

3 Also, prior to those studies there was a detailed examination of land supply for businesses in the county undertaken, with further work on Peacehaven, by consultants Vail Williams. In addition the Lewes District was assessed within the county context in East Sussex County Council's East Sussex Economic Study, and the work carried out for East Sussex Economic Partnership's 'Area Investment Framework' for the county.

4 Information about tourism has been collated from in-house data, plus the output of the ongoing STEAM tourism data modelling.

The purpose of this strategy

5 Based on all the above, key strengths and issues facing the economy of the District for the future are summarised below, followed by a consequent vision statement about what we believe to be desirable future directions for the economy.

6 Following this we set the scene and the consequent economic priorities for the district.

7 Inevitably many players in the public, private and not-for-profit sectors will shape the economy. The District Council will have a greater or lesser influence or involvement with most sectors, in many ways that are not necessarily immediately obvious. The main ones are indicated at the end of the document.

8 The council is strongly committed to the principle of sustainable communities, which encompasses economic as well as environmental sustainability. The intention therefore has been to create here a document for the council to endorse as the high level context for its future decisions that will affect the local economy.

Implementation

9 The actions to implement the strategy will be set out in two forthcoming pieces of work. The first will be the Local Development Framework, particularly the Core Strategy and the Development Sites Local Development Documents. These will contain policies with spatial implications, for example for business land and premises, or for retail planning policy and land uses in town centres. To avoid duplication the actions without spatial connections will be set out subsequently in the second piece of work, a companion non-spatial action plan.

The Council Service Strategies and Service plans for various responsibilities such as housing or procurement will also relate to some of the issues raised by this strategy.

Monitoring

10 A variety of indicators derived from these key implementation plans will be measured through the LDF Annual Monitoring Report and through Performance Indication monitoring.

Review

11 This Interim Strategy will be reviewed in the light of responses to the consultation, and new guidance and indicators expected from Government and the Audit Commission in 2006.

The Lewes District

Economic outline

12 This section selects very briefly some key points, particularly those outlined in the report by Step Ahead Research report mentioned on page 4. That concise (31 page) report contains a great deal of information, which cannot be summarised here, that led to its recommendations. The following couple of pages are but a skeleton outline of some important facts about the district, drawn from that study. Anyone desiring more comprehensive information should refer to the Study itself, and also to the retail study.

13 There were around 41,500 jobs in the Lewes District, representing a 9.4% growth over 15 years to 2005.

14 The distribution across the various sectors was uneven:

	% 2005
Agriculture, mining & utilities	2.7
Metals, minerals & chemicals	2.4
Engineering	5.1
Other manufacturing	7.2
Construction	13.3
Distribution, hotels & catering	18.1
Transport & communications	4.3
Financial & business services	10.6
Other (mainly public services)	36.4

Figures rounded and therefore sum to 100.1

15 Employment in public services and engineering has grown by significant amounts. Agriculture, manufacturing and distribution/hotels/catering have all declined. Construction had the greatest increase, but is notoriously cyclical. The other sectors saw modest growth

16 The public sector dominates both employment and economic output, representing 30% of the District's output, compared with 22% nationally.

17 The Finance and Business Services sector, which is a national growth sector, is not well represented in the District, providing only 11% of jobs. Furthermore, while this sector provides a quarter of economic output nationally, it contributes only 13% locally.

18 The sectors that are concentrated in the District are less dynamic and tend to make up a smaller proportion of new businesses. This may partially explain why the business start-up rate in the district (32.5%) is lower than is Sussex (36.0%) and the South East (37.9%). However small self-employed 'start-up' businesses may not have been captured because they were below the VAT threshold, on which these figures are based.

19 Self-employment is a significant feature, representing 18% of the economically active population, compared with 14% in the South East. A higher than average proportion of these are high skilled, representing a slightly older, well educated and experienced corps of residents taking advantage of good access to London and Brighton, and the Internet. This sector tends to have high levels of disposable income and is one of the key drivers of the local economy in parts of the District, supporting and growing the service sector.

20 Restaurants and specialist shops and galleries are also supported by tourism, in addition to these 'affluent residents', with over a fifth of tourist spending going into the retail sector.

21 Knowledge based employment and businesses, a strong growth sector nationally is, perhaps surprisingly, less prevalent in the District than in Sussex as a whole [31% of businesses compared with 41%].

22 Not only is the structure of employment in the District overall unbalanced, but so is the geographical representation in different areas within the District.

