

COVID-19 Impact Assessment

Coastal West Sussex

Draft Report – May 2020





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Executive Summary

Coastal West Sussex Partnership sits at an important intersection between businesses, local government, and education providers and can play a pivotal role in the coordination of partners in the response to the coronavirus crisis. Coastal West Sussex is home to diverse range of businesses across the creative, digital and advanced manufacturing sectors. Like the rest of the UK economy, COVID-19 will have a significant impact on GVA growth over the coming year:

Using the OBR's methodology to create a coronavirus reference scenario, the figures indicate a **loss of 11.2% in GVA** during 2020. To recover the loss in output within the next five years, the area would need to grow at an annual growth rate of 2.5%.

Achieving this growth rate will depend on several factors:

- The area's dependence on tourism will create challenges over the coming months. Tourism-related businesses are more financially vulnerable and it is expected that over half the UK sector may go out of business. The Government's plan to lift social distancing over the summer may help to prevent some of these losses, however, a concerted and coordinated plan to help businesses will be required to safeguard the future economy.
- In addition, the area's strength in creative and digital businesses will also cause short-term challenges. The strong levels of self-employment in the sector is a particular challenge and efforts should be focused on providing a safety net for individuals who do not meet the requirements for government support packages.
- Covid 19 will have a disproportionate impact on younger people, particularly those with low skills. There is a risk that the economic impacts of Covid 19 could be generational. Given the nature of the Coastal West Sussex economy it will be important to ensure apprenticeships and creative ways of delivering formal and informal education opportunities to this group be prioritised.

Strengths in globally significant growth sectors will help to buoy the economy in the medium term. Work will be required over the coming weeks to provide detailed plans on how businesses across different sectors can adapt their physical spaces and operations to comply with social distancing. Coastal West Sussex Partnership can play an instrumental role by bringing partners together across the area to help form the interventions that will help businesses to thrive and drive the economic recovery.



Study Context

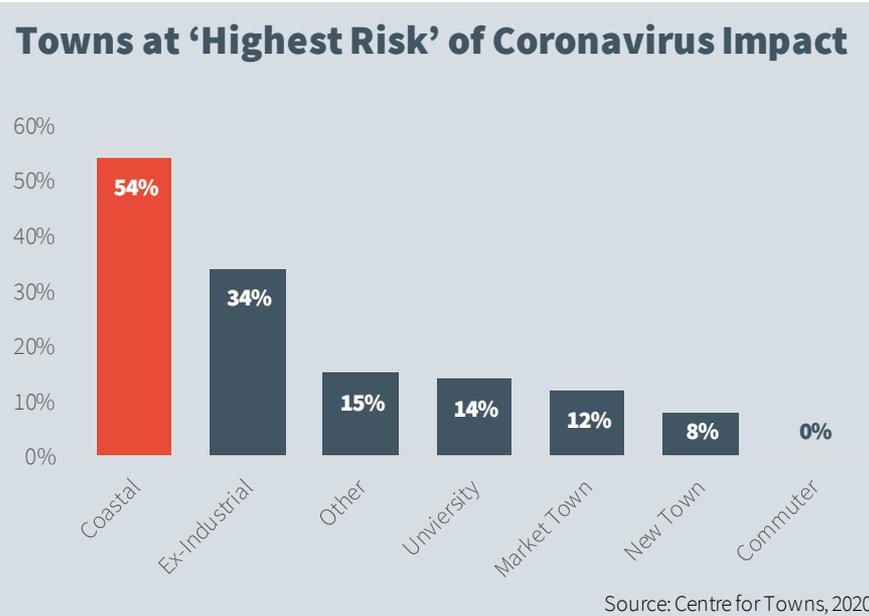
Coastal communities are likely to be amongst the hardest hit areas as a result of the coronavirus pandemic. Several pieces of research have already begun to evidence the disproportionate risk that these coastal locations are facing, given their sectoral composition and pre-existing levels of deprivation.

Research from Centre for Towns have shown that coastal towns are most economically at risk from the COVID-19 pandemic, with 1 in 2 coastal towns identified as being at “highest risk”. This level of risk is derived from a greater concentration of sectors that are unable to trade as a result of the virus and heightened levels of deprivation in coastal areas.

[Coastal West Sussex Partnership](#) brings together leaders and senior officers from business, education institutions and the public sector to work collectively on economic issues that affect the coastal area.

Given their commitment to working in partnership with stakeholders and securing local economic prosperity they are keen to build intelligence to better understand the immediate challenges that coronavirus will present.

With this in mind, the Coastal West Sussex partnership has commissioned Hatch to undertake a COVID-19 Impact Assessment. This focuses on providing an immediate understanding of the challenges, based on the intelligence currently available and an understanding of the composition of the local economy.



Study **Approach**

In order to fully assess the economic impacts of COVID-19 on Coastal West Sussex, the work is comprised of three main parts:

- 1. Exposure Dashboard:** provides an indication of relative exposure to the socio-economic impacts of the Coronavirus for local areas.
- 2. Overall Economic Effects:** estimates of the projected decline in economic output based on the baseline data and the Office for Budget Responsibility's coronavirus reference scenario.
- 3. Sector Drill Downs:** a review of Coastal West Sussex Partnership's priority sectors, including the baseline prospects, the current COVID-19 Response, Opportunities and Challenges and a consideration of Coastal West Sussex Partnership's priorities in response to these.

By considering the impacts across these three areas a strong understanding can be gathered around the likely nature of the impact, which can inform decision making around preparedness and recovery.



