

Report to Performance and Finance Scrutiny Committee

11 March 2022

Economy Plan Update

Report by Lee Harris, Executive Director for Place Services

The Committee is asked to consider the attached report. Areas for scrutiny include:

- That work is underway to achieve the priorities of the Economy Plan 2020-2024
- That the Plan remains current and on-track to meet the needs of the Our Council Plan and to ensure that the priorities and targets of the County Council can be met
- That the County Council is working effectively to progress priority theme 4 `Enable Business Start-ups, Business Survival and Business Adaptation`, and priority theme 6 `Protect and Revive Tourism and the Visitor Economy` in partnership with the District and Borough Councils
- To identify any aspects of the Plan that Members feel require more in-depth scrutiny.

The Chairman will summarise the output of the debate for consideration by the Committee.

Proposal

1 Economy Plan background and progress

- 1.1 The Council adopted the Economy Reset Plan 2020-2024 in November 2020 in support of the Our Council Plan priority to ensure a sustainable and prosperous economy (CAB11_20/21). The Plan also links to the other Council priorities, keeping people safe from vulnerable situations (with a focus on the health and social care market) helping people and communities to fulfil their potential (with a focus on a skilled local workforce, high streets, and civic pride), and making the best use of resources (through strong partnerships). The Plan also reflects and contributes to the achievement of the cross-cutting climate change priority.
- 1.2 The Economy Reset Plan is now referred to as the Economy Plan 2020-2024, to be consistent with Our Council Plan. The Plan reflects where the Council is well placed to respond to the challenges facing the broader economy, and to contribute to economic prosperity. An [Economy Plan Summary](#) has been published to support the Council's communications on economy activities.
- 1.3 Work has progressed to achieve the priorities of the Economy Plan. The Plan is a corporate document, with the headline actions being delivered by a broad range of services including economic growth, growth & One Public Estate, digital infrastructure, education and skills, adults and health, and highways and transport. A performance framework ensures the Council can monitor progress and report on benefits. The key elements are:
 - Headline key performance indicators reported through the quarterly Performance and Resources Report (PRR) principally:
 - Enterprises supported to start, revive, innovate, and grow

- Premises able to access gigabit-capable connectivity
 - Number of growth deals in place with district and boroughs
 - Service business plans and associated key performance indicators
 - Scrutiny reviews of progress as part of its work programme.
- 1.4 In addition, contextual economic indicators on the state of the West Sussex economy are reported by the Council. Since June 2020 regular [Economy snapshot reports](#) have been available to Councillors and partners to track the state of the economy. This intelligence has helped to inform the approach to the Economy Plan's headline actions.
- 1.5 It was agreed the Economy Plan would be a `live` document as the impact of COVID-19 on West Sussex businesses, employers and the workforce evolved over time, and as new challenges and opportunities arose. The [Economy Plan headline actions](#) for each of the nine priority themes have been updated for 2022/23. The overall strategic approach, nine priority themes and objectives are unchanged.
- 1.6 Government published the Levelling-Up White Paper and the UK Shared Prosperity Fund: pre-launch guidance document on 2 February 2022. The Council will consider the implications and opportunities of the Levelling-Up White Paper, which will inform the extent to which a more comprehensive review of the Economy Plan is required.
- 1.7 The Performance and Finance Scrutiny Committee considered the Growth Deals with the Districts and Boroughs at its meeting in December 2021. These are key to achieving priority themes 1 `Protect and Revive Crawley and the Gatwick Diamond Economy`, and priority theme 2 `Protect and Revive the Coastal Towns`. At the request of the Committee, this report will provide a strategic overview of progress on two further priority themes: theme 4 `Enable Business Start-ups, Business Survival and Business Adaptation` and theme 6 `Protect and Revive Tourism and the Visitor Economy`. Work to address climate change is a key principle for each of the priority themes, in support of the Council's Climate Change strategy.

2 Theme 4: Enable Business Start-ups, Business Survival and Business Adaptation

Overview

- 2.1 Enabling business start-ups, business survival and business adaptation was prioritised in the Economy Plan in recognition of the considerable impact of COVID-19 on businesses across the county. It also reflected the Council's existing commitments on this theme.
- 2.2 In 2021 there were 43,100 businesses in West Sussex. Over 70% of businesses employ less than five people, and 85% of businesses employ less than 10 people. The exception to this is Crawley which has one of the highest percentages of larger businesses in the country (employing over 100).
- 2.3 The business landscape during the pandemic has been multi-faceted and continues to evolve. There have been a range of impacts on individual traders and businesses, with many dissolving or struggling to survive; businesses operating under `new normal` conditions; and some thriving as demand for

their products or services have increased. The picture has varied considerably between sectors.