% of all employment in 2002 in the District

Lewes	42
Newhaven	17
Peacehaven	5
Seaford	14
Rural area	22

23 Most of the recent growth in jobs took place in Lewes and the rural area.

24 The focus in each town is also varied. In the town of Lewes 44% of employment is in public administration, education and health, while in Newhaven 37 % is in manufacturing.

25 There is a higher than average level of people with higher education skills in the district, with 20.6% having degree level qualifications. However 26.2%, especially on the coast, have no skills qualifications, which is a problem both for their economic position in the workforce, and for employers seeking staff.

26 The overall unemployment rate in the district, 2.3% in November 2005, has always been lower than in towns like Brighton and Eastbourne. However there are localised areas where the rate is higher, and where it is often associated with other deprivation issues such as lack of skills.

Proportion of employment in 2002

	Manufacturing	Construction	Distribution, hotels & restaurants	Transport & communication	Financial & business services	Public administration, education & health	Other services
Lewes	7	2	27	4	13	44	4
Newhaven	37	2	27	9	5	17	4
Peacehaven	11	8	26	3	11	34	7
Seaford	3	6	28	3	11	41	7
Rural area	13	11	18	5	13	31	8

Figures rounded

27 The key recommendations of the Step Ahead study concern the following:

1 The need to ensure adequate and suitable employment sites.

2 The need to diversify the district's economic base so that it has a greater proportion in strong growth sectors, such as financial services, cultural and creative sectors, and advanced engineering, which will need high quality premises.

3 The development of a high quality visitor economy, and gateway to the National Park if designated, in partnership with other areas.

4 Prioritise the regeneration and diversification of Newhaven's economic base, renewal of its physical environment, and develop town as a visitor destination.

5 Work to identify ways of redistributing public sector employment to more deprived parts of the district.

6 Continue to work with partners to develop the skills of local people to respond to the changing needs of the economy and attract higher-level businesses to the local area.

Economic strengths to build on

These are some of the main recognised strengths of the area, based on the two main studies and other sources.

- An above average proportion of people in the workforce have a high level of skills and education.
- There are two universities on the district boundary, which include the Sussex Innovation Centre, and two higher/vocational education colleges within the district.
- The district adjoins the city of Brighton and Hove, and is close to the Gatwick 'economic diamond'.
- There are good links to London and the district provides a gateway to mainland Europe and beyond.
- There is a well-established manufacturing sector, with some evolution into advanced engineering.
- There is a high quality natural environment throughout, and National Park status is proposed for a significant area.
- There is a significant and extensive cultural and architectural heritage.
- The area has a strong contemporary cultural and artistic sector.
- There is land and property available for business development.
- There are a significant number of high-income residents supporting commerce in parts of the area.
- There has been strong growth in home working.
- The area is recognised as offering a good quality of life.

Economic issues to tackle

These are some of the key issues that have a bearing on the economy:

- There are pockets where a significant amount of workforce has low educational attainment and skills.
- The population is aging.
- There is a significant differential in profitability between developing land for business, and developing land and buildings for housing.
- There are a lot of ageing and mediocre quality buildings and areas for business, and a lack of available quality premises for industry and commerce.
- There is a pent up demand for premises for small and move on businesses, which is not being met.
- There is a risk of losing growing businesses to other areas because of the unsuitability of accommodation available in the district..
- There is an overall lack of a business-focused culture, and lack of a strong representation of business interests in community affairs.

- The national changes in farm support subsidies generate the need for diversification of farm income, including on farm processing as well as undertaking non-agricultural activities.

- The District mostly falls within the Sussex Coast Priority Area for Economic Regeneration, and shares in the widespread problem of low paid jobs, and a low Gross Value Added economy.
- There is a significant amount of out-commuting for employment, especially higher paid jobs.
- Growth sectors of the national economy such as finance and business services and knowledge based industries not well represented in the area.
- Public sector employment, which dominates employment in the area, is vulnerable to externally generated change.
- There is also significant employment in other vulnerable sectors such as manufacturing and construction.
- The majority of tourism businesses are very small, and the majority of visitor attractions are provided by not-for-profit organisations, therefore marketing is an important issue.
- The quality of the natural and cultural heritage, and of the public realm is an important economic resource whose management is under a lot of financial pressure.

- The economics of town centres in the District are irrevocably affected by people's changing shopping habits, especially the overweening dominance of Brighton and Eastbourne Town centres.
- The lack of affordable housing for a large section of the local workforce is affecting the availability of labour for local employers.

Directions for the future

This is our vision for the future overall directions for economy of the District.

