

COAST TO CAPITAL

**A private sector, private investment
led Local Enterprise Partnership**

Brighton and Hove
Croydon
Gatwick Diamond
West Sussex





Our Vision

Our Vision is straightforward and exciting. It places international growth and entrepreneurship at its very heart. We aim to transform business and economic performance so that our area can compete in any international marketplace.

By 2035 we will have developed an economy that is trade-led with a business community that is outward looking, investment-led and driven by the need to be innovative. It will have a skilled workforce delivering high value added and knowledge-driven products and services.

The economy will be less dependent on locally trading businesses and on public sector employment and spending than it is now. Instead, high rates of new businesses being formed and equipped to compete internationally will be the centrepiece of a competitive economy designed for the long term.

Our objective is to lead this fundamental transformation in private sector-led business growth. We expect 90% of the investment required to deliver our goals to come from the private sector.

Growth will be driven by a clear focus on the twin priorities of international growth and entrepreneurship.

Businesses that trade internationally deliver 60% of UK productivity growth. We will work to increase the number of these businesses and their local supply chain links. They will act as the engine house for improved business growth and performance across all parts of our economy and ensure the sustainable growth of our local economy.

In short, entrepreneurship coupled with high rates of new businesses spurred on by dynamic trade-led growth will, in the long term, provide the right competitive environment and source of future business success. The results for international trade should be visible within six months, those for entrepreneurship and enterprise from one to 25 years. We have a proven track record in parts of our area for having some of the highest private sector employment growth – we are now ready to deliver the same and higher growth across our whole Local Enterprise Partnership (LEP).

"We support the core theme throughout the submission of globalisation and the vision to become a world-class business location."

Russell Strutt, Principal, Central Sussex College

"I think the vision that you sketch out in your letter is truly inspirational."

Professor Clive Behagg, Acting Vice-Chancellor, University of Chichester

"I am happy with the West Sussex approach and we are keen to be involved."

Rupert Ashby, Director South East, Country Land and Business Association (CLA)

"Thales UK is happy to lend its support to your proposal... The area needs a strong vision for economic development that is distinct from London; a strong voice from business in infrastructure decisions and skills development; and a focus for strategic investments into the area."

Sam Keayes, VP Strategy & External Relations, Thales UK

"I would be pleased, in conjunction with my CECA national colleagues, to work with you and your team on any future development of the proposals for an effective viable LEP."

Alan Taylor, Executive Director, Civil Engineering Contractors Association.

"We join you in the aspirations of the submission."

Myles Cullen, Leader, Chichester District Council

"This proposed LEP makes a compelling economic area with sufficient scales, size and critical mass to be strategic and effective."

Robert Nye, Leader, Horsham District Council

"The Coast to Capital bid provides a real opportunity for business and government to work together to promote future economic growth. We support the submission of this bid as a way to release the full potential of Croydon within southeast England's most important economy."

David Young, Chief Executive Officer - hurleypalmerflatt

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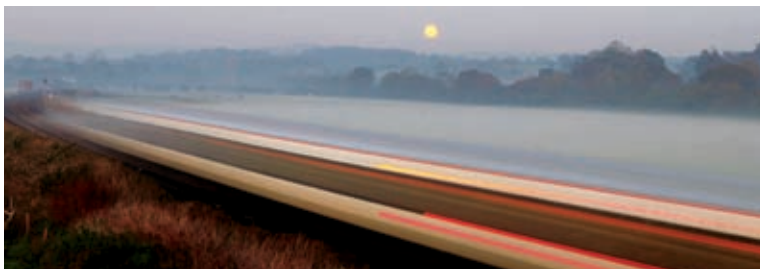
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Our ambition and what we will achieve

We will release the true private sector economic potential of our area by driving and spreading the benefits of an international trade-led growth strategy across the whole economy and through targeted business sectors. Backed by strong new business formation, especially those trading internationally, and relentless entrepreneurship, this strategy will transform business and economic performance. Over the next 25 years this will require the investment of £5bn of private sector funds and the commitment and alignment of public sector resources and policies in a way that has not been seen before

This investment and the associated changes will:

- Increase Gross Value Added (GVA) in the sub region by £1.3bn or by an average of 4% each year
- Increase exports by £910m or by an average of 10% each year
- Increase the number of private sector jobs by 100,000 over the 25 year period
- Reduce dependence on public sector employment from 27% to 21% by end of the period
- Increase tax take (Corporation tax, Employment taxes, VAT) by £162m each year throughout the period



Our area

The private sector believes the core economic driver that determines the functional economic area is the international trade activity, which is reliant on the economic dynamo of Gatwick Airport. Recognised as one of the South East's key growth areas, the Gatwick Diamond is linked in the south to Brighton and Hove, itself a significant local economy, and to the West Sussex coast. The engagement of Croydon establishes a link to the London economy, and an opportunity for increased business growth and the potential for collaboration between our LEP and those in London. To the east and west the Diamond is interlinked to the rural economy, which has distinctive strengths.

The whole area functions as a natural economy. Businesses recognise the travel to work patterns in the area – see Annex 1; they share a labour force, which is mainly resident in the area; they work with a common skills infrastructure in terms of schools, colleges and higher education; and they are reliant on the same transport infrastructure.

The area is large enough to give scale for those things needing to be dealt with at a significant level, which, in turn, will give sufficient grip on our key issues. It also comprises five interlocking business environments which naturally fit together and which are tight enough to allow us to get things done at local level and to effectively engage a wide range of businesses.

