

CONTEXT BRIEFING – Economy and Employment

Arun District - Economy Overview

Within Arun, the percentage of the 146,000 population at working age is just 54%, which is significantly lower than the national average of 62%.¹ Indeed, Arun is ranked as having the 12th highest proportion of retired people in England and Wales and the second highest in the South East. Projections for the District suggest that the population of Arun will become significantly older over the period 2006 - 2026. So whilst the population is set to increase by 25,600, the working age population under the age of 55 will remain virtually static.² The number of people in full-time (68%) and part-time (32%) employment within Arun is broadly in line with national and regional averages.³

Compared to regional and national statistics, Arun has roughly the same proportion of people employed in manufacturing (10%), services (82%) and construction (4%), although small variations do exist. However, the breakdown of the service sector reveals that the proportion of tourism and public sector related employment is significantly higher in Arun, whilst high value-added employment sectors, such as communications, IT and finance are significantly lower than regional and national averages. In the Ford area, there are two centres of commercial activity: the Rudford Industrial Estate and the business park at Ford Lane, populated by businesses mainly engaged in light industry, business services and wholesale operations. Across the District most of the economic activity is undertaken by small to medium size enterprises (SMEs). Indeed, outside the public sector there are very few large employers, with the Body Shop, Bourne Leisure (Butlins) and Wileys being notable exceptions.

The Arun labour market is poorly skilled relative to national and regional standards. For example, a smaller proportion of Arun residents possess NVQ Level 3 or 4 equivalent qualifications⁴ than is the case for the South East region. It should be noted however that the gap has been reduced in recent years.⁵ Educational attainment across the District can also be measured as the second lowest in West Sussex (51% of students gained 5 or more A*-C GCSE grades). This District wide figure also hides even lower levels of attainment from some of the schools within the towns of Bognor Regis and Littlehampton (i.e. 30-40%). A poorly skilled labour pool is a barrier to attracting commercial investment and the associated skilled employment opportunities. Furthermore, it is also acts as a barrier to individuals in terms of their ability to find well-paid employment, often contributing to social immobility. Indeed, in recent years the percentage of Arun residents employed in the most senior managerial, professional and associate positions has consistently been lower than the South East benchmark.⁶

Furthermore, in recent years, the median⁷ weekly wage of Arun residents has consistently been measured as significantly lower than both national and regional

¹ Office of National Statistics (ONS) mid-year population estimates 2006

² ONS 2002

³ ONS annual business inquiry employee analysis 2006

⁴ NVQ 4 equivalent (e.g. Degree, Higher Degree level or HND) - NVQ 3 equivalent (e.g. 2 or more A levels, advanced GNVQ)

⁵ ONS annual population surveys available via www.nomisweb.co.uk

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⁷ Please note, the Annual Survey of Hours and Earnings statistics are based on the median rather than the mean. The median is the value below which 50 per cent of employees fall. It is preferred over the mean for earnings data as it is influenced less by extreme values and because of the skewed distribution of earnings data.

CONTEXT BRIEFING – Economy and Employment

figures. Indeed, median wage levels of Arun residents are just 80% of that across the South East. Not only are Arun residents comparatively lower wage earners but it has been shown that median salaries for those employed within the District have been even lower still.⁸

The availability of employment opportunities within the District is also relatively limited, especially in high value-added sectors as highlighted previously. Indeed, the job density⁹ in Arun is just 0.68 and ranks as the 3rd lowest in the entire South East region – behind only Gosport and Gravesham. This does not compare favourably with neighbouring districts, such as Chichester (1.04) or Worthing (0.91) or regional economic centres such as Crawley (1.36), Brighton & Hove (0.90) and Portsmouth (0.96). These are significant contributing factors to the fact that Arun District is a daily net exporter of labour, with almost three times the number of people commuting out, rather than into, the District for employment. A significant proportion of this out-commuting is into neighbouring districts.¹⁰

Super Output Areas (SOAs) are geographical areas (at the level below the Ward) to which socio-economic data is collated and analysed. To help identify areas at greatest socio-economic disadvantage, deprivation is measured nationally against a range of factors: income; employment, health and disability; education, skills and training; proximity to services; living environment; and crime and disorder. In the South East, 5.1% of the SOAs fall within the 20% most deprived in England. Arun has a higher share falling within the 20% most deprived at 6.4 % and ranks as the third most deprived district in West Sussex (after Adur and Worthing). Six SOAs fall into the 10-20% most deprived nationally. These areas of deprivation are concentrated in the River and Ham wards in Littlehampton, and the Bersted and Marine wards in Bognor Regis. In particular, education, skills and training and barriers to housing services are real issues for Arun. Additionally, it should be noted that Arun has a number of SOAs which suffer significantly with regards to income deprivation affecting the elderly.

