

Greater Brighton City Region Revised Devolution Proposal

January 2017

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1. Introduction

Greater Brighton is one of the fastest growing city regions in the UK. It was rated in the top five for jobs growth in the past five years, and one of the best places to start a new business. The City Region is vibrant with a strong and unique identity.

We have a strong record of accomplishment as a City Region with effective and well established governance and a proven ability to deliver. The Greater Brighton City Deal and Coast to Capital Growth Deal paved the way for an investment programme that has already secured around £100 million to help deliver a total investment of £376 million into the City Region and unlock 14,000 jobs, 8,200 homes and 450,000 square metres of employment floor space.

Now we want to go further.

In 2015, we started a dialogue with the Government about how we could deliver more if the Government devolved further powers and funds to the City Region. This was followed by Ministerial and Government official challenge sessions in January 2016.

This document provides an update on the progress that the City Region has been making since those challenge sessions. It summarises what the City Region is offering to do, and the help that is needed from Government to deliver our ambitious programme. More detailed information about our asks and offers is available on request.

Greater Brighton City Region

City Regions are the drivers of economic growth, generating a higher share of wages than their share of populations and with a stronger presence of knowledge intensive industries.¹ Greater Brighton is developing a high-growth City Region, building on the advantages of a highly skilled workforce, the innovative creative and cultural sector, knowledge-intensive industries, universities which actively promote innovation-led growth and locational advantages. Although small compared to the major metropolitan city regions in the north, the Greater Brighton City Region offers excellent growth potential.

¹ *Cities Outlook 2016*. Centre for Cities

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Greater Brighton is made up of the five local authority areas of Brighton & Hove, Adur, Worthing, Lewes and Mid Sussex. It is a true functional economic area of around 700,000 people and 35,000 active business units with a combined output of over £14bn (£14,164,099,914) in 2013.²

The area has excellent connections. These include links to London through the M23/A23 growth corridor, proximity to Gatwick which is just 30 minutes from Brighton, and easy access via the main ports of Southampton and Portsmouth to markets abroad. The Greater Brighton area also includes two ports, Shoreham and Newhaven, both with significant growth potential, providing direct connections to France and mainland Europe.

The City Region has two highly regarded universities, the Universities of Sussex and Brighton, both of which collaborate with SMEs in priority sectors on research and innovation to develop growth companies and stimulate smart specialisation. There is also a range of further education and secondary provision, including a new University Training College in Newhaven and the potential for other sector-specific, new providers. It also has a strong community, voluntary and social enterprise sector, known for its social innovation.

Greater Brighton has attracted a number of high-value businesses. In Brighton, these include creative, digital and information technology businesses, with a number of world leaders in the digital and technology sectors. Across the City Region there are a number of large and successful engineering and advanced engineering companies in sectors such as marine, aviation, automotive, defence, electronics and pharmaceuticals. The financial and business services sector is also strong.

Above all, Greater Brighton is known for its quality of life including the uniquely vibrant leisure and cultural offer of Brighton itself, the regenerative effects of which are increasingly evident further along the coast towards Shoreham and Worthing, the historic heritage of towns such as Lewes and attractive coast and countryside, including part of the South Downs National Park, all within easy reach of London.

Barriers to growth

Whilst Greater Brighton has many natural advantages, there are a number of serious barriers to growth.

The area's productivity, whilst comparable to the UK average, is not what it could be, given the proximity to London, access to international markets and the area's asset base. In 2014, GVA per head was £51,479 compared to £56,665 in West Sussex as a

² Source: Coast to Capital calculations based on ONS Regional GVA estimates 2009-2013

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whole and £63,177 in the Gatwick Diamond³. More than half of all jobs in the area are in tourism, retail and public sector industries – well above the national average. We have a highly skilled workforce but a high proportion is under-employed.

We have a shortage of land, both for housing and employment space. Some of this is due to topography; the coastal strip from Newhaven, through Brighton & Hove and Shoreham along to Worthing is constrained by the sea to the south and the South Downs to the north. Much of the rest of the area has protected status, for example, lying within the South Downs National Park or the green belt. Land is often unsuitable for building due to flood risk or other factors. Lack of road infrastructure to unlock sites can be particularly problematic.