Each of the five interlocking local economies has its own attributes and particular problems and opportunities, but they are bound together by the potential to be transformed from a series of coasting and/or underperforming economies to an integrated high performance economy.

The London Borough of Croydon is a full partner in the development of this proposal and through it our area links to the London economy. We believe that an argument could be made for a slightly enlarged area, which would include a further part of Surrey and the coastal part of East Sussex which would fit in well with our proposed LEP. We know that both Surrey and East Sussex County Councils have put in separate expressions of interest. We understand their reasons for doing so and will work with them on issues of common interest. We will also look to link with the adjoining LEP areas in Hampshire to enhance the coastal and rural economies and to the links to the M3 Corridor and the innovation-led economies to the north west.

Gatwick Diamond

Gatwick Airport as key driver and hub for high value manufacturing and services; higher average earnings, higher levels of internationalisation and innovation

Brighton and Hove

An international brand; high levels of creative and digital businesses; and a regionally significant visitor economy

Coastal West Sussex

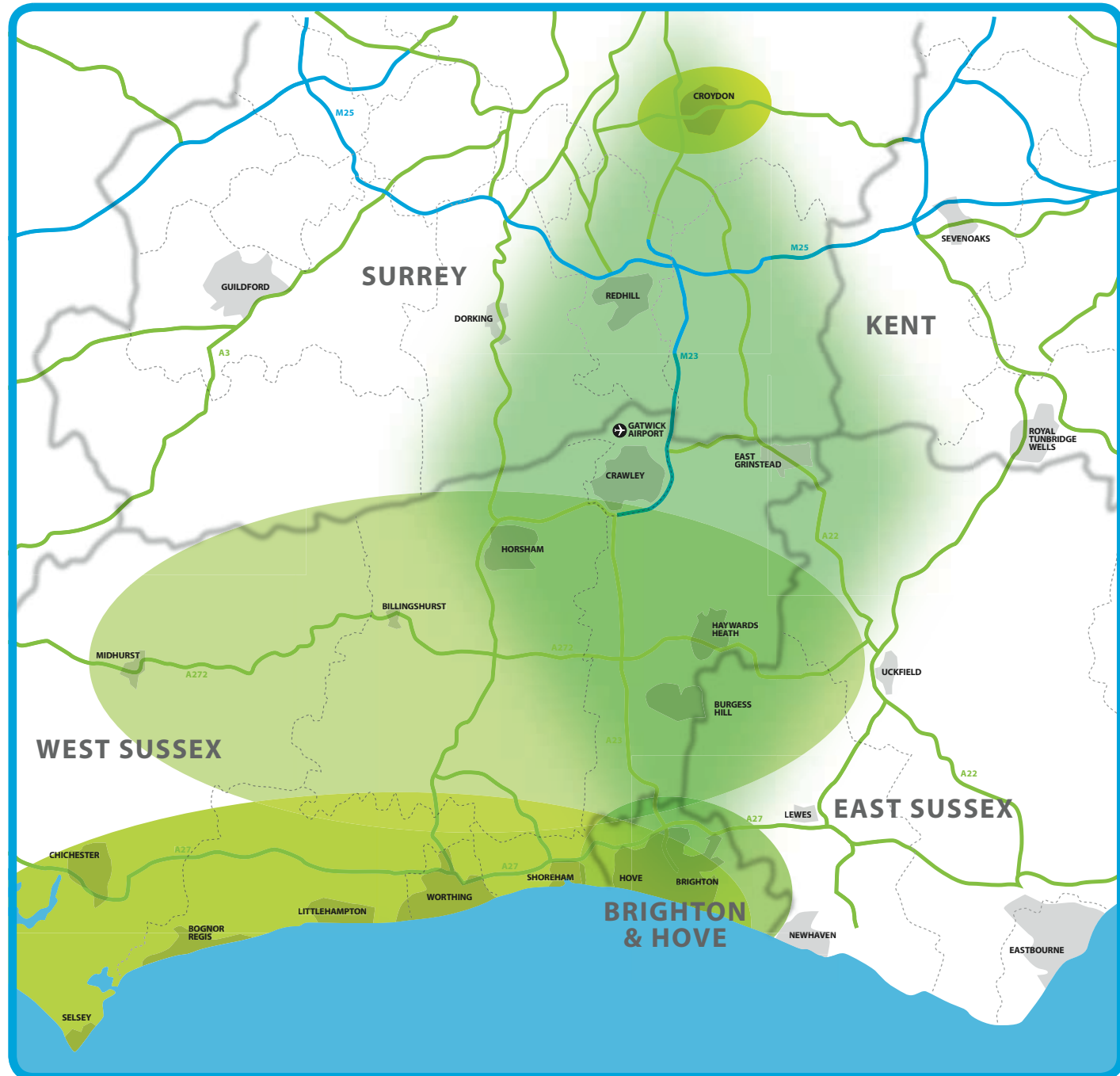
Lower business performance overall than the area as a whole; but with the potential of greater employment growth in the creative and tourism sectors

Rural West Sussex

High levels of self employment; high proportion of home based businesses; thriving and diverse, manufacturing is the biggest sector measured by employment

Croydon

An economic hub located strategically between central London and Gatwick Airport with low cost office space and excellent transport links



Economic profile of our area

Our area is an economy that generates £32.5 billion GVA (2007) per year, exports £9.1 billion, plus £3.67 billion of tourism income. The area has 79,020 businesses and 113,000 self-employed (10.5% of the population), and 721,000 jobs (of which 27% or 194,000 are in the public sector). Nearly one quarter of our area is dependent on GVA produced by the public sector. 8,000 new businesses are started each year.

