



REGENERIS

Brighton and Hove Economic Strategy:
Evidence Base
Summary

An Final Report by Regeneris Consulting

April 2018

Brighton & Hove City Council

Brighton and Hove Economic Strategy: Evidence Base *Summary*

April 2018

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Brighton & Hove: At a Glance

1. The Brighton & Hove economy comprises **140,000 jobs** and **16,000 businesses**. The economy has experienced strong growth in recent years: **14,300 jobs have been created** since 2011, and there are **2,700 more businesses** in the City compared to 2012.
2. Despite this, the pool of jobs in the city is comparatively small: there are only **0.8 jobs in the city for every economically active resident**
3. Partly reflecting this, there is a **net daily outflow of workers from Brighton & Hove** of more than 5,000 people; the majority of these commute elsewhere in the City Region (48%) or to London (25%).
4. **Productivity levels are currently comparatively low** at around £65,000 per annum; this is lower than across the City Region and competitor Cities such as Reading, Milton Keynes and Cambridge.
5. The City is home to an enterprising economy: there were **2,100 business start-ups in 2015**, and the City is home to a greater concentration of homeworkers than any other UK City.
6. There are around **57,000 knowledge economy jobs** in Brighton & Hove, representing around 41% of the total economy.
7. Brighton & Hove has a **strong and rapidly growing ICT and Digital sector**. The sector now supports nearly 1,500 businesses and 6,800 jobs, having grown by over 40% over 5 years.
8. Tourism continues to be an important driver of the Brighton & Hove economy: the sector supports around **1 in 5 jobs in the City**, and expenditure of around £860m.
9. Brighton & Hove's two universities support a **student population of over 35,000**.
10. Brighton & Hove is **one of the strongest performing UK cities for service exports**, equating to around £12,000 per job, lower only than London and Edinburgh.
11. Brighton & Hove has experienced **rapid population growth** of around 13% over the past decade, and now is home to more than 1 in every 3 people in the City Region.
12. The City's labour force is characterised by **strong qualifications levels**; half of working age residents have a degree level qualification, compared to around 38% nationally.
13. Brighton & Hove continues to be an attractive location; there was a **net inflow of 3,800 international migrants** in 2016, and it attracts the **second highest number of internal migrants** leaving London.
14. While earnings levels for Brighton & Hove's population are higher than average, **earnings of those working in the City are comparatively low**. The earnings gap between these two groups is around £3,000.
15. Brighton & Hove is characterised by a large number of workers who are either in part-time or non-permanent employment. Around **37% of residents are in part time jobs**.
16. Unemployment in Brighton & Hove is higher than average, and the City is characterised by comparatively high levels of **youth unemployment** (a rate of around 16%).
17. There have been nearly **100 commercial to residential permitted development** applications in Brighton & Hove since 2014, the 7th highest figure for all local authority areas outside London.
18. Brighton & Hove has one of the **lowest levels of housing affordability** of all UK Cities, with the average house price nearly 11 times the average salary.
19. Brighton & Hove has the **4th best provision of ultrafast broadband** of all UK cities.
20. Brighton & Hove is home to a strong **civil society**, with around 2,300 third sector organisations and 6,900 people working in the third sector.

Brighton and Hove: In Numbers

Economy



14,300 jobs created since 2011; **2,700 more businesses** in the city compared to 2012



Earnings for workers are **below** the national level, whereas residents earn **£3,000 more**



Comparatively **low productivity** levels (GVA/ worker = £65,000)



57,000 knowledge economy jobs (41% of the total economy)



ICT and Digital sector - 1,500 businesses and 6,800 jobs, having grown by over 40% over 5 years.



Tourism supports around **1 in 5 jobs** in the city, and expenditure of around £860m.

People



Rapid population growth (13%) over the past decade



Strong qualifications levels - half of working age residents have a degree level qualification



35,000 students across two universities



Net daily outflow of workers - majority commute elsewhere in the city region (48%) or to London (25%)



Long term trend of international migration - net inflow of 3,800 international migrants in 2016



Higher than average unemployment and high levels of **youth unemployment** (16%)

Place



House prices **11 times** the average salary

One of the **lowest levels of housing affordability** of all UK cities

4th best provision of **ultrafast broadband** of all UK cities



100 commercial to residential permitted development, the **7th highest** figure for all local authority areas outside London.



Greater concentration of **homeworkers** than any other UK city



Strong & active civil society - 2,300 third sector organisations and 6,900 people working in the third sector

1. Introduction

- 1.1 Since Brighton and Hove's last Economic Strategy was published in 2013, the local strategic and economic context has evolved rapidly, not least in terms of publication of the Coast to Capital Strategic Economic Plan, the establishment of the Greater Brighton City Region, and the City Deal subsequently agreed with government.
- 1.2 In recognition of this evolving context, the 2018-2023 Brighton & Hove Economic Strategy has been developed to provide an updated vision for the economy of the City and City Region over the next 5 years, and an implementation to guide future delivery and investment.
- 1.3 The **Brighton & Hove Evidence Base** provides a compendium of the latest data and intelligence on the socio-economic characteristics and performance of the City and City Region. This report provides an executive summary of the key findings.