Innovative solutions are urgently required to address the growing housing crisis as housing is rapidly becoming unaffordable for many if not most people. In England, the ratio of median house price to median earnings was 7.69 to 1 in 2015 which is cause for national concern, but in Greater Brighton it is even higher, ranging from 9.69 to 1 in Worthing to 11.21 in Brighton and Hove and 11.59 to 1 in Mid Sussex⁴.

Our transport infrastructure is not fit for purpose. Whilst the area has generally adequate road and rail links along the South Coast and into London, these routes are all heavily congested and unreliable. The connectivity within the urban areas does not provide effective links for pedestrians, cyclists and public transport users. The City Region's location on the South Coast means that there are some long journey times to key destinations in the South East region. It takes more than two hours to travel by train to Heathrow Airport and 82 minutes to travel the 34 miles to Guildford.

The digital sector is a strength but has capacity for much greater growth and productivity; we are hampered by a lack of revenue funding and slow decision-making mechanisms for new investment.

2. Summary

Successful City Regions have high wage, high employment/low welfare labour markets, strong population growth, due to the greater economic opportunities attracting more people, highly skilled workforces and an above average representation of knowledge-intensive businesses⁵.

³ Source: Source: Coast to Capital calculations based on ONS Regional GVA estimates 2009-2013

⁴ DCLG Live Tables Housing: No. 577

⁵ Cities Outlook 2016 Centre for Cities

The Metropolitan Century : Understanding Urbanisation and its consequences OECD 2015

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In Greater Brighton we have the opportunity to build a successful and unique City Region of the South Coast which complements the wider South East region and the London-Gatwick-Brighton growth corridor. The City Region is also a strong economic centre in its own right.

To deliver our ambitions, we will take action in the following areas:

- **Housing and planning:** the availability of sufficient and affordable housing will be crucial and our plans for achieving this through greatly increasing the scale and pace of housing delivery through various mechanisms are well-advanced. Our proposals for better co-ordination between land use planning and transport will provide an effective base for the rapid future growth of our area.
- **Transport Infrastructure:** in common with much of the region, transport infrastructure is a key concern for businesses and residents. We will deliver significantly better connectivity and integrated infrastructure to spread the benefits of growth throughout our City Region more evenly and underpin growth.
- **Businesses and innovation:** strong growth in the business base and particularly the knowledge-intensive sectors will drive up productivity across our area. Working with our University partners and the Coast to Capital Local Enterprise Partnership, we will provide co-ordinated support for businesses as well as specialist innovation support for businesses in key sectors and foster an international business outlook that will help us to continue to move up the high wage, high skill/low welfare rankings.
- **Digital:** we will create the foundation for a strong digital economy by providing capacity for both broadband and mobile networks. We would like to explore new ideas for an agile funding mechanism and a sub-national digital partnership to create a UK version of Silicon Valley.
- **Skills:** improving skills through greater engagement of employers, better support for young people and a renewed focus on STEM skills to drive up productivity and boost innovation will help businesses to grow and our workforce to access the opportunities our economy has to offer.
- **Culture, arts and heritage:** our City Region has global brand recognition through Brighton and Hove city, through the South Downs National Park and, increasingly, through our rapidly regenerating coastal towns. We will build on what we have so that we are known increasingly as the vibrant, growing City region with exceptional quality of life.

These elements will provide the framework for a Greater Brighton industrial strategy, focused on productivity and growth, to be developed by the partners and agreed with Government.

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By 2030, our proposals will deliver:

Xxx new jobs

Xxx new homes

£Xxx million investment in infrastructure

NB. We will confirm our delivery targets following negotiation with Government about the scale and nature of the devolved powers and resources.

What we need from Government in return is:

Funding:

- A £30m per annum Single Investment Fund over a period of 30 years with 5 year Gateway assessments, evaluated to Green Book standards. In return, we will be willing to review our future governance arrangements, including, but not limited to, the development of a Combined Authority.

Housing:

- Working with us and our Strategic Planning Board to develop a spatial framework for the area which brings together the housing and employment space needed, linked to infrastructure plans.
- A discussion about a range of flexibilities to deliver the new homes and employment space required, based on detailed scoping work, much of which has already been undertaken, to show what each flexibility requested could deliver. We will also investigate setting up a new delivery vehicle to give added impetus to our plans.