The resident population is 1.694m, with a working age population of 1.075m, and an employment rate of 74%.

A full profile is at Annex 1.

Our current economic challenges and opportunities

In all parts of our area there are businesses that are world leaders, are internationalised, are high value added and have sustainable business policies. In parts we have a proven track record of delivering growth – for example, in the past decade Brighton & Hove had the highest private sector jobs growth contribution of all British cities. Croydon is the major office centre in London outside central London and an established base for international businesses

However, most businesses in our area are relatively small, have growth constraints and have extended geographical supply chains. The majority of businesses trade locally.

The economic challenges we will address include:

- Areas with low levels of entrepreneurship and business start-ups
- A business community that is focused on local not international markets
- Stagnant business and employment growth in parts of the area and lower productivity than the regional average
- Low skills levels in some areas, particularly among young people
- Evidence of slowing levels of investment, even in the more successful areas such as the Gatwick Diamond
- Patchy transport infrastructure despite the presence of Gatwick Airport

- Lack of the right sites and accommodation for all sizes of business
- Poor digital infrastructure
- Need for improved supply chains
- Maintaining a sustainable visitor economy



How we will make the big difference

We will tackle the issues identified and bring about the transformation required by:

- Increasing the proportion of businesses which are internationalised from the level of 12% regular exporters by 1% per annum over the next 5 years – an additional 3,951
- Increasing the level of entrepreneurship and business start-up rate to above the regional and England average – an additional 900 new businesses over the next 5 years
- Stimulating business growth, innovation, productivity and employment across a range of key sectors, bringing GVA and employment growth overall up to at least the regional average
- Generating the required investment to bring about major catalytic investments in key business locations
- Creating a planning environment which supports business development and growth
- Pressing for and helping to secure investment in transport infrastructure, business premises and other infrastructure

How we will work

We expect to achieve the changes we wish to make through four aspects of strategic activity:

- Establishing and championing the priorities for the conditions and planning environment which need to be created in order for business to flourish
- Bringing together private sector partners and investors, establishing new mechanisms and special purpose vehicles where necessary, to stimulate and facilitate private sector investment, particularly in key business locations
- Setting a framework for delivery of public sector services which impact on business and specifically, publicly funded business support services
- Directing investment in and strategic commissioning of services, studies and projects when appropriate.



Business growth needs international trade and entrepreneurship

We want our priorities and actions to be specific to the issues faced by businesses in our area and focussed on our economic challenges. We do not want to adopt a generic approach to business growth. We have adopted two top priorities of international trade and entrepreneurship because:

- We have an existing marginal advantage in international trade, but too many businesses trade locally or regionally. There is significant further growth potential, and evidence shows exporters achieve higher business growth. Our area has the foundations of strong growth in international trade – transport links, a skilled workforce and a predominance of sectors with high propensity for internationalisation
- The levels of business formation and density in our area are simply not high enough to drive long term business competitiveness and growth. We have some areas of enterprise which we can strengthen and spread to those where it is low.

We have well developed ideas for how we will achieve our twin priorities, summarised in the table opposite.

There is a strong body of evidence linking internationalisation closely to innovation. We will work closely with the two Innovation and Growth Teams (IGTs) and UK Trade and Investment (UKTI), to support the businesses with most innovation potential. We will support the IGT concept of bringing together the offer from all the bodies which have services supporting innovative and fast growing businesses.

The visitor economy in our LEP area is a significant employer – 63,000 people work in the industry – and it generates £3.67 billion per annum. It is the largest single tourism market in the South East and is an internationally exporting sector that generates income through large numbers of corporate and leisure visitors. The LEP will support the long term development of sustainable tourism, linking closely to the cultural and creative sectors which underpin the visitor economy.

Increasing the number of internationally trading businesses	Boosting entrepreneurship and business formation
Embed an international trade culture	Embed a strong enterprise culture among young people in communities and with groups who have no enterprise experience or networks
Inspire more current non-traders to start trading internationally	Effective services for all start-ups in all of the five interlocking local economies
Help current international traders to grow further	Tackling low enterprise groups and communities
Infrastructure that supports trade, including International trade hubs and locations and planning, ICT and physical infrastructure which supports businesses that trade internationally	Infrastructure that supports business formation including premises to support start-up and early stage businesses
A growing but sustainable visitor economy	
The Academy of Export and Enterprise	

One of the key roles of the LEP is to help create the right conditions for businesses to flourish. This will naturally make our area attractive to inward investors and the LEP will support and work with those bodies who are involved in marketing to potential inward investors.

Where we have existing advantage in enterprise, we will back it and support further growth in business creation:

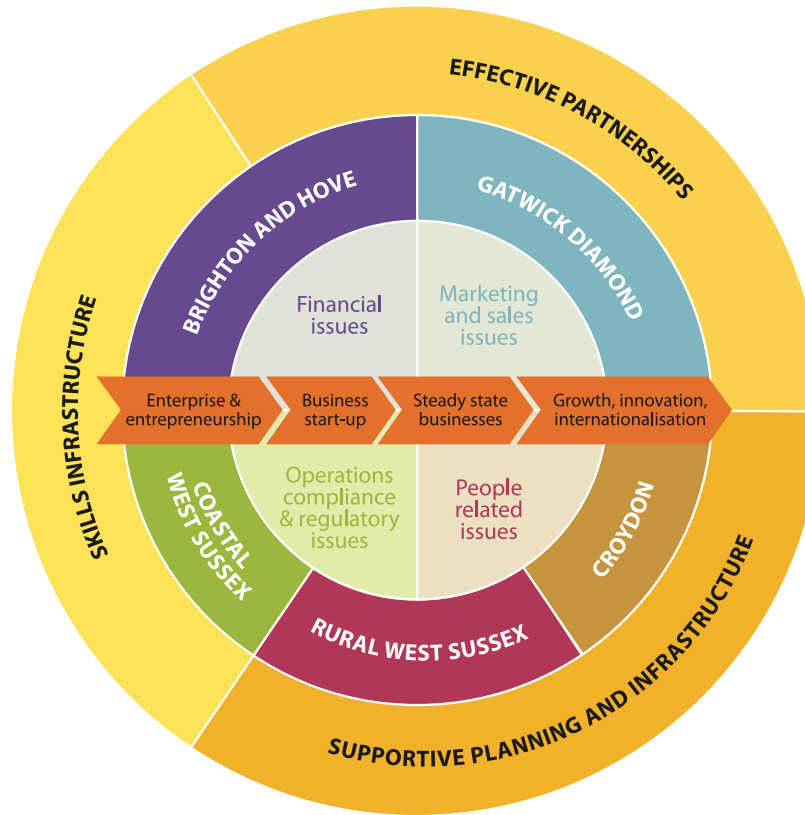
- Rural areas have some of the strongest rates of self employment in our area and are shown to be lively and diverse economies
- The creative and digital media sectors, strongly represented in Brighton and Hove and along the coast have strong business formation rates and also have high internationalisation potential

Further details of our approach to internationalisation are set out at Annexes 2 and 3, and entrepreneurship at Annex 4.

While these will be our main priorities we will take a strategic view of the other critical factors impacting on business success:

- On the key issues faced by business – finance; sales and marketing; people and skills; and operations, premises and compliance all linked to the business lifecycle and
- Unlocking particular barriers in our infrastructure that stimulate investment.

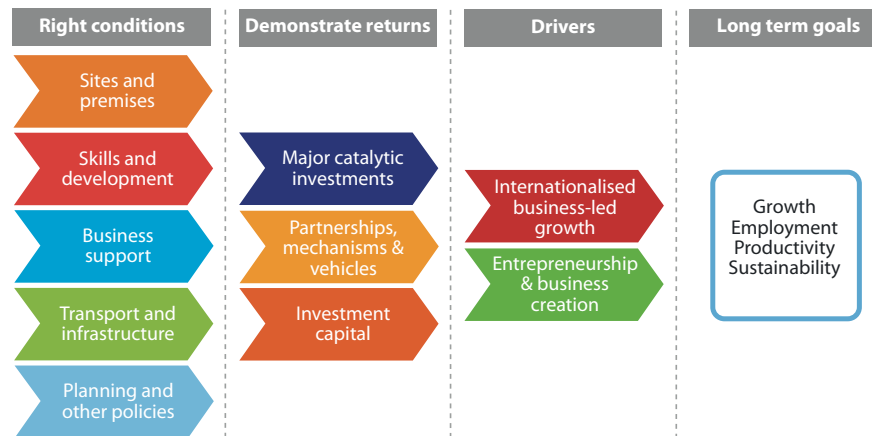
Creating the right conditions for business to flourish is essential to allow the pull through from our two main priorities to be maximised in terms of growth, productivity and employment – how we will approach this is illustrated opposite with detail at Annex 4.



Exports, international trade & internationalisation?

In a world connected by the Internet, and with new forms of e-commerce enabled by digital technology, trade across national borders is becoming easier and new forms of international activity are opening up. Our LEP wants to support all aspects – new and traditional:

- Export of goods and services
- E-commerce across national borders
- Networking with businesses and other organisations outside the UK
- Collaborations with non-UK organisations
- Exploiting intellectual property worldwide
- Keeping in touch with customers and suppliers outside the UK
- Exploring ideas and innovation with bodies outside the UK
- International visitors, business tourism and the visitor economy
- Place marketing and inward investment



Our partnerships

Our Local Enterprise Partnership is a 50/50 split between the business sector and local authorities and will be speedily put in place by changing the constitution of the Economic, Skills and Enterprise Board. The revised Board may include:

COAST TO CAPITAL LOCAL ENTERPRISE PARTNERSHIP		
Founding Chairman: John Peel OBE		
Business Representatives	Local Authority Representatives	
Strategic businesses x 5	West Sussex County Council	
Gatwick Diamond Initiative	Brighton and Hove Council	
Sussex Enterprise	London Borough of Croydon	
South London Business	Four local authority nominations from	
CADIA/Gatwick Diamond Business Association		• Gatwick Diamond
West Sussex Growers		• Rural West Sussex
Tourism sector business representative		• Coastal West Sussex
Marine South East	• Brighton and Hove Economic Partnership	
South Coast Design		
Business nominations from:		
• Environment and Climate Change Board		
• Federation of Small Businesses – Sussex		
• Engineering Employers Federation		
• Civil Engineering Contractors Association		

In order to develop the skills and appropriate training to build our dynamic economy we need to build on our strong relationships with the Universities of Brighton, Chichester and Sussex, and FE Sussex. The LEP will support the expansion of the Higher Education offer in Crawley. We see as key delivery partners, Gatwick Diamond Initiative, Croydon Strategic Partnership, Brighton and Hove Economic Partnership, Coastal West Sussex Partnership, and Rural West Sussex Partnership and look to them to deliver our ambitions and aspirations. We see the alignment of key economic and spatial strategies, so that as a whole, the LEP is an attractive business environment.