Consequently, and following public consultation, the Council selected regeneration and tackling deprivation as two of its most significant and current objectives.¹¹ Significant efforts have been channelled into addressing the issues pertaining to the two major settlements within Arun; Bognor Regis and Littlehampton.

Regeneration Efforts

The Bognor Regis Masterplan (2004) and Littlehampton Vision (2006) are strategic framework documents that seek to identify the key assets of the towns and develop a vision for future development that will make the most appropriate and efficient use of land within the context of physical and social regeneration.

Bognor Regis

Arun District Council has stimulated progress against the Bognor Regis Masterplan by marketing two town centre sites under Council ownership - the Regis Centre and

⁸ ONS Annual Survey of Hours and Earnings - resident analysis 2007

⁹ Job density = (Total number of jobs / Working-age population). For example, a Job density of 1 would indicate the existence of a job for every person of working-age.

¹⁰ ONS Census analysis 2003

¹¹ Arun Priorities 2005-2009

CONTEXT BRIEFING – Economy and Employment

Hothampton car park sites. Following a competitive tendering process in 2006, St. Modwen was unanimously selected as the Council's 'preferred developer' to deliver a mixed-use regeneration scheme across these two sites. By December 2007, a legal agreement established St. Modwen as 'development partner' requiring submission of a planning application by the end of 2008. The proposed £110m scheme will connect the town centre to a new seafront 'destination', with leisure and cultural facilities amidst an improved public realm. On the second site new civic facilities (e.g. health centre) will be delivered alongside modern offices and retail. Both developments will be accompanied by new housing, providing stimulus to the town centre economy from the new urban population.

To support coordinated delivery of regeneration across Bognor Regis and ensure that development synergies are maximised, Arun District Council established a Task Force in 2007 of four staff headed by the seconded Head of Economic Development and Regeneration. Indeed, major progress is now being made on a number of key regeneration sites across the town. Work has been undertaken to try and ensure that Oldlands Farm is realised as a commercial site, whilst positive work is also being achieved with the landowners of the Lec site to deliver an employment-dominant development on this significant brownfield site. Bognor Regis Community College is about to undergo a £46m rebuild as part of the Government's 'Building Schools For The Future' programme, which will see new education and youth provision facilities provided within one of Bognor Regis' more deprived wards. The University of Chichester have also committed to a programme of considerable investment at their Bognor Regis campus that will see both physical renewal and an expanded curricular offer, including Sports Science, Creative Design, Music and Business Enterprise. Infrastructure improvements, including a new relief road, are now being brought forward through the planning system as a result of urban extensions in Bersted and Felpham and construction has also started on a second hotel Butlins, which will contribute to their investment strategy on the site and help improve the quality of the tourism offer.

Although the programme comprises many large physical developments, the Task Force have sought to link this with support for an education and skills led regeneration agenda. All of the major developers in the town have recently agreed to sign a Developer and Partner Charter that will serve to lever opportunities from the developments for training and skills development, local sub-contracting, sustainable procurement and community engagement. Furthermore, within the next year it is anticipated that with its partners the Task Force will help deliver an extended Masterplan for the town (reflecting the wider scope of activity and development) in addition to a Transport Masterplan and Seafront Strategy, further assisting the successful coordination of the regeneration programme.

Littlehampton

In recent years a successful and significant physical urban regeneration of derelict riverside wharves on the East Bank delivered new housing, improved public realm and helped revitalise and reinvigorate the community. This was recognised nationally with awards for excellence from the Royal Town Planning Institute (RTPI) and British Urban Regeneration Association (BURA) in 2003/04.

The Littlehampton Vision builds on this success and identifies a number of opportunities for mixed-use development and environmental enhancements in the town centre, harbour area and seafront. Work is now progressing to bring these forward, including:

CONTEXT BRIEFING – Economy and Employment

- A feasibility study for the central St Martin's Car Park site involving possible development for retail, leisure, residential and community uses;
- Preparation of a strategy for Littlehampton Harbour, focusing primarily on water-based recreational and leisure uses;
- Enhancements to public space and tourist facilities on the seafront.