Evidence Base Geographies

- **Core Geographies:** Brighton & Hove City, Greater Brighton City Region
- **Benchmark Geographies:** Coast to Capital LEP, England
- **Comparator Geographies:** benchmark cities including Bournemouth, Cambridge, Milton Keynes, Reading and Southend.



2. 2013-18: An Evolving Strategic Context

2.1 The 2013-18 Brighton & Hove Economic Strategy set four clear aspirations:

- Enhance Brighton & Hove’s distinctive destination & lifestyle offer
- Grow quality jobs and business opportunities in higher value and low carbon sectors
- Tackle barriers to employment and create employment opportunities for all
- Establish a strong and influential City Region.

2.2 In the five years since, strong progress has been made against each of these, while the wider strategic political context has evolved significantly.



2.3 Locally, the **Brighton & Hove City Plan** was adopted in 2016 and provides the overarching strategic and spatial vision for the city in the period to 2030.

2.4 Sub-regional partnership working has also developed rapidly. Published in 2014, the **Coast to Capital** Strategic Economic Plan (SEP) provided a strategic vision for the LEP

area, a prioritised pipeline of projects, and laid the foundations for successive Local Growth Fund (LGF) settlements from government. The SEP is now in the process of being updated, with publication of the refresh expected in 2018.

2.5 Of equal significance, the establishment of the **Greater Brighton City Region** has laid the foundations for ever closer partnership working, visioning, and investment between Brighton & Hove, Adur, Mid Sussex, Worthing, Lewes and Crawley. The City Deal agreed with government in 2014, has set the basis for a major and ongoing programme of investment across the City Region.

Greater Brighton Investment Programme

- **Around £160m of public sector investment has been allocated to projects across the City Region**
 - **Rounds 1 & 2 LGF - 14 projects unlocking an estimated 14,000 jobs, 8,200 homes and 450,000sqm of employment floorspace**
 - **Round 3 LGF – 6 projects delivering approximately 9,844 direct jobs, 5,965 homes and 299,428sqm of employment floor space**
 - **The One Public Estate Programme consolidating and unlocking property assets valued at £2bn**
-

2.6 Nationally, the continuity of the economic development context

has been disrupted by the 2015 and 2017 General Elections, and by the 2016 **Brexit Referendum**. While the national policy context is still 'settling' down after these events, the **Industrial Strategy**

White Paper provides an indication of the economic aspirations of the government. The past five years have also seen ever increasing focus on social inclusion, most notably through the 2012 Social

Industrial Strategy White Paper

Foundations of Productivity	Grand Challenges
1. Ideas	1. AI & the Data Economy
2. People	2. Future of Mobility
3. Business Environment	3. Ageing Society
4. Infrastructure	4. Clean Growth
5. Places	

Value Act, and the **Inclusive Growth** Commission.

2.7 There has also been ever increasing focus on concept of Future Cities: research exploring what tomorrow's cities will look like, innovation and investment to test new technology, and ways of working and delivering services.

3. Current Socio-Economic Conditions

- 3.1 A detailed review of the latest statistical evidence has been undertaken to understand the current characteristics and performance of the Brighton & Hove and City Region economy.

The Economy

- 3.2 The Brighton & Hove economy has performed relatively well in recent years: the level of employment in the city has increased by 11% since 2011, while the number of businesses has increased by around 20%.
- 3.3 Viewed from the top down, the structure of the local economy is not dissimilar to national averages, with the largest employment sectors including public administration, health and education (excluding HE), food, drink and retail, and financial and professional services sectors. The distribution of employment across the economy broadly reflects the varied economic functions that Brighton & Hove has always played: as a hub for business and commerce, education, retail, and visitor and cultural activities.
- 3.4 While the structure of the economy is fairly 'typical', there are a number of specialisms which mark Brighton & Hove out in the national context. The city has strong concentrations of employment in visitor economy activities and higher education, which have both been long standing strengths locally reflecting tourism assets and the presence of two universities. Additionally, the city also has specialisms in ICT and Digital Services and Creative Services, two sectors which have seen rapid growth in recent years. These are 'higher value' sectors which are being prioritised for growth nationally, and therefore represent a considerable economic opportunity for the city.
- 3.5 Across the City Region, the structure of the economy is more varied, with a greater level of industrial and logistics activities reflecting local economic assets in locations such as Gatwick (Manor Royal), Newhaven and Worthing.
- 3.6 Latest evidence suggests that Brighton & Hove is also home to an enterprising economy. The city has comparatively high start-up levels, and the city has one of the UK's highest 'early stage entrepreneurial activity' levels (a measure of the proportion of the population which is about to start an 'entrepreneurial activity' or has done so in the last 3 years)¹.