Businesses in our area will drive our priorities and strategy by regular dialogue through electronic and face-to-face forums.

Being accountable

We will be openly accountable to the business community, local people and interested organisations, publishing regular reports of our activities. We will hold a bi-annual open meeting. We will challenge and hold others accountable to our strategic priorities and principles in so far as their activities impact on business success.

We do not expect our LEP to do everything itself. In line with the Government's principles of Big Society, we will encourage local business and social enterprise partnerships to become involved and help to determine the conditions for growth.

Our LEP structure

The Partnership Board will be formed as set out opposite, and be responsible for:

- Understanding the local economy and its drivers
- Developing a strategy to create the right environment (including planning and infrastructure protocols with the planning authorities)
- Setting investment priorities and identifying a small number of catalytic projects
- Raising funding from the private sector and bidding for funding
- Commissioning delivery (possibly from a Special Purpose Delivery Vehicle)

LEP Forum – to engage wider stakeholders, we will convene a regular forum to consult on businesses issues, not less than once per year

LEP Team – a small team, comprising secondees from business and other stakeholders, will support the Board, maintain partner relationships and manage the commissioning and delivery of projects

Special Purpose Vehicle (SPVs) and other vehicles – these will be formed to take forward particular investment and financing projects, for example the catalytic investments in key locations

Investment needs and return on investment

The South East is a major generator of economic growth and jobs. Support for LEPs in this region should be expected to produce high returns on investment – and our LEP has adopted a vision that will produce strong growth.

We start from the assumption that private sector investment will drive the achievement of our goals in the long term. We have made the assumption that the private sector will deliver, as the first resort, the support services that need to be put in place. We have made no assumptions about the transfer of residual Rural Development Agency (RDA) funding to LEPs.

To achieve our goals we will need to raise £5bn from the private sector.

It is our role as the LEP to create the favourable conditions for private sector investment and to convince all businesses that they should invest in their own business growth, including buying external support when necessary. We will establish long-term relationships with private sector suppliers of finance including banks, venture capitalists and developers.

As well as creating the right conditions for investment we will (also) lead investment in certain critical locations by bringing together landowners and developers, investors and potential occupiers. We will establish investment mechanisms and special purpose vehicles where necessary, learning from existing examples such as Croydon Regeneration Vehicle (CRV) in Croydon.

The role of the public sector will be critical. Local authorities have a wide range of powers covering planning, economic development, education, housing and transport which will help to create the favourable conditions for investment. Local authorities' role is to make things happen, while ensuring minimum bureaucracy. Further and higher education are significant investors in their own right as well as providing essential skills and innovation infrastructure.

Public sector sources of funding and investment will be used strategically, acting to unlock specific developments or to lever in private sector funding. Possible sources of public sector funding will include:

- Business Improvement Districts and Supplementary Business Rates
- Regional Growth Fund

The importance of major business environment investments

Major business clusters can be an important driver of business growth, innovation and a strong attractor of inward investment. In our area Gatwick Airport, Croydon and Brighton and Hove act as such areas. However, we need more such business environments in order to act as hubs and drivers for international trade, innovation and growth.

We can see the need to have a small number of these catalytic projects. Our job would be to support planning applications, bring

investment partners together and possibly set up SPVs to allow investment to take place.

Examples of such demonstration projects could include:

- Planning application agreed for the development of Shoreham Harbour with £1bn of private sector investment by 2015, the development begun by 2020 and completed by 2035. The land available in Shoreham should be brought to market quickly and any

development there should be targeted at businesses that could or do export or import

- As part of the commercial redevelopment of Bognor Regis identify land and agree a planning application for the development of an international trade hub with private sector investment by 2015, the development begun by 2020 and completed by 2035.

We will also seek to make greater use of European Union funding, using the private sector investment we will unlock to act as leverage.

We have made no assumptions about other public sector funding flows to the LEP for delivery of support services – we assume they will be delivered by existing organisations or through new arrangements.

The return that public and private sector investment will deliver is:

- Additional GVA of £1.3bn per annum
- Exports growth of £910m per annum
- Reduction in public sectors jobs from 27% to 21%
- Increased tax take of £162m per annum
- 100,000 additional private sector jobs over 25 years
- An additional 3,951 internationalised businesses over 5 years
- An additional 900 new business starts per annum

Conclusion

Our LEP has a clear view of what needs to be done to unlock the growth potential of the private sector in our area. We believe it is right to focus on a small number of priorities and to give most prominence to increasing the numbers of internationally trading businesses and the level of entrepreneurship and new business formation. In the longer term this is the way we will secure sustainable business growth, with employment growth across our area supporting sustainable communities.


We see it as our role to lead this long term transformation. We believe it is our role to create the right conditions for private sector investment, taking a more proactive role and leading investments ourselves where necessary. We believe public sector funding will play a secondary role – helping to facilitate our activities and acting as a lever for further private sector investment.

We are excited by the enthusiasm shown by businesses for our plans and by the potential of taking a wholly new approach to business growth and economic development.

Given sufficient scope, powers and freedom to bring together the right partners across the private and public sector, this proposal sets out what we believe our Local Enterprise Partnership can achieve.