- Over the next decade we want the area to play an active part in the regeneration of the economy of the Sussex Coast.
- We want more business activity and more local employment, active encouragement of the diversification of the local economy and the achievement of a stronger presence in the District of businesses in growth sectors of the national economy.
- We want this to be underpinned by more skills training and business support opportunities to upgrade and re-skill the workforce, and to encourage the creation of new businesses, a significant number of which will be run from people's homes.
- We want more affordable housing to be available to enable employers to attract a suitable workforce.
- We want the natural environment, quality townscape, heritage and culture to be an increasingly important economic resource for tourism and other economic development.
- We want individually distinctive and vibrant town centres, and a living and diversified working countryside.
- We want the area to provide a gateway to mainland Europe and the world beyond.

Our economic priorities and the reasons for them

Business and industry

As throughout the Sussex Coast, the priority need of this peripheral area of the South East is to retain existing businesses, and enable them to grow. Attraction of new business from outside is recognised as much harder than in the more central parts of the region.

Also, in common with the rest of the Sussex Coast, there is the need to foster an entrepreneurial culture that encourages and enables people to set up businesses.

The largest employment sector in the district is the public services. These can be vulnerable to politically generated, as well as economic, change (e.g. a reorganisation of local government, or the relocation of County Hall).

The construction sector has been an important employer, but is notoriously vulnerable to cyclical changes. Nevertheless the availability of a skilled construction sector locally will be important to achieve sustainable development to meet local requirements.

The financial and business services sector has been a growth sector nationally and in Brighton & Hove, but not locally. Likewise the knowledge economy and the creative industries have developed there, but have been much lower profile in the district (with one or two high profile exceptions), despite the location of Sussex Innovation Centre on the district side of the boundary that bisects Sussex University's campus.

However education itself is an activity of considerable economic importance to the district in terms of the number of residents working in schools, colleges and universities, and also for those who provide goods, services and accommodation for students.

Manufacturing is affected nationally by 'off-shoring' basic production. Nevertheless this sector is evolving and value added sectors such as advanced engineering and specialist manufacturing are expected to be the future for manufacturing in Britain, and there are some of these industries evolving from the traditional manufacturing sector in the district. The manufacturing cluster in the district is one of only a few remaining on this part of the Sussex Coast.

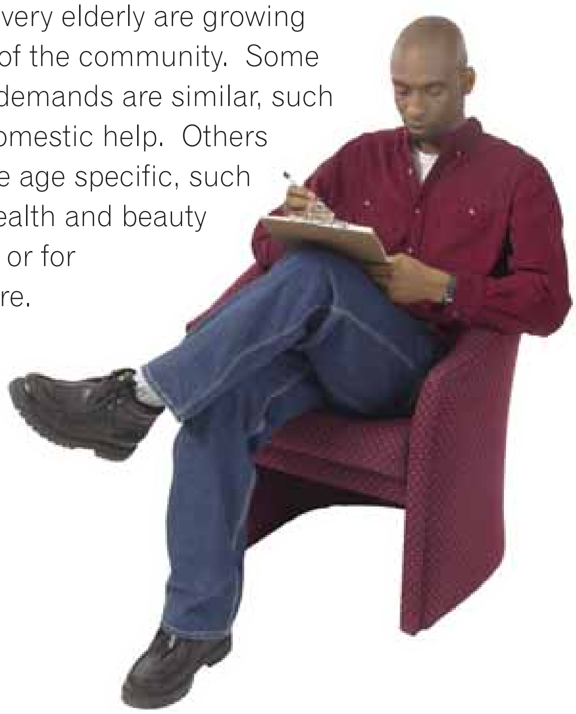
Some of the property on business estates does not meet current needs or standards. There is a lack of premises suitable for knowledge industries and the finance and business services sectors. The Sussex Innovation Centre cannot meet the demand for space from new businesses spinning out from local academia. There is also a lack of small premises for all kinds of activities on 'easy in/easy out' terms, and this stifles the development of new small businesses in their early, formative years. Farm diversification has provided some small premises in a quality environment that are catering for some small businesses in a way that is not now being offered in towns. Furthermore, as businesses grow, their retention can be affected by a lack of suitable property to move-on to. Industries that do not fit the 'B1 light industry' criteria find it harder to find accommodation than they once did.

There is strong pressure to use urban land and premises that is in, or allocated for, business uses for other, more profitable, uses such as housing. The commercial development market has changed, and commercial development and redevelopment schemes are less financially attractive than in the past, although freehold premises invested in a business's own pension funds remain attractive.

