West Sussex County Council Economic Strategy

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An Economic Strategy for West Sussex County Council

Annex A: An Economic Overview of West Sussex

A An Economic Overview of West Sussex

A.1 West Sussex has a relatively buoyant economy. At £13,844 per head in 2003, Gross Value Added (GVA) estimates compared favourably to national figures (£13,048) but were lower than the regional average (£14,293). However, within the county there is significant variation. In both Adur and Arun districts, GVA per head was around £8,500 whereas in each of the other districts/boroughs, the figure was significantly higher, reaching more than £23,000 in Crawley[1]. These differences are in part a function of the relationships between where people live and work, but they also point to substantive – and well established – differences in economic performance.

A.2 By way of context to the economic strategy, we comment on key elements of the West Sussex economy. We conclude by presenting a summary SWOT assessment and illustrating the principal spatial dimensions of the county-wide economic profile.

West Sussex business and employment base

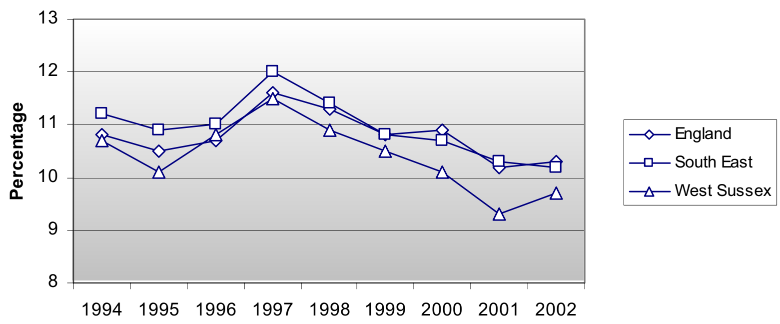
A.2 There were 26,000 VAT registered businesses in West Sussex in 2002. The 2002 Annual business Inquiry (ABI) showed that there were almost 35,000 employment units in West Sussex[2]. Of these, around 200, less than 1% of the total, employed 200 or more people whereas nearly 29,000, 85% of the total, employed 10 or fewer people; thus West Sussex – like the South East more generally – is a predominantly small firm economy. A second key feature is that West Sussex is principally a service sector economy. More than four-fifths of employees (84.6%) are employed in the service sector. This is slightly higher than in the South East (83.8%) and notably higher than across England as a whole (80.7%)[3].

[1] Source: SEER Consulting/Experian Business Strategies (2003)
[2] Source: Annual Business Inquiry, 2002, 'employment units' do not readily correspond to the commonly used terms firms, companies or businesses but are roughly equivalent to workplaces.
[3] Composite Percentages derived from the Annual Business Inquiry (2002)

A.3 ABI data for 2002 identifies that 9% of all employment units in West Sussex are in high technology sectors[4]. This compares favourably with the proportion across England (8%) but is lower than the regional figure (10%). The highest concentrations are found in Mid Sussex, Horsham and Crawley with 10%, 11% and 12% respectively. The sector is dominated by computer and related activities which account for more than three-quarters of the high tech sector in West Sussex, as it does nationally and regionally.

A.4 Entrepreneurship is a further important element of a dynamic economy. Business formation in the county, indicated by VAT registrations as a proportion of business stock, has occurred at consistently lower rate than both the national and regional averages since 1994, as illustrated in Figure A.1.

Figure A1: VAT Registrations as a Percentage of Total Stock



A.5 Looking ahead, Table A.1 presents future employment forecasts for industries in West Sussex. It shows that employment across the county as a whole is expected to increase by 25,700 over the eight years between 2003 and 2011. Growth is expected to be concentrated in the sectors that currently employ the most people in West Sussex: distribution, hotels and catering, financial and business services and other (mainly public) services. Employment in the older industries is projected to decline.

