

# Coastal South East: A Framework for Action

Final report

March 2008

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<b>Approved by:</b>	Chris Green	Date:	March 2008
	Chief Executive Officer		

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# Executive Summary

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## Purpose of the Framework for Action

1. The Framework for Action for the Coastal South East is intended to support the economic transformation of the Coastal contour (as identified in the Regional Economic Strategy) to enable it to contribute fully to the future sustainable economic development of the South East region.
2. The Framework is positioned at the mezzanine scale, reflecting key pan-coastal issues in a manner which is evidentially robust, and supporting the implementation of sub-regional strategies by providing a contour-level “check and challenge”.
3. The Framework has been developed through an inclusive process involving around 100 organisations, and it has the character of a Prospectus, setting out clearly the potential opportunities for the Coastal South East and focusing on three priorities and a small number of potentially catalytic action areas.

## Context for the Framework

### **Baseline conditions**

4. The Coastal South East as a whole has underperformed, relative to the South East regional economy, and this provided the context for the development of the Framework. A few statistics to illustrate the extent of the challenge:
  - if the economic performance of the Coastal South East was to match the regional average, GVA would need to increase by £13bn
  - in 17 of the 22 Districts that comprise the Coastal South East, earnings are below the national average
  - if the number of business units per head of population was the same as in the region as a whole, there would be nearly 25,000 (22%) more units in the Coastal South East
  - Coastal South East needs to generate 3,300 (over 40%) more business starts per year to equal the South East regional average
  - Coastal South East would need nearly 93,000 (21%) more residents with qualifications to NVQ4 or above to match the regional average
  - over 37,000 (22%) more Coastal South East residents of working age have no qualifications than would be expected if the regional average applied.
5. An unfavourable sectoral structure also partly explains the area’s under-performance: the area has a high proportion of employment in relatively low value, low wage sectors, and it has a

relatively low representation in sectors such as banking, insurance & finance which have performed well regionally and nationally over the last 20 years.

### **Future drivers**

6. Looking ahead, the Framework had to take account of three long term ‘drivers’ for the Coastal South East:
  - *demographic change:* The very substantial growth in population planned in the Coastal South East over the next 20 years, combined with the changing demographic structure, will lead to significant increases in both the working age and elderly population
  - *changing living and working patterns:* These include more flexible working arrangements, much greater use of the internet, a greater propensity and capacity to live in attractive areas, and greater separation of home and workplace, all of which have implications for the relationship between homes and jobs in the Coastal South East
  - *climate change, and the increasing susceptibility of much of the coastal area to flooding:* This will increasingly influence what can be developed where, and how.

### **Implications for the Framework**

7. Within this overall context, our analysis led to five conclusions concerning the Coastal South East. These provided key elements of the backdrop to the development of the Framework. In the future, they will shape its use and implementation:
  - first, although the area as a whole is underperforming, there is substantial economic and spatial diversity across the Coastal South East
  - second, there is a need to acknowledge and complement the range of existing policy responses, and to use the Framework in different ways in different places: as a checklist and reference point for some areas, but a catalyst for action in others
  - third, the significance of a coastal location varies greatly. In some areas more could possibly be made of coastal assets and attributes, but equally it is important not to overplay the “coastal card”: limited skills and aspirations and a poor built environment may be better addressed from an alternative perspective
  - fourth, there is no evidence to suggest that the Coastal South East operates as a single functional economy, but there is scope to exploit the potential for greater functional interdependencies between adjoining places with different, and potentially complementary, economic and social characteristics
  - finally, there is a danger that housing growth in the Coastal South East will proceed at a much faster rate than economic growth, so exacerbating unsustainable commuting patterns. A key aim of the Framework for Action is to enable coastal areas to achieve

sustainable and balanced growth, recognising the challenges and opportunities linked both to climate change impacts and demographic factors.

## The Framework for Action

8. The Framework for Action is structured around a **Vision** which summarises the transformational potential of the Coastal South East. Underpinning the Vision is an **Overarching Priority** – that the economy of the Coastal South East must be genuinely sustainable – and three supporting **Priorities**, defined at the mezzanine scale. In order to realise the Vision and advance the different Priorities, four **Transformational Action Areas** are identified, in addition to an over-arching need for actions relating to re-branding and marketing.
9. Table 1 below summarises the main elements of the Framework, and paragraphs that follow provide greater detail with regard to the four Action Areas.