¹ Data from Nesta State of Small Business Report, accessed at <http://stateofsmallbiz.com/brighton-and-hove>

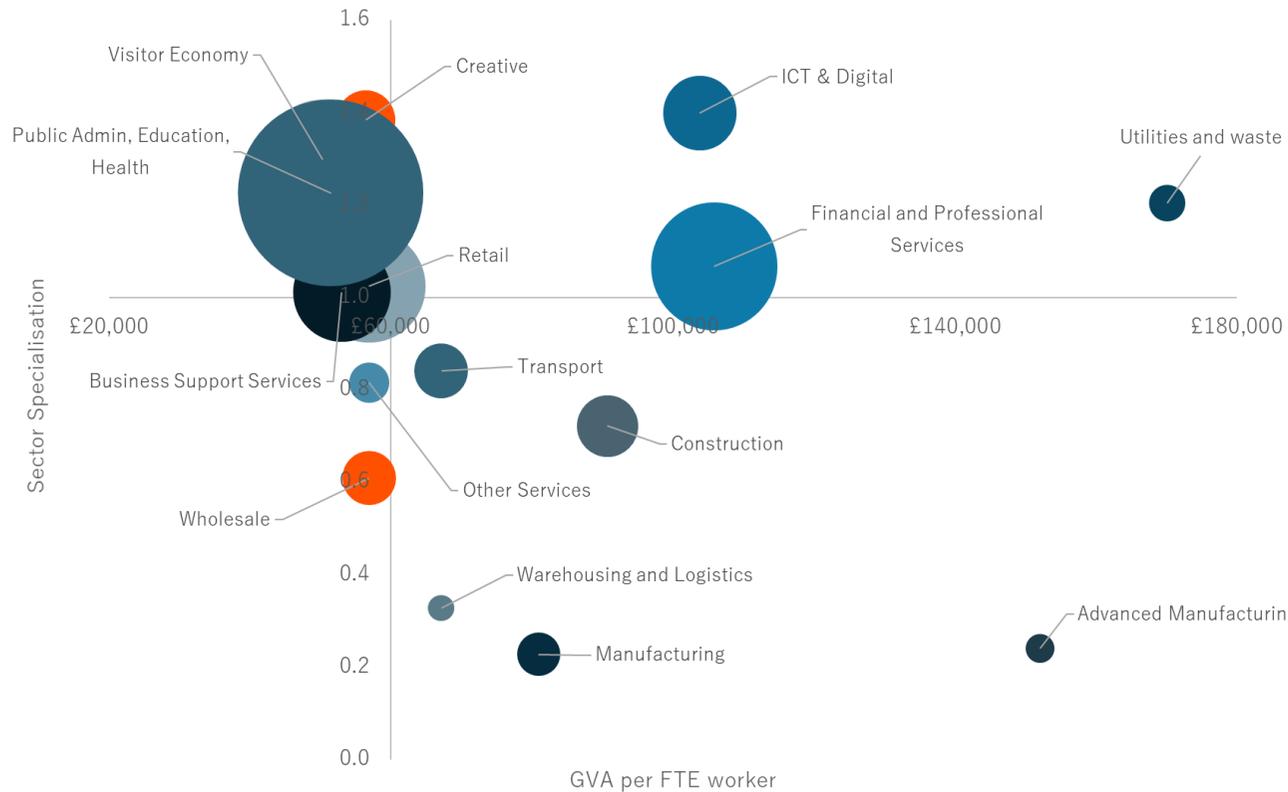
- 3.7 Despite this, a number of core economic challenges remain. While productivity (GVA per employee) has shown strong growth in recent years, it remains comparatively low in the national context. This partly reflects the structure of the economy: while higher value sectors are an emerging specialism, a large proportion of the economy remains focused around lower productivity sectors such as public-sector activities, retail and visitor economy activities.
- 3.8 There are also challenges in capitalising on the opportunity presented by strong levels of enterprise: historically, Brighton & Hove has struggled to 'scale up' enterprise. While this is likely to reflect a complex range of social and economic considerations, space is an important factor. There are currently significant constraints on the supply of commercial space in the city: including flexible and affordable space for smaller businesses, and grow-on and larger footplate space which can accommodate growth.
- 3.9 Partly linked to space constraints, levels of inward investment in the city have been comparatively low in recent years, and while the city performs strongly in terms of the concentration of service exports (Brighton & Hove trails only London and Edinburgh in this respect), there is concern that this reflects the activities of a very small number of firms.
- 3.10 Looking ahead, there are a number of threats to the Brighton & Hove economy. This is particularly the case in terms of the potential for Brexit to impact on the investment decisions of important local employers, and on the overall vitality of sectors such as financial and professional services, and sectors which are reliant on migrant workers (particularly the case in the visitor economy sector).