Transport:

- A devolved and consolidated transport fund.
- Working with us on a Long Term Strategic Infrastructure Plan.
- A discussion about the possible use of new powers in the Buses Bill.
- Working with us on effective transport, including new facilities for pedestrians, cyclists and public transport users.
- Working with us on strategic transport, especially the Brighton Main Line and A27, either through a Sub National Transport Body or similar arrangement.
- Working with us on a Key Route Network for local and national roads.

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Business and innovation:

- Working with us to integrate local and national business support through the Growth Hub.
- Working together to develop more intensive innovation support for firms in high growth, high productivity sectors with the active involvement of our universities
- Greater co-operation with the Department for International Trade (formerly UKTI) to target services in our area and increase export led growth, building on our locational advantages and sectoral strengths.

Digital:

- Working with us to develop a local Digital Connectivity Delivery Plan for both broadband and mobile connectivity.
- Jointly establishing an agile and flexible funding mechanism to exploit new challenges and opportunities in the digital sector.
- Exploring the possibility of a sub-national digital body to create a UK Silicon Valley stretching from Oxford/Cambridge to Greater Brighton.

Skills and Employment:

- Working with us to set up a Greater Brighton Employer Skills and Employment Board.
- Helping us to develop the Greater Brighton Skills and Employment Strategy.
- Participating in further discussions and agreement on greater alignment of national policies and budgets with local priorities.
- Working with us to support the take up of apprenticeships by SMEs and micro businesses.
- Helping us to develop and deliver client centred case management for those furthest from the labour market, bringing together health services, the Department for Work and Pension and other public sector partners.

Culture Arts and Heritage:

- Working with us to set up a Greater Brighton Creative Industries Council with representation from national organisations such as Arts Council England and Heritage Lottery Fund.
 - Discussions to align national policies, initiatives and funding with the needs of the creative and cultural industries locally.
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3. Our areas for action

Housing, planning and employment space

The Greater Brighton City Region will work with Government to develop a spatial framework for the area building on the local plans and the work carried out by the Coastal West Sussex and Greater Brighton Strategic Planning Board, bringing together in one place the housing and employment space required over the next ten years linked to the long term strategic infrastructure and other transport plans. Key sites, including brownfield and hard-to-develop sites, have been identified. We will work with Government to accelerate and maximise delivery through the following flexibilities and initiatives:

- Use of Right to Buy receipts.
- Roll out of Living Wage pilot, if successful, through HCA loan.
- Temporary retention of capital receipts on high value asset sales.
- Zero rated VAT on land purchases.
- Retention of a greater proportion of Business Rates growth.
- Raising the cap on HRA borrowing.

Housing to be delivered by these means will include affordable housing including starter homes, houses available at social rent levels and build to let. We will also support an increase in size and quality of the Private Rented Sector. We will continue to look for new opportunity sites, explore new funding models and vehicles, and work with partners to overcome barriers to delivery for key sites and meet Greater Brighton's acute housing needs. The Greater Brighton Public Sector Property Group, a sub-group of the Greater Brighton Economic Board, will take a strategic approach to the combined public estate, to secure its best future use and unblock barriers to delivery.

Our strategy will be based on demographic analysis, careful segmentation of demand, detailed financial modelling and our experience in developing cost effective schemes to deliver truly affordable housing⁶ such as our Living Wage housing project. This joint venture with a local Housing Association aims to acquire land and develop homes for lower cost rental and sale for lower income families in Brighton & Hove. 1,000 homes are planned under this new model in the near future but there is scope to scale this up still further.

⁶ In rental terms, this would be typically 40% of income for a family on the Living Wage. This equates to 40% of a commercial rental.

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The spatial framework will also provide a basis for discussion with Government on the ways in which employment space, a key constraint for business growth in our area, can be safeguarded and increased through for example, the successful implementation of the Newhaven Enterprise Zone that commences in April 2017 or the extension of PDR exemption to key areas.

Transport Infrastructure

Funding

Government and the Greater Brighton City Region will develop a devolved and consolidated transport budget with a multi-year settlement, to be agreed at the time of the Spending Review. This could include the devolution of relevant highways and integrated transport funding.

We will complete the Long Term Strategic Infrastructure Plan working jointly with the Three Southern Counties and a new Sub National Transport Body where appropriate.