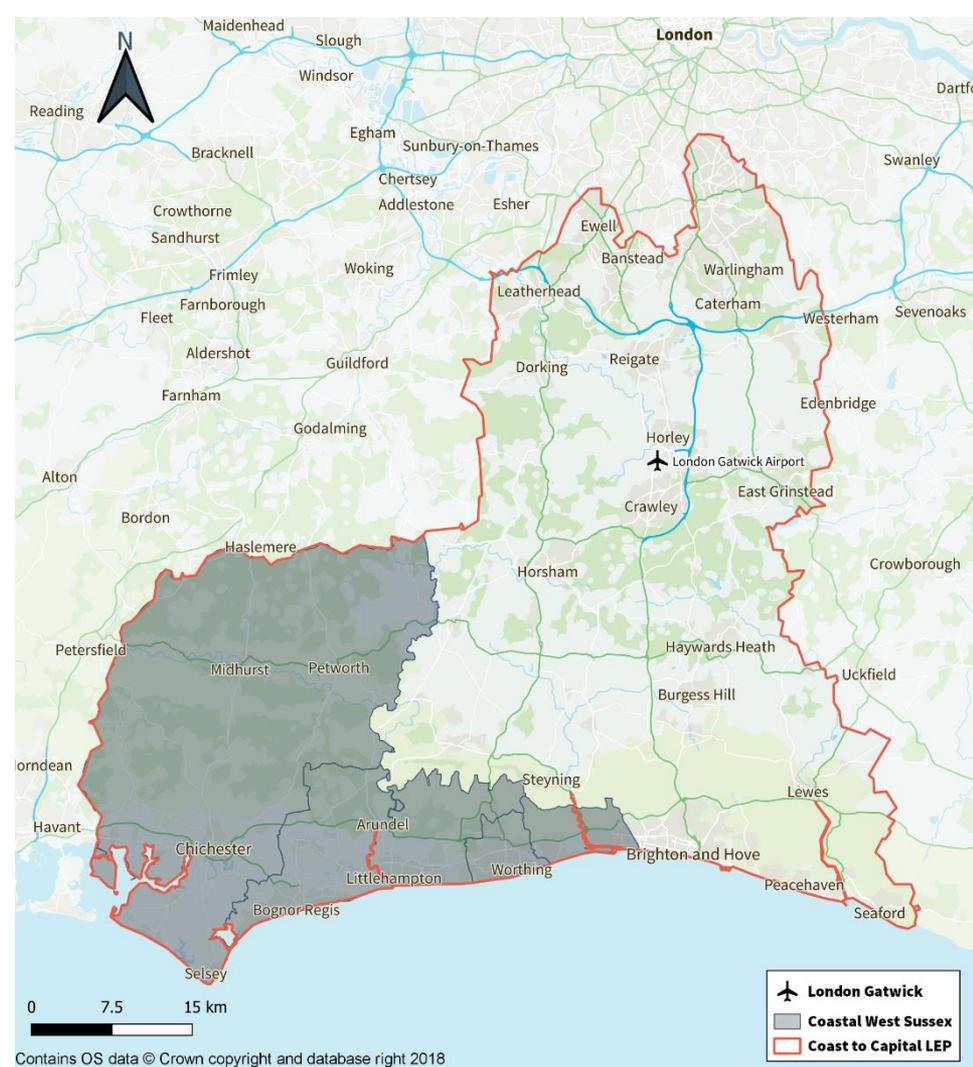
Study Geography

The focus for this study is Coastal West Sussex, an area in the South East of England that covers several urban centres including Worthing, Bognor Regis, Littlehampton, Shoreham by Sea, Chichester and Selsey.

For the purposes of this study the area has been defined in statistical terms by the following local authority areas:

- Adur
- Arun
- Chichester
- Worthing

Consideration has also been given to the wider geography of the Coast to Capital LEP, given its strategic significance to the economic prospects of Coastal West Sussex.