In addition, Littlehampton Town Council, supported by the District Council, has recently commissioned work to prepare a Masterplan for the town, based on the potential for major new housing and employment development in north Littlehampton, supported by a new road link and public transport improvements.

Any proposals for significant development within the District would need to prove how they address and compliment the significant efforts to address deprivation and improve opportunities, through regeneration in these two major settlements.

Research and Policy Context

This section aims to introduce the reader to research and policy outcomes that are relevant to the wider issues discussed.

Regional Economic Strategy 2006-2016

Produced by the South East England Development Agency (SEEDA), this strategy sets an overall vision that "by 2016 the South East will be a world class region achieving sustainable prosperity." It identifies the Coastal South East as an area of substantial untapped economic potential, characterised by low productivity relative to the regional average, generally lower economic activity, a relatively low skilled workforce, and a low proportion of employment in knowledge based sectors. It sees opportunities in:

- *Skills-led growth* – including removing persistent pockets of low skills attainment, increasing skills and access to higher education;
- *Innovation and creativity-driven growth* – including maximising the potential of creative and technology clusters, high-value manufacturing and knowledge-based supply chains;
- *Economic upgrading* – enabling cities and major urban areas to reach their potential by investing in key infrastructure to enable housing development which supports economic prosperity;
- *Improving connectivity* – including addressing transport bottlenecks on the South Coast, and maximising access to Broadband;
- *Culture and leisure-based growth* – harnessing quality of life to stimulate economic transformation.

Draft South East Plan

The South East Plan strategy for the Sussex Coast places priority on the need to improve the overall economic performance of the sub-region in order to promote regeneration and achieve a more diverse local economy.

- Policy SCT1 states that local authorities and other agencies should pro-actively pursue and promote the sustainable economic growth and regeneration of the Sussex Coast, aiming to bring local economic performance up to the South East average.
- Policy SCT4 sets out criteria relating to employment priority in land allocations. It states that "priority should be given to delivering employment development in

CONTEXT BRIEFING – Economy and Employment

strategically accessible locations to ensure an appropriate mix of readily available sites and premises whilst also providing sufficient space to:

- retain existing firms and enable their expansion or relocation;
- create attractive opportunities for inward investment, and new uses;
- at least match anticipated increases in the resident workforce.”

West Sussex Structure Plan 2001-2016

The Structure Plan states that Districts should ensure the provision of a range of locations, types and sizes of employment sites and premises by safeguarding land or premises currently or recently in use or allocated for employment use from alternative development where they make an important contributions to the supply of premises and jobs, and to allocate land and permit employment uses.

The West Sussex Structure Plan 2001-2016 sets a requirement for 240,000 sq.m. of Business Class (B1-B8) gross floorspace to be provided in Arun District.

Arun and Chichester Assessment of Employment Needs Study 2005

In 2005 the Council commissioned a study with Chichester District to identify employment requirements and assess the suitability of existing employment land supply over the period to 2017. The methodology included an economic profile and appraisal of future requirements for employment land and premises, involving econometric forecasting and a survey of 1,000 businesses in Arun and Chichester districts. Potential employment sites were identified and assessed.

The study identified the following key issues in terms of future floorspace provision:

- a limited amount of vacant floorspace available for immediate occupation;
- a lack of available serviced employment land within existing employment areas;
- the majority of future demand for employment floorspace is likely to be generated by SMEs, especially firms with up to 50 employees.

The study concluded that the West Sussex Structure Plan requirement should be regarded as a minimum guideline. It further indicated that the Arun Local Development Framework should allow sufficient flexibility to allow for development requirements of up to 335,000 sq.m B1-B8 floorspace, of which approximately 20% should be identified as long-term reserve land for release towards the end of the Structure Plan period, subject to monitoring.

In terms of location, the study indicates that western parts of Arun offer good potential to attract inward investment by office and light industry (particularly for small/medium floorspace requirements), with the greatest potential to attract light industrial activities, manufacturing and logistics/ distribution. Location demand is focused on the following areas: Bognor Regis and Littlehampton; land between the two towns (around Ford); and land between Chichester and Bognor Regis.

Inward investment and relocations of businesses into the district should focus on SMEs, with particular attention to key sectors including assembly and logistics, advanced engineering/high value light industry; professional, business and financial services; marine technology and defence; new media ICT and other creative industries. This should include provision of readily available good quality office, light industrial and distribution sites and premises. The consultant’s report recommends that the provision

CONTEXT BRIEFING – Economy and Employment

of such sites are linked with related actions such as business support, skills programmes and educational capacity development.