Buses

The City Region will work with Government to develop an integrated City Region Bus Investment Strategy to meet the needs of the area's residents, including those who cannot afford a car. The objective of the Strategy would be to provide a step-change in the quality and reliability of local buses, so that it becomes a mode of choice.

In developing the strategy, the City Region partners will discuss with Government the use of new powers in the Buses Bill, either for Greater Brighton or more widely as part of the proposed Sub National Transport Body.

The bus infrastructure investment strategy could include Park & Ride, improved passenger information, low emission buses and other local projects. We are already rolling out a multi-operator e-ticketing system. With the Government's help we would want to develop this scheme.

Effective transport

Greater Brighton and partners will continue to develop its strategy for making local urban transport more effective for all modes. This will include using existing powers and budgets to improve facilities for pedestrians, cyclists, public transport users and car drivers.

This strategy will include:

- Walking and cycling improvements in line with the Government's emerging policies on Walking and Cycling Investment Strategies.

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- Supporting measures to improve the reliability and capacity of the Brighton Main Line, including Network Rail's current proposals for the Brighton Main Line Upgrade scheme.
- Supporting Highways England's current proposal for Improvements to the A27 trunk road, including relevant schemes outside the Greater Brighton area.
- Making the most of smart technology and Intelligent Transport Systems to reduce congestion within the urban areas.

Strategic joint working

We will work with Government and partners (including the Three Southern Counties) to establish a Sub National Transport Body or similar organisation consistent with the emerging Industrial Strategy.

We will work with partners to identify the purpose and remit of this body, which could include a long term transport strategy, close working with Highways England and Network Rail and the establishment of a Key Route Network for the operation, maintenance and improvement of important local roads. The Body will also have a key role to maintain and enhance connectivity to London, the wider South East and international gateways, such as ports and airports.

Business and innovation

Developing our business base is a vital component of our plans to be a dynamic city region. Our business base grew 7.3% from 2010 to 2014, a higher growth rate than that of West Sussex at 4.5% and the South East as a whole where the increase was 6.8%. Growth in the Greater Brighton City Region varied widely from 1% in Adur to 12% in Brighton as firms are tending to cluster increasingly in the urban centre. We want to see a much more even distribution of growth and a greatly increased presence in the knowledge intensive sectors. Currently, although we have a high concentration of Creative, Digital and IT companies compared to the South East as a whole, we are under-represented in other knowledge based industries such as Advanced Manufacturing and Engineering (13.4% compared to 14.3% in the region as a whole) and Health and Life Sciences (8.7% compared to 9.1% in the South East).⁷ The right business support can make a significant impact and help to develop a more balanced economy with more growth-orientated, productive and innovative businesses.

Greater Brighton partners will work with Government and the Coast to Capital Local Enterprise Partnership to integrate local and national business support through the Growth Hub. We will work with the Local Enterprise Partnership and our universities to develop innovation support for firms in key sectors such as Advanced Engineering,

⁷ Source: ONS UK business counts

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Environmental Technologies and Health and Life Sciences, building on our success in developing the Creative, Digital and IT sector and promoting innovation through the Digital Catapult Centre Brighton.

In addition we seek greater co-operation with the Department for International Trade (formerly UKTI) and a discussion over how services could be better targeted in our area. Exporting is strongly connected with growth but, currently, fewer than one in five of our firms export⁸; this will need to increase significantly in order for us to achieve our growth aims.

Digital

Enhancing digital connectivity is at the heart of Greater Brighton's economic strategy. Our ambition is to be sector leaders initially in the UK and subsequently world-wide. This means that we will need to be agile and flexible to meet the new opportunities.

Our first goal will be to ensure adequate capacity for business' and residents' existing and future needs. Greater Brighton will work with the Government and other partners to develop a **Local Digital Connectivity Delivery Plan**, along similar lines to the local mobile connectivity delivery plans proposed by the National Infrastructure Commission. This would include both mobile connectivity and broadband.

This connectivity delivery plan should include (but not be limited to):

- Rolling out ultrafast broadband to all businesses and urban areas.
- Rolling out superfast broadband to rural and hard to reach areas.
- Delivering the Digital Catapult Centre Brighton and establishing two 5G hubs by 2020.
- Making best use of new funding streams announced by Government.

