

<b>Title:</b>	Economic Strategy
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<b>Purpose/Key Messages:</b>	To inform the BHSP of the refreshed Economic Strategy
<b>Significance to BHSP and Delivering SCS outcomes:</b>	The Economic Strategy is a key strategic document for BHSP in its delivery of its key priorities
<b>What is BHSP being asked to do?</b>	To adopt the refreshed Economic Strategy and consider how the BHSP can help deliver it with a particular focus on how it relates to reducing inequality
<b>Next steps and report back mechanism:</b>	N/A

### **The Economic Strategy**

1. For most people “success” in economic terms means a job and a home; preferably a job that pays enough to allow them to have a home that meets their needs. In these terms Brighton & Hove’s record is mixed, certainly there has been good progress with job creation and keeping unemployment down but the provision of homes, especially affordable homes, is still inadequate.
2. In many respects, the Brighton & Hove economy has weathered the 2008 recession and subsequent austerity quite well compared to other UK locations. Although it has not emerged unscathed, the broadening of its employment base since the 1990s recession, especially in the Creative, Digital and IT [CDIT] sector, has protected it from the worst of the downturn.
3. Unemployment in the city, as measured by JSA claimants, has declined by 16% over the past year from 6,651 to just over 5,200 [the same level as October 2008]. About 1,100 19-24 year-olds are unemployed [the same level as June 2008]; only 180 have been

unemployed for more than 12 months. 450 16-18 year old are not in employment, education or training [NEET], the lowest level in the city for 8 years. Care leavers are disproportionately represented in that figure.

4. There is no complacency about youth unemployment and a number of agencies in addition to Job Centre Plus and City College: Brighton & Hove are working to offer employment opportunities, especially apprenticeships. But there is a shortage of places; in July for instance 347 would-be apprentices actively applied for 91 vacancies on offer. Many more businesses offering apprenticeships are needed but we have only six large, private sector employers [1000+ employees] that have the capacity to offer volume apprenticeships.
5. The city has made excellent progress in improving the qualifications of pupils leaving secondary school over the past two years. In 2010 the number of pupils gaining five GCSEs at grades A\* to C including maths and English was under 45%; over 6 percentage points adrift from the England average. In 2013 it has risen to 62% and is likely to be above the average when national figures are released. However, the city still seems to have a “17 problem” i.e. young people starting further education when they leave school but too many dropping out at the age of 17 before they have completed their courses.
6. The workforce can be broadly divided into ‘residents’ that live in the city [but don’t necessarily work in it] and ‘workers’ that work in Brighton & Hove [but don’t necessarily live there]. Residents earn far more than workers: median earnings of £27,492 p.a. compared to £24,560 p.a. respectively but something in excess of 33,000 people have to leave the city every working day to earn those higher salaries. There is a glut of lower paid jobs –paying less than the Living Wage<sup>1</sup> – and a shortage of higher paid jobs in the city. And entry level jobs are often occupied by undergraduates seeking to finance their studies and/or post graduates seeking to remain in the city but unable to find graduate-level employment. Brighton & Hove has the fourth best-qualified resident population in England, but doesn’t have the jobs to match.
7. Nevertheless our two universities are central to the city’s ambition. If Brighton and Sussex universities were combined they would be the fourth largest HE institution in the UK and they represent two of our most significant assets. They have extensive international connections, they are major suppliers of skilled labour and they

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<sup>1</sup> £7.45/hour

have specialist technological expertise that can be better utilised to the benefit of the City Region's economy through stronger knowledge exchange partnerships and networks.

8. Great strides have also been made in the productivity of the workforce. In 1999, productivity (measured as Gross Value Added or GVA per head) was £12,634. By the end of the last decade, GVA per head was £20,611 and had grown faster than any other urban area of similar demographic size outside London. However it is still slightly below the average for the south east.
9. In terms of homes our landlocked city will never have a balanced housing market although it is not beyond the bounds of possibility that the wider 'city region'<sup>2</sup> will. The City Plan estimates that between 16,000 to 19,000 homes will be needed over the next 20 years but to meet this need would require building on every piece of land including industrial estates and other sites earmarked for employment use. If we are to avoid becoming a dormitory town for London, a balance between homes and employment space must be maintained.
10. After the 2008 financial crisis homes in Brighton & Hove lost value along with the rest of the UK. But they have regained practically all of their value and an entry-level, one-bedroom apartment now costs an average of £173,000<sup>3</sup> and would require a deposit of over £43,000 and a salary of nearly £40,000 to secure a mortgage<sup>4</sup>. Purchasing an 'average property' in Brighton & Hove will cost 43% more than anywhere else in England outside London. Over 16,000 people are on the city council's housing needs register.
11. Five Strategic Priorities have been identified in the refreshed Economic Strategy that, if delivered, will help the City to realise its economic development ambitions.
  - SO1:** To enhance Brighton & Hove's distinctive destination and lifestyle offer
  - SO2:** To grow quality jobs and business opportunities in higher value and lower carbon sectors
  - SO3:** To better align jobs skills to projected needs and in support of higher value sectors
  - SO4:** To tackle barriers to employment and to create employment opportunities for all
  - SO5:** To establish a strong and influential Greater Brighton City Region.

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<sup>2</sup> Brighton & Hove, Adur & Worthing, Lewes and Burgess Hill

<sup>3</sup> 2013, Q1. Brighton & Hove City Council. House Price Update

<sup>4</sup> Assuming a 25% deposit and mortgage of 3.25 x salary

12. Strategic objective 4 seeks to take the city's success and ensure that it benefits all residents by the creation of suitable employment and the up-skilling of residents furthest from the labour market. This is crucial if we are to create a fairer society. The city contains some of the most significantly deprived areas in England, particularly in East Brighton, Queens Park and Moulsecoomb & Bevendean. Some 22% of the city's children live in poverty and the vast majority [70%] come from workless households.
  
13. The refreshed Economic Strategy seeks to address many of the city's challenges including skills, development of sites, inward investment and climate change with an emphasis on prioritising what is deliverable rather than just desirable. The October meeting of the Strategic Partnership will concentrate on how the strategy can assist those furthest from the labour market.