Table 3.1 Brighton & Hove: Economic Summary

	Brighton & Hove	City Region	England
No. of Jobs, 2016	140,400	400,100	26.4m
Employment change (2011-16)	+11%	+10%	+9%
No. of Businesses, 2017	15,800	40,200	2.7m
Business change (2012-17)	+20%	+19%	+22%
GVA, 2015	£7.1bn	£21.1bn	£1,433bn
GVA per FTE worker	£65,400	£72,100	£66,900
Productivity growth (2010-15)	+27%	+21%	+19%

Source: ONS BRES, UK Business Count, Regional Accounts

Figure 3.1 Profile of the Sector Composition of the Brighton & Hove Economy



The chart profiles the structure and performance of the city's economy:

- The size of the bubble denotes the number of jobs, and demonstrates that the city's largest employment sectors are public sector activities, financial and professional services, visitor economy activities, and retail activities.
- The vertical axis denotes relative specialisation, and demonstrates that the city's greatest sector specialisms are Creative Services, ICT and Digital, and Visitor Economy activities.
- The horizontal axis denotes the productivity (GVA per FTE worker) of each sector, showing the city's most productive sectors are advanced manufacturing, financial & professional services and ICT & Digital.

Source: Source: ONS BRES, UK Business Count, Regional Accounts

The Labour Market

- 3.11 The Brighton & Hove economy benefits from access to a large, well-qualified and growing population of working age. The strength of this labour pool has grown in recent years: latest evidence shows a significant increase in the proportion of residents working in 'higher level' managerial and professional occupations.
- 3.12 Despite this, the City Employment and Skills Strategy (2016-20) highlights there are challenges in keeping this highly qualified labour pool occupied within the city as a result of a gap between the proportion of highly qualified workers and jobs in the city.
- 3.13 The mismatch between the characteristics of the labour market and structure of the local economy is partly highlighted by a large disparity between the average earnings of residents in the city, and the average earnings of workers in the city.
- 3.14 Partly reflecting the strength of the visitor economy, the city is also characterised by a higher than average proportion of jobs which are either part time or temporary. As noted above, Brexit represents a considerable threat to the Brighton & Hove labour market, given the important role that migrant workers play in a number of the city's employment sectors.

Table 3.2 Summary of Labour Market Characteristics

	Brighton & Hove		G. Brighton City Region	England	
	No.	%	%	%	
Working Age Population	205,000	71%	64%	63%	
Economic Activity Rate (16-64)	159,800	80%	81%	78%	
Employment Rate (16-64)	149,900	75%	78%	74%	
18-24 Year Olds in Full Time Education (of 18-24 year olds)	18,800	48%	34%	32%	
Residents with Level 4 (Degree) Qualifications	101,000	50%	43%	38%	
Professional, Associate and Managerial Occupations	Workers	80,200	52%	49%	46%
	Residents	88,000	57%	50%	46%

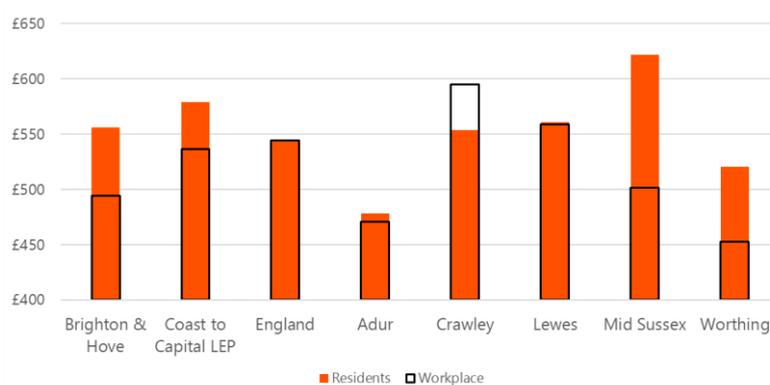
Source: ONS Annual Population Survey, Mid-Year Population Estimate

Inclusive Growth

3.15 Considered in the round, the Brighton & Hove population is comparatively well qualified and prosperous. Despite this, clear inclusive growth challenges exist. Analysis by Centre for Cities suggests Brighton & Hove is one of the weakest performing cities in the UK in terms of income equality.

3.16 There is a relatively large gap between the earnings of residents in the city and the people who work there. Housing affordability is a major challenge: Brighton & Hove is one of the least affordable cities in the UK. As a result, there is increasing concern that the city will become unable to accommodate some of the lower earning workers who sustain a number of the city's important sectors.

Figure 3.2 Average Earnings: Workplace and Residents



3.17 Specific challenges around enterprise, skills, and barriers to employment are particularly prevalent within certain equalities groups (particularly BME groups and young people).