- 2.4 The Government has provided a range of support packages for businesses impacted by the pandemic. By the end of 2021 West Sussex businesses had received over £264m in support grants administered by the West Sussex District and Borough Councils.
- 2.5 Many businesses have been articulating additional challenges over the past year including financial issues and cashflow, supply chain disruption and construction material inflation, skills and workforce gaps, transition to new exporting arrangements, and utility costs. The Council will seek to support these challenges where possible, although the Council's role in addressing these national and macroeconomic issues is somewhat limited.
- 2.6 The role of the Council through theme four of the Economy Plan is to work in partnership to help ensure start-ups and businesses have support to start, survive and grow. The Council focuses on collaborating with partners on communicating business support opportunities, and on working strategically to respond to gaps in provision. A range of other organisations have roles to play in providing support for businesses including the Coast to Capital Growth Hub funded by Government, the Chambers of Commerce and business associations, and the districts and boroughs.

Progress and achievements since adoption of the Economy Plan

- 2.7 The focus of work since the adoption of the Economy Plan has been on:
- Maximising opportunities from `in-flight` programmes where the Council plays a key role, and adapting plans where needed. These make up the `Enterprises supported to start, revive, innovate, and grow` headline key performance indicator with a target of 1500 enterprises benefitting in 21/22. The programmes are: The Track Creative Digital Hub in Bognor Regis, the SME Digital Support Programme, Experience West Sussex, Business Hothouse, RISE (Research in Sussex excellence), and LoCASE (Low Carbon Across the South and East) (see Appendix 1 for a summary of the initiatives, and the Performance and Resources Report)
 - Sign-posting to information on government and local support on the County Council's website and through the Council's communication channels
 - Working with partners to respond to gaps in support for businesses, including through a successful funding application to the Economic Recovery Fund (pooled business rates) to help small and medium sized businesses with their journey to net zero. The County Council is coordinating the programme on behalf of the West Sussex local authorities
 - Concluding the LEADER Programme, which has provided £2.89m of European funded grants to rural businesses and organisations between 2015-22.
- 2.8 In addition, there is a commitment through the Council's social value framework to ensure our procurement processes are accessible to local providers, to maximise the use of local suppliers in our supply chains, and to secure added economic, social, and environmental benefits for our residents.

Next steps

- 2.9 The Economy Plan sets out the Council's commitments to achieving priority theme 4, which are consistent with progress to date and the headline actions to March 2023 which will focus on:
- Signposting to information on government and local support on the County Council's website and through corporate channels
 - Continuing to maximise opportunities from the `in-flight` programmes where the Council plays a key role
 - Mobilising and delivering the `SME low carbon` programme from Spring, which will support businesses on their low carbon journey and help to meet the objectives of the Council's Climate Change Strategy
 - Working strategically to consider and respond to any changes to the business support landscape arising from the Government's Levelling-Up White Paper and the role of Local Enterprise Partnerships
 - Working strategically to seek benefits for West Sussex from the new funding landscape including from the introduction of the UK Shared Prosperity Fund.

3 Theme 6: Protect and Revive Tourism and the Visitor Economy Overview

- 3.1 Protecting and reviving the visitor economy was prioritised in the Economy Plan in recognition of the considerable impact of COVID-19 on the sector, coastal and rural areas, and from the impact on Gatwick airport. It also reflected the Council's commitments to the Experience West Sussex Partnership.
- 3.2 The West Sussex visitor economy in 2019 contributed over £2.1bn to the economy from over 24 million visitors, servicing over 37,000 jobs. A data refresh in 2021 estimated a £1bn loss to the visitor economy in the county in 2020 and the loss of 10,000 jobs. The sector also has an important wider contribution than the immediate economic contribution, contributing to the overall prosperity of the county through the role it plays in attracting and retaining businesses, the workforce, and residents.
- 3.3 The Council's focus for the priority theme is to work in partnership through the Experience West Sussex Partnership (EWSP), and to progress pan-Sussex collaboration to help recovery and future growth. The following provides a strategic overview of these two areas of focus.