Employment Floorspace Completions and Future Supply

Over the period 2001-2007, just 21% of floorspace demanded by the Structure Plan has been delivered. A further 55%, whilst not delivered, is accounted for through outstanding commitments, comprising existing land allocations and sites with planning permission. However, even if all potential allocations were delivered, there would still exist an outstanding requirement to fulfil the Structure Plan requirements, let alone the recommendations of the Employment Study. A detailed breakdown of these floorspace figures is provided in Appendix A.

Three quarters of the potential floorspace comprises Local Plan allocations at Oldlands Farm, Bognor Regis (88,000 sq.m) and Roundstone, Angmering (12,800 sq.m). It should be noted that Oldlands Farm is currently subject to an application by Asda which, if successful, would substantially reduce the likely B1-B8 floorspace, whilst the site at Angmering has not come forward for development. This situation reflects a general difficulty in bringing forward commercial development, within the District. Market indications are that speculative commercial development is not viable, so would need to be subsidised either by public funding or cross-subsidy with more profitable use (e.g housing or retail). This is reflected by the lack of major speculative commercial development in recent years.

Arun Community Strategy 'Our Kind of Place'

The Community Strategy states that it will “promote the economic growth and prosperity of the district, encouraging investment, creating new jobs and demonstrating to companies that Arun is a good place to do business”.

Ford Proposals

The employment proposals for the Ford Airfield Vision Group (FAVG) and Ford Enterprise Hub (FEH) are quite different in the detail provided. The two groups are now however in the process of producing “a single refined bid.” Without detail of this refinement however, the information originally submitted is summarised in this paper. Any subsequent change in stance from originally stated positions by each group would therefore need to be explained and qualified.

It is also important to stress that an eco-town by its holistic nature, is an aggregate sum of the range of socio-economic ingredients (e.g. housing, employment, transport, community facilities, public open space etc.), all of which have to be delivered to fulfil the specification of an eco-town. Against that background, an eco-town could not be considered successfully completed were any of the individual components not successfully delivered, or only delivered in part. As such it is critical that the (quite substantial) employment proposals are demonstrated to be feasible and deliverable.

The bids allocate 30-33 hectares (74-82 acres) of land within the entire development land for employment purposes, which is claimed adequate to generate 4,000 jobs. Using the working-age population estimate of 5,500 this represents a job density of 0.73.

The FAVG bid specifically suggests an equal distribution of this land between B land-use classes. It is claimed this would support 2,000 jobs in business (B1), 1,333 in general

CONTEXT BRIEFING – Economy and Employment

industry (B2) and 800 in general warehousing and distribution (B8). The FAVG bid is very brief in addressing the issue of employment delivery, stating broadly that the proposal would “help to modernise the local economy through attracting new business sectors such as knowledge based industries and providing space for existing businesses to expand where, at present, they not have the opportunities in and around existing settlements.” Both bids advocate the relocation of existing business within Arun to the new commercial space.

Whilst both bids specify that they would seek to diversify the local economy and attract more high-tech industries they are all also vague in the detail. For example, the FAVG bid says “the dedicated employment area at Ford Airfield would be made up of a variety of different business sectors, possibly including scientific, pharmaceutical, telecommunications, engineering, computing, electronics, biotechnology, legal and business services and design.”

Although the FEH bid carefully avoids ruling out any particular sector, it is quite specific in its support for a science park as a means of stimulating technology transfer between an associated research centre and local businesses, in addition to assisting the development of start up and young high tech businesses. Although the bid does not identify which university (if any) would provide the research capacity to support the park it cites five “within a 40 mile radius... providing a rich catchment area for a high technology business park”; Brighton, Chichester, Guildford, Portsmouth and Southampton. It should be noted that employment within Arun in the ‘transport and communications’ and ‘finance, IT and other business’ sectors (cited as the mainstay of science parks¹²) is currently only around half the levels expected according to the national average.

The FAVG proposal is “founded on the overall aim of making Ford Airfield more accessible by improving strategic linkages to nearby settlements and wider markets.” It is proposed this be partially delivered by construction of a new A27-A259 link road through Ford and “implementation of the much needed A27 Arundel bypass.” The FEH proposal also states “there can be no doubt the provision of an Arundel Bypass is essential.”