Source: ONS Annual Survey of Hours and Earnings

Table 3.3 Summary of Unemployment in Brighton & Hove, 2017

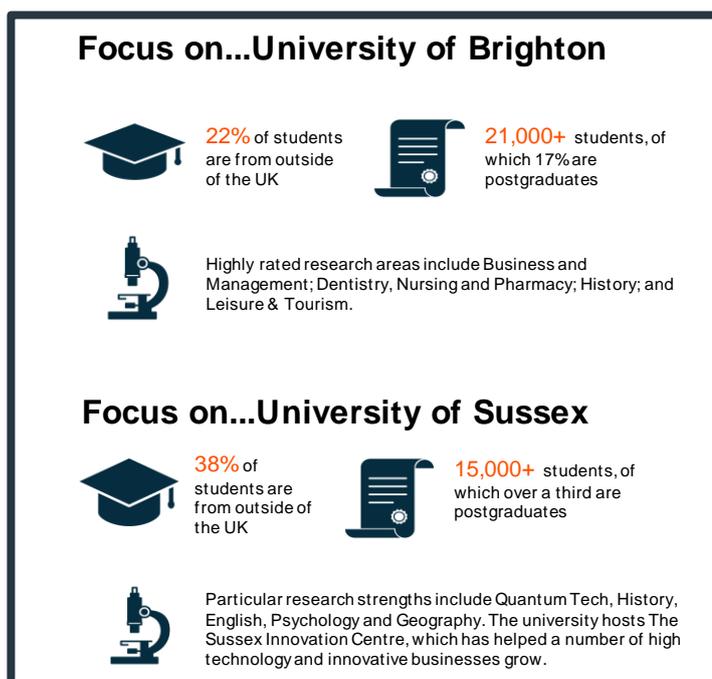
	Brighton & Hove			England	
	No	%	Change (2011)	%	Change (2011)
Total rate	9,900	6%	-1% points	5%	-3% points
16-24 rate	4,800	16%	+1% points	13%	-8% points
Male rate	4,800	6%	-2% points	5%	-4% points
Female rate	5,100	7%	-1% points	5%	-3% points

Source: ONS Annual Population Survey

Economic Assets & Infrastructure

3.18 Reflecting the varied economic roles that it plays, the city benefits from a number of economic assets. These include:

- Two universities, with a total of over 35,000 students learning in the area
- Linked to this, the city is home to a number of research assets, including the Digital Catapult Centre and the forthcoming Advanced Engineering and Bio-Innovation centres



- The city is one of the world's most famous resorts, with icons such as the Royal Pavilion and the Palace Pier, and an internationally significant programme of events

- Accessibility & transport assets: Brighton & Hove has a number of connectivity attributes, including its proximity to Gatwick Airport, ease of access to London, and proximity to the ports of Newhaven and Shoreham
- Strong Digital Infrastructure: Brighton & Hove is ranked 4th of all UK cities in terms of the strength of its digital infrastructure.

3.19 Despite this, there are also a number of infrastructure constraints which have the potential to impact upon future growth potential: not least constraints in the road and rail network, and constraints in the supply of commercial space and employment land, and housing land. Brighton & Hove has among the highest commercial values in the South East, but has also seen a significant trend of permitted development since 2014, with nearly 100 applications for commercial to residential conversions.

3.20 Each of these factors has the potential to have a significant impact on the future vitality of the Brighton & Hove economy, impacting on the attractiveness of the area to investors, the ability of businesses to expand, and the ability of the area to continue to

accommodate a labour market with the balance of skills required to sustain the city's core sectors.

Place, Culture and Identity

- 3.21 The quality of Brighton & Hove's physical environment, including its seafront setting and proximity to the South Downs National Park, is one of its greatest and most well recognised strengths. The city is also designated as one of only seven UNESCO International Biosphere Reserves, demonstrating the balanced relationship the city has between people and nature (i.e. encouraging sustainable development).
- 3.22 Brighton & Hove is known for its vibrant, cosmopolitan lifestyle. While the data points to a number of specific challenges in terms of inclusion, the city has an overall reputation for openness and diversity.
- 3.23 There is a strong commitment to arts and culture in the city, with a number of festivals and events such as the Brighton Fringe and the Brighton Festival that attract both residents and tourists.
- 3.24 The city also has an extremely strong civil society sector: an audit of the sector carried out in 2014 found that there were 2,300 third sector organisations and 6,900 people working in the third sector, representing one of the strongest concentrations nationally.
- 3.25 In recent years, the city has worked hard to establish strong low carbon and sustainable credentials; this is perhaps most tangible via the recent delivery of the Rampion Offshore Wind Farm located in front of the Hove waterfront.
- 3.26 Despite Brighton & Hove's strong environment and reputation for quality of life, latest ONS data on personal wellbeing places Brighton & Hove slightly below the England average, with the average person scoring slightly lower in terms of life satisfaction, 'worthwhile' and happiness, and slightly higher in terms of anxiety. This is not unusual in urban areas (and is likely to reflect a range of factors ranging from cost of living, to work and income pressures), but highlights the continuing importance of striving to improve wellbeing and inclusion for all the city's residents.