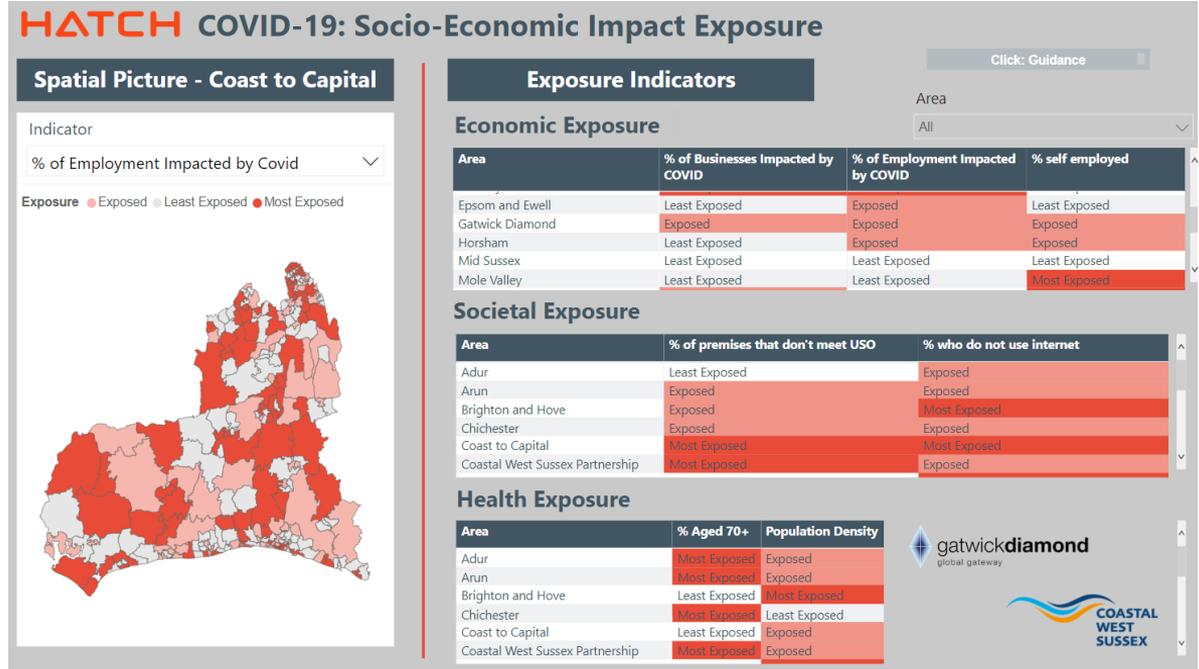
Exposure Dashboard

Exposure Dashboard

Accompanying this report is an [interactive dashboard](#) which conveys the socio-economic exposure of different localities to the socio-economic impacts of coronavirus.

The dashboard has two main pages:

- 1. Relative LEP Exposure:** This reviews each LEP nationally and allows the challenges facing Coast to Capital to be better understood
- 2. Local Exposure Ranks:** This takes a deeper dive into the Coast to Capital area, providing a granular map that portrays the spatial variation in exposure at the local level



Dashboard **Headlines - Coast to Capital**

Pronounced Employment Exposure



Most Exposed

Whilst business exposure is less significant, the area is more exposed in employment terms which suggests COVID-19 impacted sectors are characterised by a more substantial base of large employers.

Greater Levels of Self Employment



Most Exposed

Coast to Capital is characterised by relatively high levels of enterprise. This leaves the area more exposed as the self-employed are disproportionately affected by this crisis. Data from the ONS¹ has found that 60% of self-employed people saw their income fall in April, compared with 22% of employees.

Digitally Isolated Communities



Exposed

Around 10% of Coast to Capital's population do not use the internet. Work by the [Joseph Rowntree Foundation](#) has emphasised that those without digital access are likely to be adversely effected in terms of receiving public health notices, home-educating their children, acquiring food deliveries and accessing welfare.

1. Office for National Statistics - Opinions and Lifestyle Survey, 2020

Dashboard **Headlines – Coastal West Sussex**

Businesses are Most Exposed in Coastal Locations



Given the concentration of businesses in hospitality and tourism sectors, Coastal parts of the sub-regional economy are among the most exposed. Locations such as Worthing have up to 42% of their business base in sectors that are currently unable to trade as a result of COVID-19.

Pockets of Significant Employment Exposure



Similarly the concentration of employment in hospitality and tourism sectors is leaving several coastal locations particularly exposed. Parts of Bognor Regis currently have around 60% of jobs in sectors unable to trade due to social distancing guidelines.

Concentrations of Older Residents



Coastal West Sussex is characterised by a large 70+ population. This is most pronounced in coastal locations, where some neighbourhoods such as Littlehampton where 40% residents are aged over 70 years old. Given the confinement restrictions placed on this group there are real prospects for social isolation and community fragmentation. There is also likely to be a pronounced impact on local amenity as spending patterns of these residents change.

Dashboard **Headlines – West Sussex CC**

Greatest Exposure at Gatwick Airport and Surrounding Areas



Crawley is the most exposed location in the county, with particularly acute levels in areas adjacent to the airport. Almost three quarters of employment in Gatwick's surrounding neighborhoods (and half of all employment in Crawley) are dependent on the airport. The pace of Gatwick's recovery will dictate the rate of the economic rebound.

Pockets of Pronounced Levels of Self-Employment



Several places across the county have high levels of self employment. Notable pockets of self employment are evident in Arun and Chichester where between 14-20% of jobs are registered as self employed, well above the national average.

Digitally Disconnected Communities



West Sussex has a considerable number of premises that are unable to achieve a basic internet connection. This combined with a notable proportion of the population who do not use the internet means that many West Sussex residents may be both socially and economically disconnected as a result of the pandemic.



Overall Economic Effects

Overall Economic Effects

It is difficult to predict the impact COVID-19 will have on GVA in local areas. To provide an indication of the likely impact, an equivalent model to the OBR's reference scenario has been built to provide an estimate of the impact of COVID-19 using the same assumptions. The model assesses output losses by sector for the second, third and fourth quarters of 2020. It also provides an estimate of the time period required to recover the lost GVA.

The analysis suggests that Coastal West Sussex is likely to face less severe impacts than the national average. This reflects the sectoral composition of the economy and the assessment of the OBR around sectoral impact. It is important to underscore that this approach is designed to illustrate the likely scale of impacts and the sectors that are likely to be most affected. It is imperative that the relative measure does not underplay the challenges that lie ahead for Coastal West Sussex. Several other approaches have evidenced the disproportionate impact that coastal locations such as Coastal West Sussex are likely to endure. Notably, Centre for Towns have identified 3 of Coastal West Sussex's towns as being in the top 50% most at risk nationally to the economic impacts of COVID-19.

Coronavirus Impact Risk Ranking (Out of 805 Towns Nationally)
Littlehampton 265
Bognor 300
Selsey 404
Chichester 517
Worthing 627
Shoreham 633

Source: Centre for Towns, 2020. **Orange** denotes towns that are in the top 50% most at risk towns nationally

OBR Coronavirus Reference Scenario

The OBR's coronavirus reference scenario implies a UK-wide loss of 35 per cent in the second quarter of 2020. The mirror model for the Coastal West Sussex implies a loss of 35% in Q2 2020 compared to Q1 2020, a loss of 16% in Q3 2020 and a 0% loss in Q4 2020. **This equates to an annual loss of 11%.** This decline is slightly less pronounced than the level of contraction anticipated nationally (13%).