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[4] As defined by Cambridgeshire County Council (includes SIC codes 24, 30, 31, 32, 33, 35, 64, 72, 73)

Table A.1: Employment forecasts by industry (includes employees and self employed)

	1991	**2001**	**2003**	**2006**	**2011**
Agriculture	10,600	11,400	10,100	9,200	7,600
Mining & Utilities	2,100	1,000	900	800	700
Metals, Minerals& Chemicals	6,500	12,000	12,000	11,900	10,600
Engineering	21,200	18,100	16,400	16,400	14,300
Other Manufacturing	14,800	18,100	18,400	19,000	18,700
Construction	25,800	28,800	30,600	30,900	29,700
Distribution, Hotels & Catering	79,500	92,800	91,500	94,400	99,200
Transport & Communication	40,500	27,400	24,600	23,800	24,700
Financial & Business Services	54,800	79,800	80,200	85,600	91,900
Other (mainly public) Services	96,000	103,500	103,600	108,000	116,800
Total	351,800	392,900	388,300	400,000	414,000
Source: SEER Consulting					

People

A.6 The working age population of West Sussex currently numbers just over 445,000 people[5]. This represents 59% of the total population of the county which is just over 753,600 people. In comparison with the national and regional average (63%[6]), the working age population in West Sussex constitutes a smaller proportion of the population. Correspondingly, the county has a higher proportion of older people – 23% of the population compared with 18% nationally and 19% within the South East region[7]. Geographically, the older population is concentrated in the rural and coastal districts of Arun, Chichester, Worthing and Adur.

Deprivation

A.7 The Index of Multiple Deprivation (IMD) provides a picture of relative levels of deprivation. Overall, West Sussex fares relatively well although there are visible pockets of deprivation, particularly along the coastal strip. The district level IMD

[5] Source: Census 2001; Notes: Working age population includes Males aged between 15-64 and Females aged between 15-59 years.
[6] *ibid*
[7] Source: Census 2001; Notes: Older population includes Males aged 65 and older and Females aged between 60 and older.

(2000)[8] again however shows great variation within the county with Adur ranked significantly lower (i.e. more deprived) than Mid Sussex and Horsham, which are amongst the least deprived districts in the country: the average score for the wards in Adur is 180 compared with average scores for Mid Sussex and Horsham of 349 and 347 respectively.

Economic activity and unemployment

A.8 Some 83.1% of the working age population of West Sussex is economically active (i.e. currently in employment or looking for a job[9]) according to annual statistics for March 2001 to February 2002. This is higher than the economic activity rates for both the South East (82.8%) and for England as a whole (78.9%). Within West Sussex, activity rates are low in Arun, Adur and Worthing but relatively high in Crawley and Horsham.

A.9 The claimant unemployment rate for West Sussex is low at 1.0% compared with 1.4% across the South East and the UK at 2.3%[10]. Again though, there is significant variation across the county.

Learning and skills

A.10 The overall qualification levels of the working age population in West Sussex are slightly lower than the average for the South East, but better than the national average. Data from the 2001 Census suggests that[11]:

- the proportion of the working age population with no qualifications (just over 24%) is similar to the South East (24%) and compares favourably with the national average of 29%. This is corroborated by information derived from a survey carried out by the Basic Skills Agency which

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8 DETR, 2000, Index of Deprivation.

9 Source: LFS; Notes: The source of the data is the Labour Force Survey and the information is based on economically active persons within the working age population.

10 Source: ONS, Labour Market Trends, figures refer to July 2004

11 Level 1 is equivalent to 1+ 'O' level passes, 1+ CSE/GCSE any grades, NVQ level 1, Foundation GNVQ; level 2 is equivalent to 5+ 'O' level passes, 5+ CSEs (grade 1). 5+ GCSEs (grades A-C), School Certificate, 1+'A' levels/ AS levels, NVQ level 2, Intermediate GNVQ; level 3 is equivalent to 2+ 'A' levels, 4+ AS levels, Higher School Certificate, NVQ level 3, Advanced GNVQ and level 4 is equivalent to First degree, Higher degree, NVQ levels 4 and 5, HNC, HND, Qualified Teacher status, Qualified Medical Doctor, Qualified Dentist, Qualified Nurse, Midwife, Health Visitor.

identified that over a fifth of the working age population in West Sussex had basic Literacy or Numeracy requirements[12]

- proportionally more people of working age possess only basic qualifications[13] (18%) than in the South East and England (both 17%)

- a smaller proportion of the working age population possess qualifications in the 'middle ground'[14] (27%) than in the South East and England (both 28%)

- at 19%, the proportion of the working age population with the highest qualification levels (4/5) is significantly lower than the South East (22%) and slightly less than the national average (20%).