EWSP partnership arrangements

- 3.4 EWSP was established in 2018 to develop the West Sussex visitor economy, with a focus on growth and associated economic benefits for business and on West Sussex's positioning as a short break destination for key target markets. EWSP is a joint initiative between the County Council, the district and borough councils, and the Coastal West Sussex partnership (CWSP).
- 3.5 An EWSP Board oversees the strategic plan and annual action plan. It is made up of officers from the partner organisations and is Chaired by a District or Borough Council Chief Executive (currently the Adur & Worthing Councils' Chief Executive). A `sounding board` of businesses from the tourism community has been formed to provide a business voice to inform the work.

- 3.6 The EWSP is funded by the pooled business rates to March 2024 following the approval of funding applications by the West Sussex Leaders' Board. Progress reports are provided to the West Sussex Chief Executives' Group and the West Sussex Leaders' Board as appropriate.
- 3.7 The County Council acts as the EWSP host and performs the accountable body functions. It also ensures EWSP and the visitor economy benefit from relevant activities from the wider Economy Plan, ranging from business support to digital infrastructure development. The Experience West Sussex team made up of 1.6 full time equivalent (FTE) staff coordinates delivery.
- 3.8 An important role for EWSP is to work with and support local destinations. There are a range of local brands and / or organisational arrangements in the visitor economy `space` including the Great Sussex Way (supported by Chichester District Council), Sussex by the Sea (supported by Arun District Council), Time for Worthing (supported by Worthing Borough Council), and Experience Mid Sussex (supported by Mid Sussex District Council). EWSP works with local destination arrangements to progress shared priorities including insight, data and research, thematic marketing, and business support and networking. In addition, the EWS team generate industry leads and opportunities which are shared with local destinations as appropriate.

Progress and achievements since adoption of the Economy Plan

- 3.9 The focus of EWSP since the adoption of the Economy Plan has been on:
- supporting businesses in the sector hard hit by the pandemic e.g. through regular sector updates on support and grants, and through winter 2020 and 2021 #Shop Sussex campaigns
 - maximising marketing opportunities in line with Government COVID guidelines, which in 2021 reached over 5 million potential visitors mainly from London and South East catchment area; saw around a quarter of a million visitors to [Experience West Sussex](#) digital platforms; and delivered over 60,000 business leads direct to listed and featured businesses
 - Continuing to increase value through partnerships and collaborations including with the Gateway Gatwick Group of destinations around Gatwick airport; the South Downs National Park Authority (e.g. to promote the dark skies season); and water sports development with Coastal West Sussex.
 - Lobbying and advocating for the sector and the impact of the pandemic on the county with the Department for Culture, Media and Sport, Visit Britain and West Sussex MPs.
- 3.10 The County Council adds value to the achievement of the EWSP priorities. For example, there are regular features through corporate communication channels including the residents' e-newsletter, Facebook, and Twitter, and via press releases to the local media. The County Council also manages media enquiries related to the EWSP. In addition, a COMF (Contain Outbreak Management Fund) allocation has been used to promote public health messaging and businesses to residents and visitors.

Sussex-wide collaboration

- 3.11 The Sussex Tourism and Culture Recovery Group (STCRG) was established in September 2020 at the instigation of the Sussex Resilience Forum (SRF) to support one of the sectors hardest hit by the pandemic. West Sussex County

Council, East Sussex County Council and Brighton & Hove City Council have been jointly coordinating the work to date. EWSP is a main partner.

- 3.12 The focus has been on supporting immediate business recovery where Sussex-wide economies of scale add value, and on exploring wider opportunities for the sector from Sussex-wide collaboration. Commissioned reports reveal the significance of the visitor economy to Sussex, with pre-COVID data revealing £5bn of economic impact and 74,000 FTE jobs – the same size as Iceland’s tourism economy and 2/3 that of Wales – and 62 million annual visitors. The reports also indicate clear opportunities for growth, as staying visitors account for only 11% of visits and 50% of spend, and overseas visitors account for 2% of visits and 19% of spend.
- 3.13 A key objective of the STCRG is to prepare for potential national and regional funds for the sector, with the indication from Visit Britain that initiatives across a relatively large geography are more likely to be successful. The Sussex-wide opportunity should add value to EWS’s ability to deliver on strategic priorities for West Sussex.