It is assumed that the effect on output reduces proportionately as restrictions are eased throughout Q3 2020, with a return to normal in Q4 2020. However, in the weeks since the OBR published the Reference Scenario, it has become clear that there is significant 'scarring', that is a number of businesses have permanently closed and therefore the growth in Q3 2020 may be lower than the model indicates.

	GVA (£ms) Current prices
2017	10,400 (+4.1%)
2018	10,450 (+0.7%)
2019*	11,000 (+4.7%)
Q1 2020	2,772
Q2 2020	1,808
Q3 2020	2,323
Q4 2020	2,772
2020	9,700 (-11.2%)

*Real 2020 £

Sectoral Profile of Impacts

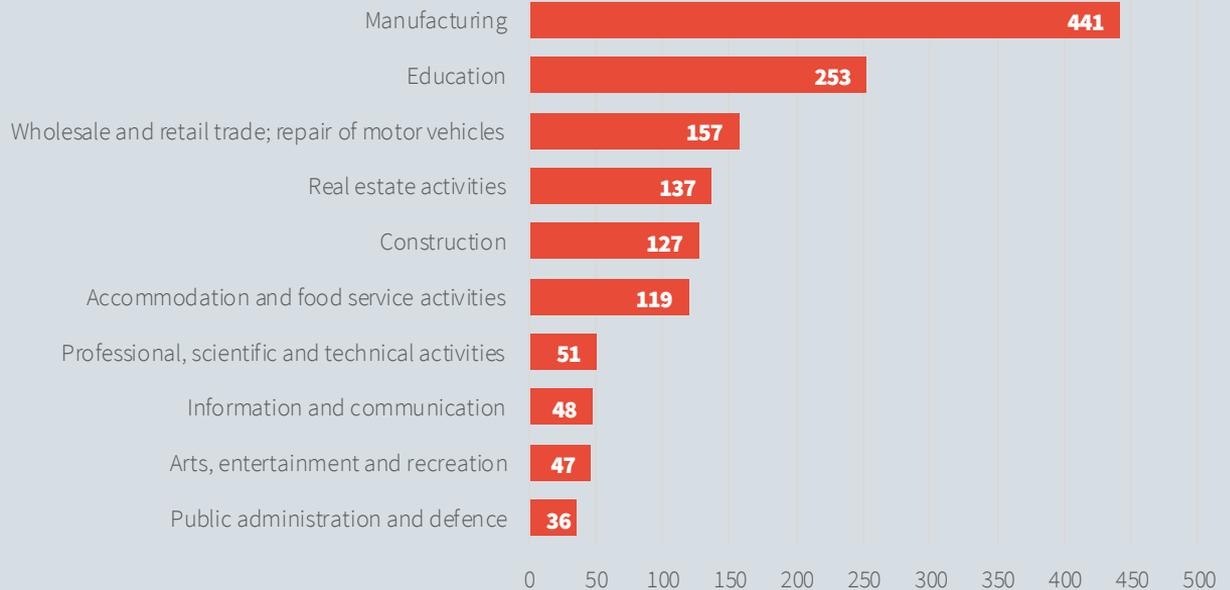
Reviewing the most impacted sectors can indicate what is driving local vulnerability and support decision-making for the recovery process.

Manufacturing is by far the most impacted sector with a decline in GVA of around £441m over the next year.

The education sector is also expected to decline substantially, reflecting the strong contingent of further and higher education facilities locally.

The anticipated contraction of several public facing activities such as retail, accommodation & food services and entertainment reflect areas strong visitor economy offer.

Sectoral Impact - Absolute Decline (£m), 2019-2020

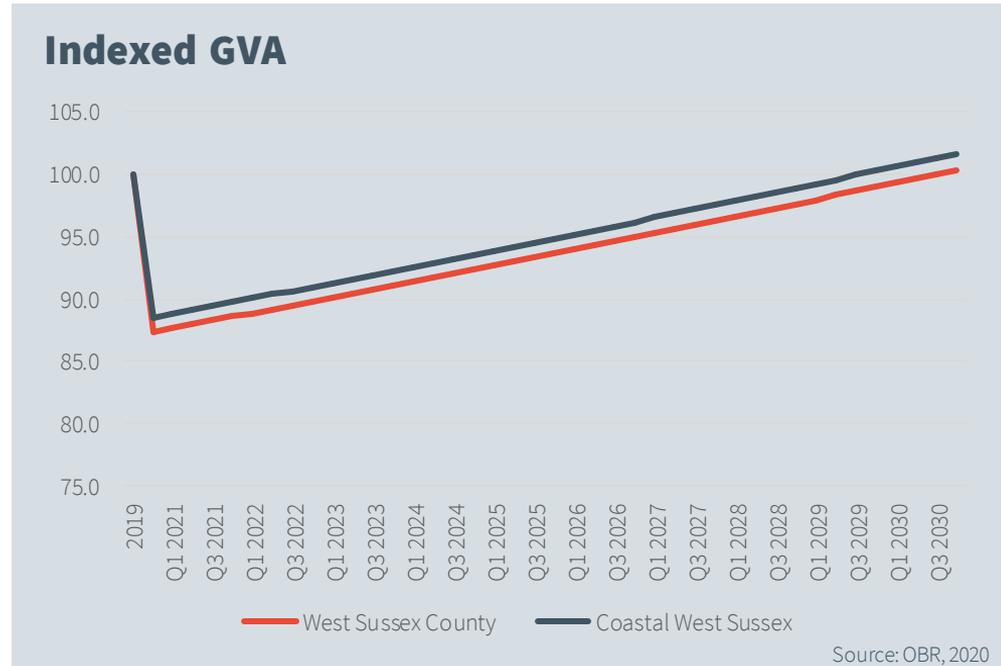


Source: OBR, 2020. Note: this includes the 10 most impacted sectors.