4. Economic Positioning and Competitiveness

4.1 To achieve its full potential, Brighton & Hove's current economic performance needs to be defined in terms of its relationships with its wider economic context; understanding these dynamics and the competitive position of Brighton & Hove both nationally and internationally is integral to efforts to influence future growth.

Sub-Regional Positioning

4.2 The city is the clear economic hub for the City Region, accounting for 35% of jobs and people in the City Region. The relationship is however highly dynamic:

- A large number of residents work outside the city in the City Region.
- The City Region plays an important role in providing economic critical mass. It contributes a greater balance of jobs (including in industrial and logistics activities); future growth in the City Region at locations such as the Newhaven Enterprise Zone has the potential to support this further.
- The City Region also has an important role to play in the city's housing market, given the affordability challenges outlined.

4.3 Recent partnerships created in the Greater Brighton City Region have helped to strengthen these relationships at a strategic and political level, reinforcing the role the sub-region has to play in driving economic development.

4.4 Beyond the City Region, Brighton & Hove also has an important link with London: both in terms of tourism (day trips), but also in terms of labour market and commerce. In terms of the labour market, Brighton & Hove is one of the top destinations for migrants leaving London; some of these people will be among the 8% of Brighton & Hove's residents in employment who work in London. While demonstrating Brighton & Hove's attractiveness, the ongoing influx of highly skilled workers is a contributing factor in weakening housing affordability levels, and in the growing gap between the type of jobs in the city and the qualities of the labour pool.

4.5 Brighton & Hove also has a potentially interesting relationship with London in terms of its **tech sector**; the development of the sector locally has been supported both by the city's Higher Education strengths, but also by its attractive living environment, which has traditionally attracted creative types. However, while the city is in theory well placed to attract tech firms leaving London, in reality the limited supply and cost of commercial

space may constrain this. Brighton & Hove is in a highly competitive environment in this respect, with Croydon (at the northern end of the Coast to Capital area) exhibiting very strong momentum in the sector, partly reflecting lower than average operating and living costs.

Relative Competitiveness

- 4.6 Nationally, Brighton & Hove's economic position is varied. While it has a relatively strong knowledge economy, strong enterprise performance, and strong digital infrastructure, it performs relatively weakly in terms of productivity and is characterised by a number of comparative social inclusion challenges.
- 4.7 Over the last four years, Brighton & Hove's competitive position compared to other UK cities has shown some improvement, particularly in terms of its comparative employment rate. However, the UK economic context is increasingly competitive; in the context of major infrastructure investments such as HS2 and the economic momentum potentially generated via metro mayors, Brighton & Hove will need to work ever harder to position itself economically: both nationally and to wider markets.
- 4.8 Analysis of Brighton & Hove's performance against a number of comparator locations in the south of England bears out this point.
- 4.9 Generally speaking, the city performs weaker than Cambridge, Reading, and Milton Keynes against a range of measures. While the strong performance of Cambridge is unsurprising, the performance of Reading and Milton Keynes highlights the competitive economic environment in the south of England. All three of these locations are on an upward trajectory: Cambridge central to the competitiveness of the London Stansted Cambridge Corridor; Reading is benefitting from Crossrail; and Milton Keynes has successfully positioned itself at the heart of the future cities agenda as part of its 2050 visioning, and is looking to re-define itself through its 2023 European Capital of Culture Bid.
- 4.10 To some extent, Brighton & Hove is constrained in comparison to these inland competitors due to its functional economic area, and weaker access to the Midlands and the North. As such, establishing a clear economic vision and identity which celebrates Brighton & Hove's distinctiveness will be important in supporting and sustaining future growth and competitiveness.

Figure 4.1 Brighton & Hove's Relative Performance 2007-2016, Six Core Indicators

	GVA per worker		Business Start-ups (per 1,000 businesses)		Housing Affordability Ratio (Most affordable 1 st)		Employment Rate		Average Weekly Workplace Earnings		Working Age Population with Degree-Level qualifications	
	2009	2016	2007	2016	2007	2016	2007	2016	2007	2016	2007	2016
1	Read. £61,900	Read. £71,600	MK 59	MK 85	MK 7.5	MK 9	Read. 79%	S-o-S 78%	Read. £670	Read. £630	Camb 43%	Camb 67%
2	MK £54,800	MK £64,800	B&H 54	Read. 75	S-o-S 8.8	S-o-S 10.0	MK 79%	Read. 77%	MK £650	MK £630	B&H 39%	Read. 50%
3	Camb £49,200	Camb £59,200	Read. 53	B&H 70	Read. 9.6	Read. 11.3	Bourn. 75%	Camb 77%	Camb £600	Camb £600	Read. 37%	B&H 50%
4	B&H £46,800	B&H £52,500	Bourn. 50	S-o-S 61	B&H 11.2	Bourn. 12.5	B&H 74%	Bourn. 76%	Bourn. £540	Bourn. £480	MK 28%	Bourn. 39%
5	Bourn. £45,200	S-o-S £51,400	Camb 48	Bourn. 54	Bourn. 11.8	B&H 13.7	Camb 72%	B&H 74%	B&H £490	B&H £470	Bourn. 27%	MK 36%
6	S-o-S £44,600	Bourn. £51,100	S-o-S 46	Camb 54	Camb 11.8	Camb 15.8	S-o-S 72%	MK 74%	S-o-S £460	S-o-S £400	S-o-S 20%	S-o-S 28%