Next Steps

- 3.14 The Economy Plan sets out the Council’s commitments to achieving priority theme 6, which are consistent with progress to date and the headline actions to March 2023 which will focus on:
- Continuing to work in partnership through EWSP to prioritise destination and business resilience through marketing activities and business support
 - Advocating for the visitor economy in the county with sector leaders including the Department for Digital, Culture, Media & Sport, Visit Britain / Visit England and Tourism South-East
 - Working with Gatwick Airport to strategically consider the next phase of the Gateway Gatwick partnership to re-engage with international visitor promotion
 - Progressing the pan-Sussex approach to recovery and sector growth to maximise the Sussex opportunity and seek funding opportunities to support priorities
 - Working as part of the Experience West Sussex Partnership with the Districts and Boroughs to seek ways to build capacity to work on priorities identified by the Board, maintain private sector influence, and consider the future of the partnership post March 2024.

4 Consultation, engagement, and advice

- 4.1 Key partners and stakeholders were engaged on the draft Economy Plan and extensive feedback was received which was reflected in the final version. The Performance and Finance Scrutiny Committee considered the draft Economy Plan at its meeting in September 2020. The Committee provided feedback which was incorporated into the final adopted version.
- 4.2 Individual initiatives progressed as part of the Economy Plan are subject to governance processes including consultation with residents, external bodies and partner organisations, businesses, and councillors as appropriate. The report on the growth deals at the December 2021 Scrutiny Committee meeting provided examples of the approach.

4.3 Economy Plan priority themes 4 and 6 are both informed by on-going engagement and advice through the work of project steering groups and boards, direct feedback from businesses through surveys, webinars, and events, and from insight and evidence from industry and consultant reports.

5 Finance

5.1 The adoption of the Economy Plan had no additional cost implications to the County Council. The headline actions have been and will continue to be achieved within existing budgets and through external funding.

5.2 Economy Plan priority themes 4 and 6 are being progressed with support from a range of funding sources:

- Strategic Investment Fund / Economic Recovery Fund (pooled business rates) allocations for key business support initiatives (theme 4) and for Experience West Sussex (theme 6)
- European Regional Development Fund (ERDF) funding and other match funding for business support and innovation programmes (theme 4)
- Pooling of resources by West Sussex County Council, East Sussex County Council and Brighton & Hove City Council to kick start the Sussex-wide visitor economy work (theme 6)
- Existing County Council budgets.

5.3 The County Council’s budget contribution to Theme 4 is £1,222,000, out of a total budget of £15,904,000. £14,682,000 has been levered through match and grant funding.

5.4 The County Council’s budget contribution to Theme 6 is £171,000 out of a total budget of £1,314,000. £1,143,000 has been levered through match and grant funding.

5.5 A new landscape is emerging for public funding for economic development and growth, as we move away from European funding and Local Growth Funding from Local Enterprise Partnerships. The County Council will seek to benefit from external funding where the opportunity arises. With the Levelling-Up agenda, there may be limited public funds available to the West Sussex area and so creative approaches to funding priorities will be key.

6 Risk implications and mitigations

The main risks highlighted when the Economy Plan was adopted in 2020 are set out below, with an update on the mitigating action relevant to themes 4 and 6.

Risk	Mitigating Action (taken or planned)
Uncertainty about the extent of the impact of the pandemic on the economy may delay or affect reset activities, risking the achievement of the intended benefits.	Economy snapshot reports have tracked the impact of the pandemic to inform actions. `Business as usual` activities were refreshed or changed as appropriate e.g. business support and events went on-line. A flexible approach has been adopted as far as possible, with activities designed to respond to the changing situation e.g. EWS has flexed marketing campaigns in line with government COVID guidance.

Risk	Mitigating Action (taken or planned)
Uncertainty around the future trading relationship with the EU, and how this may impact on economic and business recovery.	Support for businesses around exiting the EU was and continues to be promoted. A range of advice has been provided for businesses by partner organisations and promoted by the Council.
Financial pressures resulting in a reduction in budget and resource to deliver the plan.	The plan is being delivered within existing Council budgets and through external funding.
Lack of support from partners to aspects of the plan.	The Plan focuses on where the Council is well placed to respond to the wider economic challenges and opportunities facing the county. The Council has established new or enhanced existing partnerships to aid the delivery of the Plan e.g. with local Universities, the C2C Growth Hub, and local authorities.

7 Policy alignment and compliance

7.1 The decision report adopting the Economy Plan set out the main implications for Council policy and its overarching legal responsibilities. The implementation of the Plan continues to align, support, and comply with policies.

7.2 The work of the Economy Plan supports Our Council Plan and has informed Council plans and strategies since its adoption, including:

- West Sussex Transport Plan
- West Sussex County Council Climate Change strategy
- West Sussex Digital Infrastructure plans

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Appendix 1 - Summary of the `Enterprises supported to start, revive, innovate, and grow` key performance indicator.

Background papers

None