Coastal West Sussex **Economic Recovery**

To provide a guide for the likely timescales for recovery, we have applied the OBR's growth rate for the period from 2019 to 2029 of 1.4%. It should be noted that this is lower than the Coastal West Sussex's historical GVA growth rate, which has averaged 1.7% over the last eight years. On this basis, it will take Coastal West Sussex nine years, and West Sussex County slightly longer, to recover the lost GVA.

We may yet find that many of the sectors in Coastal West Sussex benefit from pent-up demand as the lockdown period is released and as people seek day trips away from large cities. In order to recover the lost GVA within five years, the area's economy would need to grow by roughly 2.5% per year. To put this into context, this was a level of growth last achieved in 2016 (3.6%).



Regional Impacts

By applying the OBR's coronavirus reference scenario to the wider Coast to Capital LEP context, an indication of the wider challenge can be gathered.

Modelling for the LEP indicates a loss of 35% in Q2 2020 compared to Q1 2020, a loss of 18% in Q3 2020 and a 0% loss in Q4 2020. **This equates to an annual loss of 12%.**

The anticipated decline is driven by Coast to Capital's reliance on sectors which are expected to be disproportionately affected.

Coastal West Sussex and West Sussex County are expected to face roughly the same level of impact to economic output as that seen across the wider Coast to Capital LEP. Despite a commensurate level of projected impact, it is essential that there is no complacency in response. This level of impact will of course vary across constituent areas and it is essential that a proactive approach is taken to mitigate this level of impact.

GVA (£ms), Current prices

	Coastal West Sussex	West Sussex County	Coast to Capital
2017	10,400 (+4.1%)	22,400 (+1.9%)	55,000 (+2.1%)
2018	10,450 (+0.7%)	22,800 (+1.9%)	55,400 (+0.7)
2019*	11,000 (+4.7%)	23,900 (+4.7%)	58,000 (+4.7%)
Q1 2020	2,770	6,060	14,700
Q2 2020	1,810	3,790	9,580
Q3 2020	2,320	4,970	12,120
Q4 2020	2,770	6,060	14,700
2020	9,700 (-11.2%)	20,880 (-12.7%)	51,100 (-11.9%)

*Real 2020 £



Sector Drill Downs

Sector **Drill Down**

Coastal West Sussex is home to a range of sectoral strengths that contribute to the area's economic competitiveness. These sectors accommodate a range of high-value businesses and are essential to the vitality of the local economy. The sectors included in this section are derived from the [Coastal West Sussex Profile \(2019\)](#) and are strongly aligned to Coast to Capitals [Key Sectors](#). These are:

- Tourism
- Knowledge economy
- CDIT Tech Sector
- Advanced manufacturing and engineering (AME)
- Horticulture

Understandably, each sector of the economy will experience different challenges as a result of Coronavirus and the response to address them will differ too. Given this, each sector is reviewed in-turn with a consideration given to the:

- Baseline prospects for the sector (pre COVID-19)
- Challenges facing the sector
- COVID-19 Response & Opportunities
- Coastal West Sussex Priorities



Tourism

Baseline Prospects

- Tourism has been a vital part of the Coastal West Sussex economy, however over the last several years there has not been a significant increase in visitor numbers.
- The CWS visitor economy is dominated by domestic visitors (95%), the majority of which come from West and East Sussex, Surrey and Hertfordshire. It is primarily a day visit destination, appealing to older market (60% of visitors >45 yrs age) and families (73%). The beach is the main draw for towns directly on the coast and average spend of £34 per person per visit.
- The CWS area was successfully targeting people from London, wider South East and international tourists. Targeted investment (regeneration in Adur and Worthing), and the co-ordinated 'Experience West Sussex' promotional campaign were gaining traction. The area was beginning to be targeted by hotel chains and retailers.
- This translated to a 10% increase in visitor numbers across West Sussex by 2019 (22m) generating £1bn of GVA.*

COVID-19 Challenges

1. The impact of COVID-19 has been severe. Lockdown measures have forced the closure of all restaurants, arts and cultural locations that support the visitor economy.
2. Visit Britain has created a central forecast for the domestic outlook of the visitor economy based on a central scenario of 10-week lock-down period, social distancing from June to August with a bounce-back from September to December as a result of pent-up demand which leads to a decline of 24% in GVA in 2020**, or roughly a loss of £240m GVA across West Sussex.
3. As of April 2020, 80% of all UK workers in hotel, food and accommodation are on furlough and 68% in arts, entertainment and recreation are on furlough.***
4. The Treasury's ban on commercial evictions for three months protects hospitality businesses in the short term. However, many landlords are requiring businesses to repay the missed quarter of rent in the next quarter, essentially doubling rent. This is being referred to as the "rent apocalypse" and it is forecast to potentially force more than half of all hospitality businesses into bankruptcy.
5. Should social-distancing requirements continue in the months following the closure of the government's furloughing scheme (currently scheduled for June 2020), the majority of furloughed visitor economy staff would likely be made redundant reasonably swiftly as firms run out of cash.
6. This will cause knock-on effect when social distancing is relaxed as it means the visitor economy facilities like restaurants, tourist shops and hotels will not be available, further damaging GVA.