Louise Goldsmith
Leader,
West Sussex County Council



John Peel OBE
Chairman,
Economic, Skills and Enterprise Board

ANNEX 1

Economic profile

EMPLOYMENT			
	Employees in employment	% change 2003–08	
Agriculture, fishing	2,250	0.3%	-23.0
Energy and water	4,095	0.6%	-15.6
Manufacturing	46,463	6.4%	-18.9
Construction	31,412	4.4%	6.8
Distribution, hotels and restaurants	170,599	23.7%	-3.2
Transport and communication	49,827	6.9%	-17.6
Banking, finance and insurance	183,207	25.4%	8.5
Public admin, education and health	193,865	26.9%	11.0
Other services	39,330	5.5%	2.4
Total	721,049	100.0%	1.1

Source: ABI, 2009

The sectors where there is a positive location quotient – i.e. a relative competitive advantage – compared to the south east region are:

- Construction
- Retail
- Production
- Creative industries
- Knowledge industries, including the professional technical and scientific sector
- Agriculture, forestry and fishing
- Finance and insurance
- Pharmaceuticals, life science and healthcare
- Advanced Engineering and marine
- Aerospace and defence
- Visitor economy
- Logistics

BUSINESSES			
	Number of business units		% change 2003–08
Agriculture, fishing	694	0.9%	109.7
Energy and water	83	0.1%	-18.6
Manufacturing	4,315	5.5%	-11.7
Construction	8,160	10.3%	20.3
Distribution, hotels and restaurants	19,375	24.5%	0.8
Transport and communication	2,790	3.5%	-2.7
Banking, finance and insurance	29,951	37.9%	18.0
Public admin, education and health	6,825	8.6%	19.7
Other services	6,830	8.6%	0.5
Total	79,023	100%	9.6

Source: ABI

Business formation as measured by business registrations per 1,000 resident population (age 16-64) is above the regional average and the UK average, but this masks significant differences between the five economic areas, with Croydon, Brighton and Hove and rural West Sussex having higher rates.

LEP area	74.3
South East region	60.0
UK	54.2

Source: BIS, 2008

POPULATION

Population	1,694,200
Population – age 16–64	1,075,700
Economic activity rate	79.60%
Employment rate	74.10%
Self employed population	113,000
Self employed %	10.50%
Unemployed %	6.90%

Source: Annual Population Survey, 2009

Workforce

The qualification level of the workforce is shown in the table below:

WORKFORCE Qualification level	LEP area	South East region	England
NVQ 4+	33.3%	35.8%	33.6%
NVQ 3 only	19.4%	16.3%	16.0%
NVQ 2 only	16.5%	16.2%	16.1%
NVQ 1 only	13.2%	13.5%	13.4%
Other qualifications	8.1%	12.1%	13.0%
No qualifications	9.50%	6.2%	7.9%

Source: Annual Population Survey, 2009

Travel to work information

The evidence supporting the area as a natural economy includes:

- Travel to work patterns which show high levels of self containment within the overall area, and high levels of interconnection between the key residential and business locations
- Businesses face common issues and themes in terms of the labour force, skills and recruitment, with a well defined education and skills development infrastructure
- The transport infrastructure binds the area together with London to the north and the coast to the south

According to the Census 2001

Outflows

Brighton and Hove – 80% approx work in Brighton and Hove but the most popular commuting destinations are all in West Sussex (apart from Lewes) and are Crawley, Mid Sussex, Adur and Worthing.

Chichester – 31% travel outside Chichester whilst the remainder live and work in the district. The most popular commuting destinations are Arun, London, Portsmouth, East Hampshire and Horsham.

Mid Sussex – 44% work outside and 56% stay in the Mid Sussex district. The most popular destinations are Crawley, London, Reigate and Banstead and Horsham.

Horsham – 41% work outside the Horsham district and 59% work within it. The most popular commuting destinations are Crawley, London, Mid Sussex, Mole Valley, Reigate and Banstead, Brighton and Hove.

Adur – the most popular commuting destinations are Worthing, Horsham, Mid Sussex and Crawley.

Arun – the most popular commuting destinations are Chichester, Worthing, Horsham and Crawley.

Crawley/Gatwick – low levels of outward travel to work, but most popular commuting destinations are Mid Sussex and Horsham.

Worthing – the most popular commuting destinations are Adur, Arun, Crawley and Horsham

Croydon – Excluding London, the strongest outward commuting is to the Gatwick Diamond. What is significant however is the high percentage of Croydon workers in the Gatwick Diamond area employed in professional and managerial jobs – around 48%.

Inflows

- Arun attracts workers from Chichester
- Adur attracts workers from Worthing and Brighton
- Chichester attracts workers from Arun
- Worthing attracts workers from Adur, Arun and Brighton and Hove
- Crawley attracts workers from Mid Sussex and Horsham
- Horsham attracts workers from Mid Sussex, Adur, Arun and Worthing
- Mid Sussex attracts workers from Horsham, Crawley and Brighton and Hove

Transport

Gatwick Airport is a major driver of the economy and a key link in the transport infrastructure. There are further air links from Shoreham International Airport and sea links from Newhaven and Shoreham harbours. The area is well connected internationally, but has significant constraints with internal transport.

The north/south rail link to Brighton is fast and effective, as are links to the northern conurbations of Crawley and Horsham. Many other areas, particularly on the coast and in rural areas, are not well served by transport connections.

Bus services are infrequent and as a result residents of rural areas in particular are heavily dependent on their cars and only a small proportion use public transport to travel to work (5% trains and 2% buses). This restricts businesses' access to the labour pool and residents' access to employment opportunities. Travel to work patterns show that the labour market is constrained as a result.