Land, property and infrastructure

A.11 The availability of land for commercial development is essential to support sustainable economic growth. Research by Sussex Enterprise[15] in 2001 identified that the demand for job spaces is greater than predicted supply in Adur, Arun, Chichester and Mid Sussex. However, it also identified that both Crawley and Worthing had a surplus of office space. The prediction of future need across Sussex as a whole indicates that the greatest shortage will be in Mid Sussex.

A.12 The transport infrastructure in West Sussex is characterised by a mix of road and rail corridors which are dominated by the regional and national infrastructure supporting Gatwick and the London-centric rail infrastructure. Within the county, the primary transport corridors are:

- South Coast rail and A27/A259 road corridor – which runs across the south of the county linking the coastal strip from the M27 in Hampshire to Shoreham. This provides the main link to Portsmouth and Southampton, both major employment and leisure centres for the sub-region

- Crawley/Brighton rail and A23 road corridor - which is the main north/south artery running from Crawley to Brighton as part of the

[12] Source: West Sussex Economic Profile 2002, citing data prepared by Basic Skills Agency; Notes: in West Sussex 22.4% of population aged 16-60 were classified with poor literacy and 21.2% with poor numeracy skills.
[13] Level 1 qualifications
[14] The 'middle ground' is a composite indicator derived from the addition of qualification levels 2 and 3.
[15] Sussex Enterprise (October 2001) *Analysis of forecast shortfall of office space within Sussex 2001-2006*

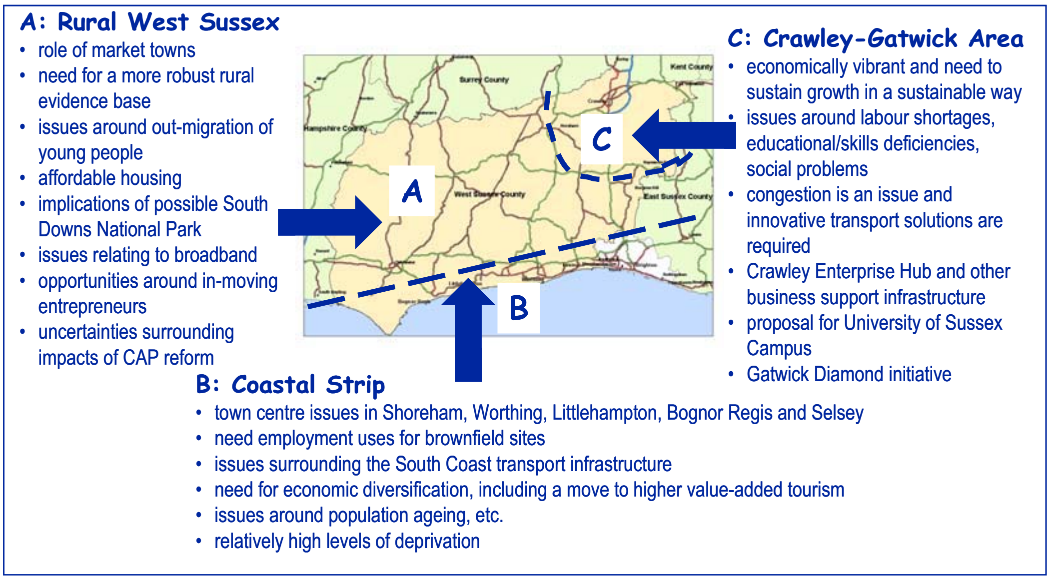
London/Brighton M23 link, which contributes to the economic buoyancy to the east of the county, and the link northward to Gatwick.