*Coastal West Sussex Tourism Research Project 2016, Visitor Survey Report Findings, TSE Research

**2020 Tourism Forecast, Visit Britain, 23 April 2020

*** ONS User Requested Data set produced for Parliamentary Committee for Digital, Culture, Media and Sport, April 25, 2020

Tourism

COVID-19 Response & Opportunities

- Drawing on the experience of countries further along the COVID-19 curve, an Australian survey undertaken last week indicated 50% of Australians were actively making plans for domestic trips*. The main motivator cited is the need to support the Australian economy (as well as a need to get out). Respondents indicated that coastal towns were the most popular destination by a wide margin, with cities the least appealing.
- There is also evidence that future travellers are spending time during lockdown curating whole day trips/overnight trips and choosing destinations on the basis of choice of hotels, food, cultural and natural attractions. **
- The Australian survey and others have shown that future travellers will be hyper-aware of hygiene standards in accommodation, public facilities, restaurants and pubs and this will become a major driver of choice.

Coastal West Sussex Priorities

1. Work with trade bodies and WSCC to lobby national government for a tourism sector plan to maintain the furloughing scheme (or a variant) to bridge through to the end of social distancing.
2. Set up a SWAT team to work with visitor economy-related local businesses to ensure they are accessing as much of the government's loan and grant schemes available to maximise chances of survival.
3. Pivot the Experience West Sussex website and material to target day trippers from London and the Southeast. The offer should include whole curated day trips including restaurants, cultural and natural attractions to boost per visitor spend.
4. Develop a promotional scheme for businesses to demonstrate their cleansing & distancing measures.

Knowledge Economy

Baseline Prospects

- The Knowledge Economy sector in the Coastal West Sussex area accounted for around 6% of the total employment base, which is in line with the Coast to Capital average of 6.2% (2017).
- Some of the key companies leading the sector are Ricardo, a global engineering, environmental and strategic consultancy and GlaxoSmith Kline, a pharmaceutical company. Ricardo's headquarters is located in Shoreham by the Sea and the Shoreham Technical Centre is home to around 700 engineers, technicians and professional support staff. Glaxo Smith Kline has a plant manufacturing facility in Worthing.
- The Coastal West Sussex area is also home to a number of IT, technical consultancy, accountancy and financial services.
- The area also supports three universities in Sussex, Brighton and Chichester, which provide the wider Coast to Capital area with a combination of low skilled employment and high skilled employment, and research support for the knowledge economy sector. In 2018, the University of Chichester opened a £35million Tech Park on its Bognor Regis campus.

COVID-19 Challenges

1. The knowledge economy is characterised by knowledge-intensive activities which mainly involve the collection, analysis and synthesis of information. The COVID crisis has had less of a material impact on workers in the knowledge economy, who have, for the most part, successfully transitioned to working remotely. However, the switch to remote working has meant that some of the informal forms of knowledge exchange have been eroded, which could have repercussions on productivity and collaboration.
2. This transition is putting enormous pressure on telecoms services across the region, who are having to cope with increased demand for connectivity from residential networks. This challenge may get heightened if lockdown measures begin to affect the introduction of broadband infrastructure and network field operations, which are currently restricted to essential repairs. This is not only affecting remote workers' productivity, but is also putting enormous pressure on engineering workforces.*
3. China and India are two of the largest global producers of active pharmaceutical ingredients (APIs) and generics, and China plays a critical role in the electronics manufacturing industry.** However, the COVID outbreak has led to a reduction in production from their manufacturing facilities and a contraction in unit shipments. This will likely impact the manufacturing sector, and in particular the manufacturing of pharmaceuticals, where production bottlenecks will likely arise due to supply chain shortages.

* Where next for telecoms? Strategy & PWC, April 2020

** COVID-19 tests resilience in the electronics industry, IBM, April 15th 2020

Knowledge Economy

COVID-19 Response & Opportunities

- Ensuring that workers remain productive and efficient in these remote conditions is putting pressure on businesses to invest in remote collaboration tools, secure endpoint solutions, cloud-based storage and CRM systems. Growing demand for these services represents an opportunity for software and cyber security companies to grow their customer base and increase their revenues.
- More generally, this transition to the online working world will likely create a higher demand for IT services and computer consultancy services. Moreover, the pandemic and the fact that home working will likely continue long beyond COVID 19, is acting as a tipping point for the telecoms industry and “is likely to increase public awareness and policymakers’ acceptance of the ways in which communications technology can not only keep us entertained, informed and in touch, but help us stay safe.”** This could have positive ripple effects on the creative and digital tech sector, who will see increased demand for their services to create this new communications technology infrastructure.
- Accountants and restructuring experts (management, operations and strategy consultants) are likely to be in quite high demand, as small businesses and large organisations will look to restructure their debt and work around cash shortages caused by the Covid 19 crisis.

Coastal West Sussex Priorities

1. Ensure that workforces across the region are empowered and equipped to work remotely. Engage and work collaboratively with Coast to Capital to secure a new flexible source of funds to help establish remote working for small businesses in the Knowledge Economy.
2. Use the Coastal West Sussex Partnership’s business network and relationships to share best practice of remote working and cloud based solutions across the wider business community.
3. Coordinate sub-regional partners to identify not-spots and ensure targeted rapid deployment investment in digital infrastructure.
4. Work with member businesses to coordinate and advocate a shift from international to more local supply chain linkages. This will build local resilience into supply chains and ensure manufacturing capacity is not dependent on a single provider.
5. As enrolment from international students to local universities declines, encourage universities to attract a more local cohort. This can bolster local skills and provide an alternative income stream for skills providers.
6. Explore new programme to encourage a new generation of knowledge based start up business in the local economy.