ANNEX 2

Delivering on internationalism

More internationalised businesses would mean more growth and employment

The national figures suggest that internationalisation pays. Exporters contribute 60% to UK productivity growth (UKTI). Firms new to exporting on average experience a 34% increase in productivity in the first year, and are 11% more likely to survive (UKTI). New exporters experienced a £66,000 increase in profit over 2 years; experienced exporters, £336,000, net of internal substitution.

Internationalisation has a much wider meaning than just exporting. With broadband and digital technology providing ease of connectivity, internationalisation now encompasses a much wider range of activity, including:

- Networking with businesses and other organisations outside the UK
- Collaborations with non-UK organisations
- Exploiting intellectual property world-wide
- Keeping in touch with customers and suppliers outside the UK
- Exploring ideas and innovation with universities and research bodies outside the UK

A programme of intervention aimed at closing the gap to the region's highest performing area would yield good returns based on the national impact assessment shown above. A 2% increase in the LEP area would mean a further 1,500 internationalised businesses - we believe this is achievable over five years. This would make a very good start in redressing the current under-performance in productivity. Over 15 years we believe the level of fully internationalised business could rise to 25% and higher which would make this area among the most globally connected in the UK.

The aspiration of the people running the business is the biggest indicator of international potential

UK, EU and international research shows that the greatest barrier to internationalisation is lack of aspiration of the people running the business, a lack of confidence that the business has international potential and lack of expertise and contacts. The most effective stimulus to internationalisation appears to be the exposure of those who run the business to internationalisation, and providing access to contacts and networks.

Existing support services tend to focus after the point at which an organisation has made a firm decision to internationalise. There is relatively little available to stimulate and support those businesses who are not yet actively involved in international activity.

Internationalisation tends, therefore, to be a closed loop – those who are exposed to internationalisation and have an existing interest tend to be the ones who get the support.

What our LEP will do

We will drive activity under four headings.

Embed an international trade culture

- Embedding an international trade culture within schools, colleges, higher education and providers of training and business support
- Export academy run jointly by University of Brighton, University of Sussex, University of Chichester and the FE colleges with outreach centres across our area. This will primarily deliver to the local market, but over time should attract customers from the wider region, nationally and internationally.

Inspire more current non-traders to start trading internationally

- Raising the aspirations of the people running the business. The role of the business representative organisations will be key – to

- help with deepening our understanding of the issues facing businesses and to signposting to people who can help
- Deliver a sustained marketing campaign that segments the market and identifies and targets those sectors with the highest export and import propensities – for example:

	Coastal West Sussex	Rural West Sussex	Gatwick Diamond	Brighton and Hove	Croydon
Advanced manufacturing	✓	✓	✓		
Digital and creative				✓	✓
Biomedical, healthcare and pharmaceuticals			✓		
Financial services back office			✓		✓

- Develop early stage services which will address:
 - Leadership and management development for senior managers
 - Business reviews to assess the international potential
 - Interventions to make it easy for businesses to take the first steps
 - Support to find networks and contacts
 - Support for the use of the internet and E-commerce as a route to internationalisation
- Supporting international market development – working with UKTI and with local chambers to understand market potential and develop business networks. Services have been delivered in Croydon using Local Enterprise Growth Initiative (LEGI) and European Regional Development Fund (ERDF) and capitalising on the ethnic diversity of local populations.

- Stimulating the supply of finance for firms that wish to internationalise, both loan and venture funds
- Working with and giving profile to the private sector offer in this area, including services, which are available, free on the Internet, such as those offered by Google and eBay.
- Making more use of regional services such as Enterprise Europe Network which has services to support early stage internationalisation

Help current international traders to grow further

- Develop a hierarchical service offering from simple information to complex and in depth consultancy advice that is available under a single brand, but delivered by multiple partners
- Supply chain development to link internationalised business to other firms in the area, thereby driving wider business growth
- Encourage benchmarking with the LEP's best businesses (similar to the IUK programme)
- Make more use of regional services such as Enterprise Europe Network, which can support exploration of new markets
- Establish with a bank that lends to businesses a revolving loan fund devoted exclusively to businesses involved in international trade and with a venture capital organisation/group of business angels establish an equity pool devoted exclusively to businesses involved in international trade.

Infrastructure that supports trade

- Promote developments in a small number of key business locations, which will act as trade hubs. These could include Shoreham Harbour, Bognor Regis and Manor Royal.

ANNEX 3

Delivering on entrepreneurship

Entrepreneurship and business formation secure the long-term economy – we cannot hope to always import business success from elsewhere

In the long term, high rates of business formation and a high business density are essential for the economic well being of this economic area. Overall, start-up rates in our area per head of population are higher than the regional average but in some districts e.g. Crawley, Adur and Arun the rate is significantly lower.

Self employment rates are significantly higher in the rural areas and in Croydon and Brighton and Hove, but significantly lower than average in Arun, Adur and Crawley.

We must take the long-term view that high levels of business creation are essential for a sustainable business future. We accept that shifting the trend will take many years. In those locations where levels of self employment are higher – rural areas, Brighton and Hove and Croydon - we will build on the strength they have.

We need to make sure every young person learns about entrepreneurship

To make the long-term changes to levels of enterprise we aim for, we need to make sure that all young people in our schools, further education colleges and higher education institutions are exposed to entrepreneurship. At present there are examples of excellent practice, but there is no consistency in the depth and quality of the provision.

Entrepreneurship is a learned behaviour – but some people don't get the chance to learn it

Some groups and some communities just do not know how to go about setting up a business. They do not have access to the information, knowledge and informal guidance that is available to others. In areas of deprivation, these factors can be concentrated

with some people having no contact at all with anyone who has started or had managerial experience of running a business.