A.13 The availability of broadband is also an important element of the infrastructure required to promote economic growth and also reduce spatial inequalities. Throughout the larger towns in West Sussex, broadband is currently available with ASDL facilities also available to most mid-sized towns. BT recently announced that exchanges with assigned trigger levels will now be enabled. However, little broadband coverage has reached the numerous smaller settlements in rural West Sussex.

West Sussex Economy: Spatial dimensions

A.14 Across many of the indicators of economic performance which have been discussed above, there are pronounced spatial dimensions: while overall, the performance of West Sussex is close to the regional average, there are some marked differences within it. Some of the more important contrasts are summarised in Figure A.2 below.

Figure A.2: Understanding the geography of economic issues in West Sussex



Summary of Strengths, Weaknesses, Opportunities and Threats

A.15 Drawing together the range of insights provided by the economic data, Table A.2 presents a summary SWOT for West Sussex. This provides the substantive underpinning for the economic strategy that follows.

Table A.2: SWOT analysis of the West Sussex Economy

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Strengths:

- Although there is some variation across the county, in the main, unemployment rates are low and activity rates are high
- In terms of high level indicators, West Sussex performs close to the regional average, and on most measures, the South East ranks first or second nationally
- There is an outstanding environment across much of the county including all or part of three AONBs
- Across much of West Sussex, the quality of life is very good: this must be seen as an asset in terms of economic development
- Gatwick airport provides a substantial economic stimulus to the north and east of the county
- Many of the areas surrounding the county are buoyant economically, and therefore provide various employment opportunities for West Sussex residents
- Parts of the county are prosperous with low levels of deprivation

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Weaknesses:

- Serious pockets of deprivation continue to be a feature of West Sussex, particularly along the coastal strip
- Across some parts of the county (notably Arun, Chichester, Worthing and Adur), there is a rapidly ageing population structure which is raising a wide range of issues for economic development
- West Sussex has a lower incidence of high tech business units than the South East as a whole
- The absence of a substantial higher education or research presence in the county is a weakness in attracting and retaining young people and businesses requiring high skills levels
- The county's tourism industry is important, but it is also in need of reshaping
- There are continuing concerns relating to the persistence of basic skills issues
- Across the county, rates of business start-up are relatively low
- There are major issues surrounding the effectiveness of East-West transport infrastructures, particularly along the coast. Rail and road links to London for much of the county are also relatively slow.
- The proportion of the working age population with higher level qualifications is lower than the average for both the South East and England
- Too much economic activity within the county is of a low-wage-low-skill nature. This is true of all parts of the county – albeit in different ways. This is particularly problematic when combined with the high house prices typical of most of West Sussex.

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Opportunities:

- Within West Sussex, there is a significant international gateway at Gatwick Airport and although there are some concerns surrounding its medium-long term prospects, this still constitutes a major asset for economic development: the challenge now is to generate high value growth on a sub-regional scale
- West Sussex is within the most buoyant English region (after London) and this must constitute an opportunity for the county, if the linkages and relationships can be nurtured creatively
- The environment is a major asset with opportunities for tourism, locality food and drink and in-moving entrepreneurs
- Work is underway to restructure the county's tourism industry based on brand mapping and there are also plans for a Sustainable Tourism Strategy
- The County Council is the largest employer in West Sussex and accounts for 7% of the county's GDP. This provides a substantial resource to support economic development in the county.

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Threats:

- Gatwick Airport has been fundamentally important in driving much of the county's recent growth. However following the Aviation White Paper, there is some concern that it might struggle to compete against Stansted and Heathrow
- Much of the economy is dependent on service activities that could be vulnerable to restructuring on an international basis
- The land-based sector continues to be under pressure, and CAP reform could create new problems for some parts of the agriculture sector
- There are limited sites and premises to attract significant new investors, particularly along the south coast and in the rural areas.

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