By contrast opportunities for business support and training are now strong and varied, being offered now by the Universities, Sussex Downs College, Plumpton College, the Enterprise Agency, and the Newhaven Gateway. However the issue of the low skilled section of the work-force is more intractable than simply making available the opportunity to up -skill.

The strength of the sector of the workforce working from home is an unrecognised strong feature of the local economy. This possibly reflects a number of factors: employees with IT skills and business experience no longer needing to be based at a headquarters, while older workers and former commuters setting up consultancies, the feasibility of internet based businesses etc. However the lack of suitable premises may also be a factor now or in the future if the businesses grow.

Changing lifestyles are also likely to retain a high level of demand for services by the resident population. The 'money-rich/time-poor' and the very elderly are growing sectors of the community. Some service demands are similar, such as for domestic help. Others are more age specific, such as for health and beauty centres, or for homecare.



Economic priorities for business and industry:

These priorities will be carried forward into a practical programme of policies and action that will be reviewed regularly.

- Increasing the amount and variety of local employment opportunities.
- Recognition of the importance of the public sector cluster of activities to the district but acknowledging the vulnerability this brings, seeking to establish greater variety of work opportunities in other sectors that have growth potential.
- Encouragement of greater representation of the financial and business services sector in the district.
- Encouragement of greater representation of the knowledge based, creative and cultural industries.
- Retention of a significant manufacturing sector that can respond to the needs of the changing economic climate.
- Creation of the conditions to enable businesses to remain and grow in the area, including maintaining the availability of land, promoting the development of quality premises for a wide variety of business and industry needs to cater for small and move - on needs.
- Promotion of entrepreneurial activity by active support for the provision of business advice and training, and of premises provided in ways that will meet the needs of young businesses.
- Active acknowledgement and support for the growing importance of home working, including encouraging new forms of housing such as live-work units.
- Support the growth of provision of well-trained services to meet the growth of varied local needs of the resident community.

Tourism and visitor services

Countryside, coast, heritage and culture are the area's key attractions for tourists. Visitors also include people coming to the area to work, for conferences, for education etc. Visitors to the district are predominantly middle aged, or older, middle class, with a good disposable income.

The area is an intrinsic part of rural Sussex, and in addition is also an important part of the countryside setting for the city of Brighton & Hove. It therefore operates in both the rural and urban visitor markets.

Visitors stay in the area in mainly small accommodation, with friends and family, or visit for the day from nearby towns (Brighton, Eastbourne, or as far as Surrey or South London). Although much of the accommodation comprises two or three rooms in private houses it is mostly of a high standard, which is important for the type of visitor that the area attracts. Some older small hotels have gone out of business under the pressure of changing demands and standards,

but there have been some interesting recent new quality accommodation created. Nevertheless there is a need for more quality hotel accommodation in the area, especially if the National Park is created.

Almost all the district's managed visitor attractions are run by not for profit organisations (National Trust, local authorities, family country house estates, charitable trusts etc) Although largely privately owned, and mostly in agricultural use, the accessible coast and countryside are major tourist attractions in their own right. The host of small iconic shops, galleries, cafes, pubs and restaurants are becoming a strong attraction in their own right in parts of the district, and add to the overall visitor experience. The district council, working in partnership with adjoining area, carries out marketing of the overall area.

Economic priorities for tourism:

These priorities will be carried forward into a practical programme of policies and action that will be reviewed regularly.

- Protection of the best of the natural and historic environment
- Priority for enhancement and improvement of the quality of the public realm throughout the district.
- Foster individuality, character, diversity and sense of place throughout the area.
- Encourage growth of sustainable tourism.
- Increase in all types of good quality visitor accommodation.
- Active training and support for small and start-up visitor focused businesses.
- Effective marketing of the area.
- Growth of cultural tourism based around the environmental, historic and architectural heritage, and past and present activity by artists, makers, and performers in the area.
- Recognition of visitor's needs and experiences as important considerations in the operation of public services (e.g. parking, direction signs, public conveniences)
- Encourage use of local produce, goods and services by visitors, and those who cater directly for them.

Town centres

Nationally, people's shopping habits have changed radically. More people are doing more shopping in fewer larger centres than in the past. Brighton and Eastbourne dominate the shopping habits of residents of the district. Internet shopping is growing strongly. These factors have radically affected the economics and the offer in the centre of all of the small towns in the district.