It should be stressed however that allocating land and actually delivering employment opportunities are two very different outcomes. As discussed previously, a commercial land allocation of 23 hectares at Oldlands Farm, Bognor Regis that promises many benefits cited at Ford, is currently the subject of a supermarket planning application with speculative commercial delivery. Both the landowners of Oldlands Farm and the Lec site have cited poor local demand for hi-tech/office B1 uses and have justified that significant enabling development is required to deliver any commercial space.

¹² David N E Rowe. Science Parks in the United Kingdom Today and Tomorrow*
* paper cited by Ford Enterprise Hub in support of their bid

CONTEXT BRIEFING – Economy and Employment

Appendix A - Business Floorspace Completions and Future Requirements

	Total sq.m	Large sq.m	Small sq.m
Structure Plan requirement 2001-2016	240,000		
Employment Study recommended total requirement 2001-2017	335,000		
Employment Study recommended requirement (excl 20% reserve floorspace) 2001-2017	268,000		
Total completions 2001-2007	49,665	33,458	16,207
Outstanding commitments	132,750	133,789	-1,039
Total completions + outstanding commitments	182,415	167,247	15,168
Remaining unidentified requirement to meet			
- Structure Plan requirement	57,585		
- Employment Study total requirement	152,585		
- Employment Study requirement (excl 20% reserve floorspace)	85,585		

CONTEXT BRIEFING – Economy and Employment

Appendix B - Proposed Questions for the Select Committee

Location

As a commercial centre, what competitive advantages would Ford have compared to alternative sites in Bognor Regis or Littlehampton? What evidence supports any such claims?

To what extent would the promotion of Ford as a commercial centre serve to divert investment away from Bognor Regis and Littlehampton?

What evidence exists that local businesses are willing and able to move to new premises at Ford?

Impact Assessment

What impact assessment has been undertaken regarding the implications for the existing businesses at Ford? As many of these businesses do not fit the high quality knowledge based profile, what assurances exist that existing businesses will not be forced out or that existing industrial estates will be lost to housing development?

The Ford Enterprise Hub bid encourages the voluntary relocation of Arun's "residential locked" industrial/commercial businesses to Ford, freeing up land for residential development.

- How would this positively stimulate the economy of towns, such as Bognor Regis and Littlehampton?
- What evidence is there that this would not displace employment from existing communities?
- What evidence is there that this would not simply result in a relatively static net supply of commercial land, whilst supporting significant housing delivery.

Infrastructure Requirements

What evidence can be provided to demonstrate that a commercial centre is viable at Ford, if one, or all, of the following infrastructure elements are not delivered?

- A27-A259 link road
- A27 Arundel bypass
- New transport-hub at Ford

If significant road improvements are necessary to ensure the commercial viability of Ford, then why should Ford be considered a sustainable location for enterprise?

What is the estimated infrastructure investment required to enable the employment land for the designated uses? How does this compare with the enabling costs for other employment sites within the District?

To what extent is your scheme deliverable without injection or support of public funds?

CONTEXT BRIEFING – Economy and Employment

Knowledge-Based Industries

What are considered to be the key factors in determining the location of a successful knowledge-based industry cluster?

What evidence exists to demonstrate that Ford has the relevant attributes as a commercial location to successfully support the range of knowledge-based industries suggested? What competitive advantages does the site possess in the regional context?

A modern and advanced communications infrastructure is a pre-requisite for hi-tech industry clustering and telecommuting. What would be delivered at Ford and how?

Given that relatively few hi-tech firms operate from the local area, what evidence supports the assertion that relocation of existing businesses could act as a catalyst for the knowledge-based cluster economy?

What evidence supports the feasibility of knowledge-transfer industries based at Ford being supported by university research departments based as in locations such as Southampton, Portsmouth, Guildford or Brighton? What examples are there for successful knowledge-based industry clusters supported by a geographically distant research institute?

What discussions have been held with local universities concerning their plans for future research and knowledge transfer activity? Is there any evidence that such plans could feasibly be realised at Ford?

Labour Market

What work has been completed to assess where the labour market for the Ford employment development would be drawn from? What proportion of the proposed 4,000 jobs would be likely to be taken by new residents? How many employees would commute from elsewhere? Is there a danger that a successful employment development at Ford would generate greater traffic problems?

Significant emphasis is placed upon supporting new local businesses. How would the development support improving the lower than regional and national average levels of enterprise within Arun?

What provisions would be made to ensure that employment opportunities were accessible to the most socially immobile in Bognor Regis and Littlehampton?