There is evidence from Global Enterprise Monitor and BIS that women, disabled people, and people from BAME communities are at a particular disadvantage when it comes to starting a business due to poor access to information, informal support networks and role models. In our area, if the gap between male and female business self employment was narrowed from 7% to 3.5% in the next 10 years then an additional 1000 self employed businesses would be started each year.

Businesses face a unique combination of issues at the point of starting up

At the point of starting up, a business faces a unique combination of issues that have to be got right, all at the same time. Even the most experienced entrepreneurs find it a challenge. Those with little or no experience will need help, as a minimum with finding out about all the regulatory requirements of starting a business, and often with other issues to do with finance; customers, sales and marketing; employing and managing people; and managing their own time and running a successful business.

Many businesses start and run successfully from home – and this is a very good model – it offers low costs and is also environmentally friendly. In parts of our area, the proportion of home-based businesses is as high as 40%.

We also have a significant number of social enterprises in the area which provide employment and development opportunities for under-represented groups- and in doing so contribute to the local economy.

What will our LEP do?

We will drive activity under four headings.

Embed a strong enterprise culture

- Work with education, FE and HE organisations to ensure every young person and student has consistently high quality exposure to entrepreneurship training at each stage of their education –and this should include an international element

Services for all start-ups

- Work with Government to support the development and delivery of any new national start-up service that might be created
- Hold national and regional providers to account for delivery of their services for business start-up in our area, and supporting them by making links to local organisations and leveraging private sector services
- Take the initiative to bring local private sector providers together to offer a start-up service for those who are able to pay for it
- Ensure there is a supportive environment for home-based businesses
- Promote and stimulate the supply of finance for business start-ups
- Ensure there is a supportive environment for social enterprises

Tackle low enterprise groups and areas

- Champion and promote entrepreneurship, particularly to those groups and communities who are under-represented in self employment and business ownership
- Ensure additional services are in place to support those groups who are not strongly represented in business ownership – particularly women

- Encourage the supply of alternative small scale finance for start-ups including credit unions and Community Finance initiatives

Infrastructure that supports business formation

- Monitor the availability of premises for start-ups, and support the creation of incubators for key locations and sectors

ANNEX 4

Creating the right conditions for business to flourish

Sites and premises

The LEP will review the current availability and quality of business premises, and set long term goals for matching type, quality and location to business need. Premises will be required for:

- Start-up and early stage businesses
- Incubation for certain sectors where clusters are effective
- Creative industries
- Rural businesses
- Move-on businesses for growing established businesses
- Cluster locations and innovation parks

Skills development

Our LEP will champion *business investment in skills*. The Framework for Action on Skills has identified three areas:

- The future workforce – pushing up the skill level of young people
- The current workforce – ensuring a better match between skills of employees and the needs of growing employers
- Those out of work – improving employability and skills to meet employers' requirements

Our LEP will have a close relationship with the Universities of Brighton, Chichester and Sussex, to ensure there is a close link between business and the generation of higher level skills in the workforce.

Business support

A Business Support Framework has been developed. The emphasis is on a shift away from public sector support to the private sector. Public funding should only be used to provide business support when the need cannot be met by the private sector – when there is a market failure. For those public funded services that exist our LEP supports the Business Support Framework in taking a fresh look at how we organise business support services.

The landscape of publicly funded business support is changing. The LEP will work with whatever agencies and services are put in place and will argue that:

- The private sector should be the supplier of first resort
- Publicly funded interventions should meet the priorities set by the LEP and Solutions for Business
- Services should be provided in sufficient volumes to meet demand from businesses in our area
- Services should be of excellent quality and meet business expectations
- There should be no waste through duplication

Planning and other local policies

Our LEP will promote to the bodies which have the statutory responsibility, an overall planning environment, which supports business formation and growth. We will make representations on planning issues and applications of strategic importance and will also take the lead in promoting catalytic developments in key business locations from time to time.

Transport

Our LEP will focus on:

- Work with Gatwick Airport to support its ongoing promotion and development
- Work with other operators and entry points to build the capacity of international links
- Promote better public transport services including investment in infrastructure
- Facilitate where possible private sector investment in transport infrastructure at the key catalytic development locations

Broadband

In our area there are areas without broadband connections whatsoever and in many rural districts connection speeds are significantly below those in urban areas. This is a major constraint for business and for individuals, particularly those who are already isolated by lack of transport.

Our LEP will work with BT, Open Reach and other telecom infrastructure providers to ensure that by 2020 the minimum speed to all key business locations is 100mbps (in and out) and that to 90% of all businesses in the area the speed is 20mbps (in and out).

Tackling climate change

Creating the right conditions for business growth must not be done at the expense of the environment and future generations. We believe that many commitments to low carbon economies and support for environmental and green technologies are unhelpfully unspecific. We have a clear view of how we will lead the drive to a low carbon economy. There are three elements to our approach:

- **A rich and growing economy** spread across our area which will retain talent, reduce the need to travel to employment elsewhere, and which will attract young people to stay rather than forcing them away
- **Promotion of reduced impact** by all businesses, in all sectors
- **Stimulation and support** for specific sub sectors where there is a strength in environmental and green techniques and technologies. Work has begun to identify those industries where we have a genuine strength, for example an audit has taken place in Brighton and Hove, and evidence found of an emerging cluster which the LEP will foster and support. The LEP will support the horticulture industry where we have significant scale and expertise. Greater use of food produced locally will significantly reduce food miles and carbon emissions