The Connectivity Plan will establish the foundations for Greater Brighton's digital economy by providing all businesses with sufficient capacity, both for mobile and broadband. In addition, we will work with partners to create an agile and fast-moving funding stream which will allow local businesses to seize new opportunities as they arise.

In the rapidly evolving world of the digital sector, new opportunities can arise very quickly. We want to be at the forefront of these new developments which are as yet unknown. This means developing the capability to respond to new challenges and opportunities at a much quicker speed than is normally possible within the decision-making processes of central or local Government.

⁸ Greater Brighton and West Sussex Business Survey 2014

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Greater Brighton will work with partners and Government to agree a joint funding programme which can be fast enough and flexible enough to keep us at the cutting edge of technology instead of simply following others.

We are constantly interested in trying out new ideas. We would like to explore whether there is a benefit in creating a sub national digital partnership – similar to the sub national transport bodies – which could create the UK version of Silicon Valley, possibly stretching from Oxford and Cambridge via the Thames Valley and London, through to the South Coast including Greater Brighton.

Skills and employment

Although generally our workforce is highly skilled and qualified and economic activity rates are above average, there are variations across the Greater Brighton City Region with lower percentages of highly qualified residents in Adur and Lewes and higher proportions with no qualifications in these districts. In Adur, the proportion of residents of working age qualified to level 4 and above is just 24% compared to the national average of 37% while in Lewes, 36% of working age residents are qualified to this level⁹. Wages are lower than the South East average in all parts of Greater Brighton except Mid Sussex, but significantly so in Adur and Worthing where they are respectively 80% and 83% of the regional median wage.¹⁰ Combined with relatively high employment, this points to a low skills equilibrium in these areas.

To build the high growth, high-wage, high-skills City Region which, we need to address these issues and ensure that businesses have the skilled and productive workforces they need to succeed and that all our citizens have the skills that will give them access to high-value employment, particularly STEM skills and skills for key sectors but also focusing on young people and those furthest from the labour market and their access to the skills for employment and progression.

Greater Brighton partners will work with Government to set up an Employer Skills and Employment Board and develop a Greater Brighton Skills and Employment Strategy to provide the basis for further discussions and agreement with Government on greater alignment of national policies and budgets (e.g. Careers) with our local priorities. The Greater Brighton Skills and Employment Strategy will also provide a framework for greater co-ordination of local partners' skills budgets.

We will work with Government us to support the take up of apprenticeships by SMEs and micro businesses and to develop and deliver client-centred case management for those furthest from the labour market, bringing together health services, the Department for Work and Pension and other public sector partners.

⁹ ONS Annual Population Survey Jan 2015 – Dec 2015

¹⁰ ONS Annual Survey of Hours and Earnings 2016 residence based

Culture, arts and heritage

Greater Brighton has a truly unique offer in terms of culture, arts and heritage which is what attracts people to live and visit here and the kind of creative and innovative businesses we wish to attract to locate here. We intend to build on this to help drive the growth of our City Region and spread the benefits more evenly.

Greater Brighton partners will work with Government to set up a Greater Brighton Creative Industries Council to align local, regional and national organisations to meet the needs of the creative and cultural industries locally. The Greater Brighton Creative Industries Council would have representatives from national organisations including Arts Council England, Heritage Lottery Fund and Creative Skillset as well as local partners including the Coast to Capital Local Enterprise Partnership, our universities, Wired Sussex and leading local businesses.

4. Governance

The Greater Brighton City Deal established an effective governance arrangement through the Greater Brighton Economic Board.

The Greater Brighton Economic Board met for the first time in May 2014. It brings together political and business leaders from across the City Region with the long term commitment to investment in the Greater Brighton City Region. The overarching purpose of the Board is to bring about sustainable economic development and growth across Greater Brighton. The Economic Board oversees an ambitious programme of investment in jobs, housing, business and skills support.

We intend to build on the success of the Economic Board.

On the basis of the proposals in this document and on the understanding that Government is willing to enter into dialogue about the support we have requested, we are willing to explore alternative governance arrangements.

We propose an early dialogue with the Greater Brighton partners and Government about future governance arrangements, including, but not limited to, the development of a Combined Authority. We would also like to discuss the possible transfer of powers and resources from Government within the framework already established by the City Deal.