** Where next for telecoms? Strategy &, PWC, April 2020

Creative Digital IT

Baseline Prospects

- The Creative Digital IT sector makes up around 8% of Coastal West Sussex's business base and 4% of the employment base, with a total of c. 7,250 employees.
- Employment growth in this sector has been particularly strong in Chichester, Bognor Regis and Worthing, which attract a wide range of creative talent from Brighton and Hove's cultural centre.
- The Bognor Regis Creative Digital Hub (The Track) and Colonnade House in Worthing are two growing hubs for the creative and digital industries in the region, providing working space for artists, makers and other digital and creative business owners.
- The Coastal West Sussex area is also home to the internationally-renowned Chichester Festival Theatre and the annual flagship Worthing Artist Open Houses Festival.
- Most creative and digital activities in the region revolve around crafts, theatre and TV production, animation and design work.
- Key companies in this sector include Loveeurope and Partners (LEAP), Heminway Design and Wired Sussex.

COVID-19 Challenges

1. Alongside the tourism industry, the creative sector is among the most affected by the coronavirus crisis.* Lockdown and social distancing measures have significantly changed the way we interact with creative and digital content.
2. The visual and performing arts (cinema, theatre, live music) and traditional media production activities (TV, radio, newspaper, books and advertising) have been hard hit by the crisis, with the majority of these sectors being forced to suspend their activities. This has had an immediate impact on self-employed freelancers, who have found themselves out of work, facing bankruptcy and in urgent need of financial support.** 1 in 7 creative organisations believe they can last only until the end of April on existing financial reserves.***
3. In the long-term, one challenge for the digital and creative industries will be to find new ways of engaging consumers remotely, while navigating competition.**** Creative and digital industries will have to adapt their production to changing media consumption habits, and think creatively about how to best engage consumers in an increasingly competitive online sphere.

* Evaluating the initial impact of COVID 19 containment measures on economic activity, OECD, April 14th 2020

** Home is where the art is, Creative Industries Policy and Evidence Centre (PEC), April 8th 2020

*** Creative Industries Federation Survey of 2,000 creative organisations, April 2020

****Likely Impact of Covid-19 on the UK media industry, PwC, April 2020

Creative Digital IT

COVID-19 Response & Opportunities

- With consumers likely to spend more time online than ever before, there is an opportunity to capitalise on increased demand for online products and grow digital creative activities, particularly around advertising and digital entertainment media services such as online-gaming, eSports, eLearning and VOD services. Filmed performances of theatre, concerts and dance shows, alongside online photography, painting and art have witnessed an increase in consumption.*
- In light of high street store closures, many retail companies will be transitioning to e-commerce services, further benefitting the ad platforms and digital designers supporting these ecosystems.
- Creative and digital content is also playing a key role in addressing the mental and psychological wellbeing consequences of social distancing and economic uncertainties in the UK and across the world.** There is an opportunity to rethink how these industries can collaborate with mental health and wellbeing services.

Coastal West Sussex Priorities

1. In the short-term, support should be focused on providing self-employed creatives and artists as many do not meet the requirements for government support packages. In the US a coalition of national arts and creative sector grantmakers have come together to create www.artistrelief.org A similar, locally-administered programme could be put in place.
2. Use on the existing centres for Creative Digital IT start-ups to hold drop-in centres to help start-ups access public and private grants and support such as the Futures Fund.
3. Building on the Chichester Festival Theatre's success at broadcasting productions online, opportunities could be provided to showcase other creatives using new digital platforms.
4. Design a support programme to guide digital and creative organisations to become more global, tap into new consumer markets and participate in global content ecosystems
5. Promote stronger integration between digital and creative industries and mental health and wellbeing industries
6. Implement a "Pay It Forward" initiative, similar to the one implemented by the Greater London Authority, to secure the future of creative businesses by pre-selling vouchers, goods and services

* Cultural consumption in the UK during the COVID-19 lockdown, Creative Industries PEC, April 29th 2020

** Understanding changes to the way that we consume culture at home during COVID-19, Creative Industries PEC, April 2020

Advanced Manufacturing

Baseline Prospects

- Advanced manufacturing is a key sector for the Coastal West Sussex economy, home to around 830 businesses employing nearly 8,000 people.
- The area has a variety of world leading high-tech manufacturing businesses, including Rolls Royce Motor Cars, Bowers & Wilkins and Eurotherm. The area also has a number of aeronautical engineering businesses around Brighton City Airport.
- Prior to COVID-19 the advanced manufacturing sector had been negatively impacted by Brexit uncertainty. According to research from Make UK (the UK manufacturing body) the sector had ground to a standstill at the end of 2019 and had experienced big drops in European exports over previous years*.

COVID-19 Challenges

1. Supply chain disruptions are at the heart of the sector's challenges. Businesses depend on raw materials and goods filtering through, sometimes complex, supply chains which have been severely disrupted. Material shortages and transport delays have caused a steep decrease in vendor lead times which has led to severe delays in production.
2. Make UK research indicates that one in five companies have seen their orders fall by more than half**. This has been impacted by a fall in consumer spending, as reported by the Confederation of British Industry***. Despite a fall in orders, 87% of manufactures have continued to trade during the crisis**, suggesting severe cash flow issues may be on the horizon.
3. There has been a low adoption of the Job Retention Scheme among the advanced manufacturing sector despite the majority of businesses reporting a fall in orders*.
4. Travel bans and lockdown restrictions across the world have impacted severely on the aviation industry, including large scale redundancy and decline in demand for aerospace products. This has implications for production and engineering businesses related to aerospace activities around Brighton Airport.