Key:

- Read. = Reading
- MK = Milton Keynes
- Camb = Cambridge
- B&H = Brighton & Hove
- Bourn. = Bournemouth
- S-O-S = Southend

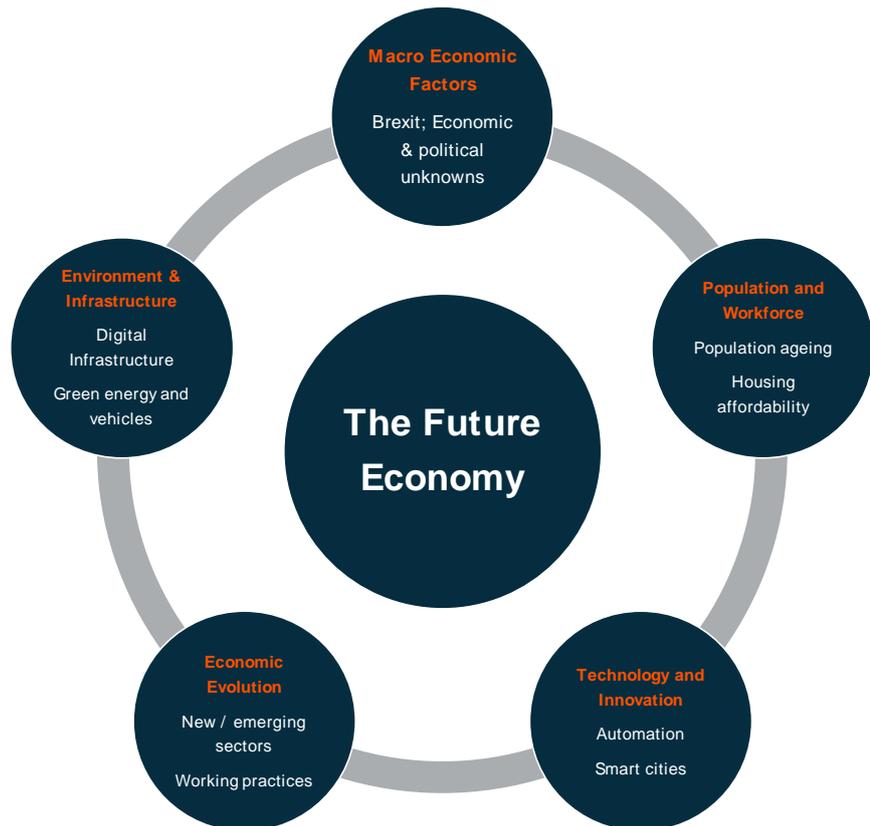
Source: Regeneris, based on Centre for Cities

5. Looking Ahead

5.1 There are a broad range of drivers and influencers which will impact on the future shape and competitiveness of the Brighton & Hove economy.

5.2 In some instances, such as **Brexit** and **long-term demographic change**, these are largely external factors over which Brighton & Hove will have little direct influence, but which the city and partners will need to be proactive and flexible in responding to. This is particularly the case in terms of the impact of **Brexit** on the

Figure 5.1 Summary of Drivers Influencing the Future Economy



Brighton & Hove labour market (certain sectors depend heavily on migrant labour, and trade and commerce). Likewise with long term demographic trends (such as population ageing) which present economic and social threats, but also potential opportunities (encouraging participation among older groups).

5.3 There are also a number of broader trends and drivers over which Brighton & Hove and the City Region can play a more direct influencing role: establishing itself as a leader in conversations about economic evolution (**emerging sectors, changing working practices**), and by embracing and investing in future facing research, innovation, and technology (**automation, and digital and low carbon infrastructure**).

- 5.4 Brighton & Hove is already establishing itself strongly in this respect: its large HE presence, and ongoing investment in research and innovation assets (such as the Digital Catapult, and the Bio-Innovation Centre) provide a strong platform.
- 5.5 However, the environment is competitive. Reflecting its research assets and critical mass, London is at the forefront of the Future Cities agenda and is leading conversations on topics ranging from Advanced Urban Services to Big Data. However, a number of other locations are also placing strong focus on horizon scanning and planning: most notably Milton Keynes.
- 5.6 Given the speed of change, it is ever more important that Brighton & Hove and its partners remain highly **responsive and flexible**: responding to opportunities as they emerge, but also being at the forefront of conversations from the outset.