The offer available is also affected by the size of each town and their varied catchment areas, and the differing pattern of income, education and lifestyle in its population.

These factors define and delimit opportunities and possibilities at any point in time. The stock of property available also will determine the way in which the market responds to the opportunities in a particular area. Small, and often historic, shop units, being unattractive to national multiple retailers provide a valuable resource for the development of a strong independent and specialist retail sector, providing there are enough shoppers with income to support them in the shopping catchment. However shoppers demand at the same time the parallel presence of national retailers, and so were there is the demand provision of appropriate units will facilitate the mix of the iconic and national that shoppers seek.

There is no way by which any of the centres could revert to the way they were 20 years ago. The skill therefore will be to manage change to maintain and improve viability by the means most appropriate to each centre and its catchment.

Economic priorities for town centres:

These priorities will be carried forward into a practical programme of policies and action that will be reviewed regularly.

- Ensure that all the town centres have efficient, safe and attractive access by all forms of public and private transport, particularly for pedestrians, buses and cars from a wide surrounding area.
- Ensure that parking is convenient, safe and attractive and competitively priced.
- Prioritise the creation and maintenance of a safe, attractive and clean town centre environment with good services and facilities for the users.
- Encourage establishment of a wide mix of shops, food and drink outlets, services, cultural and leisure activities, and events, in order to maximise footfall.
- Safeguard the iconic, specialist quarters of town centres, but where appropriate make provision for the multiple national retailers.
- Encourage town centre living and employment.
- Resist threats to the economic viability of town centres.
- Recognise the importance of having a higher earning component of the population living in the catchment area of each centre.

The countryside

Overall there are now more people working in the countryside than in most of the individual towns in the District. Although the majority of the countryside is in agricultural use, the majority of the rural workforce is not directly associated with agriculture. In addition to the food (and possibly fuel) production, agriculture is crucial as the provider of the management of the majority of the countryside.

Agriculture has been undergoing a time of change, as national funding has evolved. The viability of some farms has been difficult and some farm finances have been helped by diversification into non-farming activities, such as tourism, recreation, or the conversion of redundant buildings into business premises. Such developments have also strengthened other key sectors of the local economy, such as tourism and the small business sector.

The nature of the crops and livestock farmed in the district will continue to change (e.g. llamas, viticulture and biomass fuel crops). On farm processing may be a way to add value to basic production and to maintain a living, working agricultural economy.

Direct retailing from farmers to consumers is becoming important now, not just to avoid the squeeze on wholesale prices paid to farmers by the supermarkets. There is an evolving agenda in the community relating to issues such as food quality and food miles, which is leading to the growing popularity of farmers markets and farm shops.

Workspaces created in rural buildings are providing the work opportunities to replace the amount of work formerly associated with agriculture. However there is less likelihood that people who work in the countryside will also live there because the countryside is currently providing workspaces not widely available in towns.

In addition to business activity in the small workshops and offices in converted barns, the growth of home-based working is making an important contribution to the establishment of a working countryside, rather than a dormitory countryside, in the district. Home working is likely to grow as broadband becomes more widely available in the countryside. Home working is also likely to have another direct benefit for the rural economy, through use of local services by people who otherwise would have been away from the area throughout the working day.

Economic priorities for the countryside:

These priorities will be carried forward into a practical programme of policies and action that will be reviewed regularly.

- Maintenance of a working countryside, rather than a rural dormitory.
- Recognition of the changing nature of agriculture and support for the evolution of viable and sustainable farming, viticulture and forestry as the main occupier and manager of the districts countryside.
- Increased value added and direct marketing for local agricultural products.
- Sustainable farm diversification.
- Sustainable rural tourism
- Availability of broadband, and provision broadband enabled commercial and housing development.
- Opportunities for the creation of sustainable opportunities for enterprise and employment.

The District Council's role in promoting the local economy

LDC can actively influence and support the economic priorities in a number of ways, directly and indirectly, including through the following:

- Decisions on planning applications
- Formulation of policies in the Local Development Framework.
- Active participation in projects for regeneration of industrial and business areas.
- Tourism marketing, booking and information services.
- Business advice to visitor accommodation providers, especially to start up businesses.
- Decisions on licences and administration of statutory controls relating to public health.
- Advice and training on public health matters for employers, caterers etc
- Provision of car parking.
- Management of the significant parts of the public realm and public facilities.
- Administration of the business rates system.
- Provision of affordable housing.
- Partnership working with other bodies in relation to commerce and industry, regeneration, training and skills development projects.
- Procurement.

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