** Make UK/BDO Survey, 2020 Q1, 2020

** Make UK Fortnightly Covid-19 Manufacturing Monitor, 2020

*** CBI, Monthly Online Checkup, 2020

Advanced Manufacturing

COVID-19 Response & Opportunities

- Companies are continuing to operate and are adapting to new social distancing measures. Rolls Royce Motor Cars in Chichester is the first UK car company to restart production using new social distancing rules which include changing shift patterns, re-design of the manufacturing facility to enable 2 metre distancing and enhanced cleaning routine.
- At the onset of full lockdown measures, the government advertised a £500,000 fund to find digital ways to support people who need help during the crisis, offering up to £25,000 per company for solutions to providing remote social care, coordinating volunteers and improving mental health support.
- Businesses have shown an ability to adapt production to support the response to COVID-19 (eg vacuum maker Dyson has delivered an order for 10,000 ventilators). Advanced digital design and 3D printing technology used by advanced manufacturing companies makes rapid product switching feasible.

Coastal West Sussex Priorities

1. High tech manufacturing businesses require property that is flexible and that can cope with new distancing demands as well as scale up to supply for surges in demand. CWS should work with commercial agents to explore whether space needs are being met, and to look at how public assets could be better used to accommodate the sectors evolving requirements.
2. Use online and social media forums to ensure businesses are informed of the latest government guidance on sector specific social distancing guidance in the workplace. This will enable businesses to re-open and/or get back to full capacity as quickly and safely as possible.
3. Work with trade bodies to lobby government on providing more flexibility with furlough packages. This will be especially important at the end of the planned furlough scheme to ensure a phased return of employees.
4. Provide one to one support for local businesses to help them access the Future Fund, a scheme offering convertible loans between £125,000 to £5 million to innovative companies.

Horticulture

Baseline Prospects

- The horticulture sector in Coastal West Sussex employs around 9,000* people. It is a growing sector that has experienced a +24% in business growth and +6% employment growth in recent years.**
- There are a number of notable businesses operating in Coastal West Sussex including Nature's Way Food, Tinwood Wine Estates, Higgidy, Barfoots and Tangmere Airfield Nurseries. These are involved in a number of activities including growing, packaging and distributing ornamental plants, food products and soft fruits.
- The local area has some of the biggest nurseries in the country which supply supermarket and garden centres across the UK.
- The sector is worth over £1 billion in retail value according to the West Sussex Growers Association***.

COVID-19 Challenges

1. There has been a reduction in demand for consumers, particularly in the ornamental part of the sector (including non-edible products such as flowers and bedding plants)*. This has been driven by the closure of garden centres and a reduction in orders from supermarkets*.
2. The sector is highly dependent on EU migrant workers which has been severely impacted by travel restrictions. This has had impacts on the local workforce with shortages of staff reported by businesses*.
3. Transport shipping costs are rising rapidly, impacting the supply of growing products from abroad*.

* West Sussex Growers Association, Growing Together – Strategic Plan, 2017

** Hatch Regeneris, Coast to Capital Commercial Property Study, 2020

*** West Sussex Growers Association Website, 2020

* West Sussex Growers Associate, Covid-19 Update, 2nd May 2020

Horticulture

COVID-19 Response & Opportunities

- Garden Centre's have been announced as the first retail shops to reopen as part of the government's exit strategy. This will provide the sector with a competitive advantage on the high street and a chance to capitalize increased consumer demand in gardening as a result of the lockdown.
- WSGA has made a call for workers to fill staff shortages which generated 300 applications in the first two weeks*. This includes students and people currently furloughed.
- WSGA have also created a labour availability spreadsheet where businesses with surplus staff can offer them to those with shortages*.
- Defra launched a "Pick for Britain" campaign to bring workers and employers together in response to a diminished agricultural workforce. The campaign has raised awareness and attracted new workers to the sector.

Coastal West Sussex Priorities

1. Work with local businesses across the LEP area to develop local short supply chains across the horticulture sector and to diversify into products into market areas constrained by current lock down travel, especially imported products.
2. Support West Sussex Growers association in formalising online tool enabling businesses to offer surplus staff and locate local residents in search of work to cover staff shortages.
3. Identify and support local retailers that have remained open during lockdown to stock products from horticulture businesses. This will further support sales of horticulture products in conjunction with garden centres reopening.

** West Sussex Growers Associate, Covid-19 Update, 2nd May 2020

** DEFRA Pick for Britain Campaign. Accessed here: <https://pickforbritain.org.uk/>

Response Synergies

As Coastal West Sussex Partnership continues to prepare their response to the effects of the coronavirus pandemic, there are increasing opportunities to collaborate approaches with likeminded organisations and maximise the impact of response efforts.

Notably, Gatwick Diamond is undertaking an equally proactive, evidence-based approach and sits in a similar intersection between local business, government and educational partners. Given this alignment, there are several synergies that can be identified in both organisation's approaches, which could lead to efficiencies and greater levels of impact. These include:

- Engaging local partners and bringing forward best practice guidance on adoption of new safety and hygiene measures
- As the economy re-orientates to deal with social distancing, working with local partners to find new routes into employment for those made redundant
- Build local resilience by working with member businesses and industry organisations to promote more local spending and supply chain integration
- Work with local partners to develop the skills of local people to ensure they are well placed to access future job opportunities and tackle the challenges of the future