6. Summary and Implications for the Strategy

6.1 The evidence base provides a platform of insight to inform the development of the strategy; some of the most important messages are summarised below and overleaf.

Brighton and Hove: SWOT Analysis

6.2 The analysis has highlighted a number of 'defining' strengths, weaknesses, opportunities and threats for the City and City Region:

<p style="text-align: center;"><i>Five Defining...Strengths</i></p> <ol style="list-style-type: none"> 1. A growing knowledge economy, with strengths in high value digital & creative activities 2. A strong and active pool of labour characterised by high qualification levels 3. An enterprising economy, with strong start-up levels and a large amount of homeworking 4. Distinguishing economic assets, including 2 universities, and a growing number of research & innovation facilities. 5. Home to internationally renowned identity (and assets) relating to tourism and the physical environment. 	<p style="text-align: center;"><i>Five Defining...Weaknesses</i></p> <ol style="list-style-type: none"> 1. Productivity in the City's economy remains low; relating to this, earnings of those working in the City are below average 2. Despite the well qualified and enterprising labour pool, there are challenges in capitalising on this and 'scaling' growth 3. Limited recent inward investment, and concern that trade & exports activity is concentrated within a small number of firms 4. Social inclusion challenges sustain, reflecting a range of factors including the nature of jobs in the City, skills levels, barriers to employment and housing affordability. 5. Reflecting varied economic roles, lack of a clear and consistent economic identity distinguishing the City from competitors.
<p style="text-align: center;"><i>Five Defining...Opportunities</i></p> <ol style="list-style-type: none"> 1. A strong recent track record of partnership working, helping to improve capacity for delivery and innovation 2. The critical mass provided by a strong and collaborative City Region and its large-scale investment programme 3. Aligning with the UK Industrial Strategy and refreshed SEP: positioning the City and City Region at the forefront 4. Changing working practices and labour market restructuring: an opportunity to encourage a broader pool of the population to participate? 5. Opportunities to be at the forefront of the smart cities agenda, via innovation and research. 	<p style="text-align: center;"><i>Five Defining...Threats</i></p> <ol style="list-style-type: none"> 1. Constraints in the supply of commercial space and employment land limiting investment and scale up potential 2. Weak housing affordability as a threat to the balance and sustainability of the Brighton labour market 3. Immigration impacts of Brexit a severe threat to labour supply in the City, particularly in the visitor, service, and health sectors. 4. Constraints in the road and rail networks, impacting on the image of Brighton and attractiveness to investors. 5. Growth, investment and rebalancing across the UK (Crossrail, HS2, Northern Powerhouse, Midlands Engine) redefining economic geographies and increasing competition.

Big Questions for the Strategy

6.3 The review of the strategic and statistical evidence highlights a number of 'big questions' to inform the development of the strategy:

1. **Economic identity and positioning:** Does the city and the City Region have a clear economic identity? How should the two areas position themselves nationally and internationally to attract investment?
2. **Sector competitiveness and productivity:** To what extent do Brighton & Hove's sector specialisms mark it out nationally? How can these sectors be supported to grow and evolve in the city? How can more 'productive' growth be encouraged?
3. **Economic resilience:** To what extent is the city overly reliant on certain sectors and businesses, and what scale of economic risk associated with this?
4. **Scaling growth:** How can the city's entrepreneurial spirit be supported to encourage a greater level of scale up and growth? How can the economic potential of the city's pool of homeworkers be understood and unlocked?
5. **Space constraints:** Is investment potential being held back by constraints in the supply and cost of commercial space? How can the city and City Region work together to address these constraints?
6. **Trade:** What are the dynamics underpinning Brighton & Hove's service exports strengths? How resilient is trade in the city, and what strategies can be put in place to support export and trade growth across a broader business base?
7. **Balancing the workforce:** what are the long-term implications of skills imbalances in the Brighton & Hove labour market? Is this imbalance sustainable in the long run, and what opportunities are there to capitalise more strongly on labour market strengths?
8. **Labour supply:** how might Brexit impact on Brighton and Hove's labour pool and economic resilience? Which sectors are most susceptible to future changes in immigration policy? How will innovation and technology impact on future working practices and labour market demand?
9. **Inclusive growth:** what does inclusive growth look like in the Brighton & Hove context? How can a broader spectrum of the population (including older people) be encouraged to participate, as new economic opportunities emerge in the future?
10. **Housing affordability:** what are the long term economic risks associated with housing affordability challenges? What strategies can be put in place to counter competition from more affordable locations for labour and investment?
11. **Strategic agility:** How can the city and its partners work collaboratively in the context of quickly changing strategic environments? What flexibilities are needed to maximise agility and responsiveness?
12. **Future cities:** How can the city and City Region position themselves at the forefront of the 'future cities' agenda? How can partners remain responsive to emerging opportunities given the pace of change in research, tech and innovation?



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