Table 1 Framework for Action for the Coastal South East	
<b>Vision</b>	<p>“By 2016, a profound transformation of the economy of the Coastal South East – consistent with its assets and its prime location in relation to London and the Greater South East – will be well underway. Significant progress will have been made in advancing a growth model that is consistent with carbon neutrality and in which the distinctive character of particular coastal places – both urban and rural – is enhanced and maintained. In the process, decades of under-investment in the built environment and physical infrastructure will be reversed, and spirals of inter-generational economic exclusion and deprivation will be broken. At the same time, communities in coastal areas will be balanced in terms of their demography, providing opportunities for people of all ages to meet their aspirations and enjoy a high quality of life”</p>
<b>Priorities</b>	<ul style="list-style-type: none"> <li>• A Creative and Inspirational Coast, with high quality places in which to live, work, learn and invest</li> <li>• An Inclusive and Connected Coast, with confident and ambitious communities and businesses</li> <li>• A Competitive Coast, with a strong economy</li> </ul>
<b>Action Areas</b>	<p>1: Identify coastal sites where redevelopment could enable the creation of new mixed use communities including high quality, high density, living and working environments with outstanding physical and virtual communication links</p> <p>2: Focus on improving productivity and business performance across a range of sectors, while paying particular attention to businesses which rely on the coast as a primary resource</p> <p>3: Develop priorities for long term investment to improve coastal connectivity for the main urban areas (including major new developments), recognising the distinctive contributions that can and should be made by different transport modes, and responding to the different imperatives surrounding orbital and radial routes (including links to London)</p> <p>4: Build civic leadership and alignment across the geography of the Coastal South East so that a transformational Vision for the area will be embraced and delivered, and to support the development of strong and inclusive communities whose members have the aptitude and skills needed by the new economy</p>

## Action Areas

### ***Coastal sites and new ways of living and working***

10. Potentially, key coastal locations could act as demonstration projects which harness economic potential through the creation of mixed use communities offering new ways of carbon neutral living and working. To achieve this, strategies should be developed for key sites and opportunity areas (where it is possible to achieve transformation through tackling a number of small sites across a wider area), and a long term (15-20 year) perspective taken on implementation. Site strategies need to be based on an understanding of economic, social and environmental conditions and opportunities, and take account of activities which depend on a waterside location for their continued viability. Over the long term, an appropriate mix of high quality development can help to change perceptions of an area, particularly if intervention is planned to enhance existing assets (e.g. important buildings or public spaces - including the waterside, and maritime-related economic activities). Demanding sustainability criteria must form a core element of the development frameworks for coastal sites, where climate change is a critical consideration. Strategies should identify the need for public sector interventions, the scale of that involvement and the potential funding sources available, and attract support from all the key stakeholders.

### ***Building economic competitiveness***

11. The key problems which need to be addressed to build economic competitiveness concern skills, entrepreneurship and business investment. A conducive environment for investment – whether in new starts, established firms or inward investment – requires progress in relation to other action areas (e.g. to provide better living and working environments, and to improve connectivity), and a motivated and skilled workforce.
12. These issues apply to all sectors of the economy and nearly all parts of the Coastal South East. However, most can be addressed through national, regional or local programmes.
13. At the scale of the Coastal South East, the Framework considers the performance and potential of maritime related sectors, because these are the sectors that are distinctive to this particular geography, and for which interventions at the scale of the Coastal South East may be appropriate. This does not imply that other sectors of the Coastal South East economy are not important, or that they do not merit support. Headline findings relating to key maritime-related sectors are summarised below:
  - *The port and related logistics* sector is a key feature of the Coastal South East economy. Proposed actions for the sector include: a detailed review of current and future port-related logistics growth plans and land requirements; support for the development of port masterplans involving a wide range of stakeholders to build ownership and make implementation easier; better co-ordination of port, inland transport and land use investment planning; assistance to the port and related logistics sectors to respond to the climate change agenda; and encouragement for modal shifts to support wider environmental objectives.

- The scale of expansion forecast in the *offshore wind* sector over the next 10-15 years, particularly off the South East coast, offers great potential for development of high value manufacturing and assembly. A Strategy Group in Kent has already been set up: this should be expanded, with a dedicated project team, to take a Coastal South East perspective on potential synergies between different places and specialisms.
- The *marine industries* in the South East have an estimated output of £10.8bn and employ 60,000 people. Marine South East has developed a Marine Technology Strategy with four priority themes – eco-logistics, energy security, eco-risk and security, and system optimisation. The recently completed Solent Waterfront Strategy – which may be equally applicable to the rest of the Coastal South East – emphasised that a new approach to waterfront land management was needed to ensure a balance among competing uses, recognising those growth/value-added activities that are dependent on waterfront access, the relationships between waterfront-based activities and inland links, and the emerging challenges related to environmental risks and policy goals.
- The *creative and cultural* sector in Coastal South East is diverse, growing and important both in its own right, and in contributing to quality of life and cohesive living places. There is huge potential for further development of the sector, including complementary specialisms in different locations along the coast, facilitated by funding of projects and events by public agencies. In addition to indigenous growth there is the opportunity for the Coastal South East to capitalise on the displacement from London of many creative businesses through redevelopment and high costs, by the provision of advice, networks and facilities, including more live/work space.
- The *visitor economy* is another sector which is important both in its own right and in terms of the character of the Coastal South East as a place to live, work, invest and visit. There is an opportunity to capitalise on the growing popularity of the coast as a destination for short visits, by improving infrastructure (including green infrastructure), visitor safety and marketing (including a branding and positioning strategy), further development of cultural facilities and events, and improved management of visitor attractions and accommodation.

### **Improving connectivity**

14. Priorities for actions to improve connectivity in the Coastal South East include:

- maximising the economic and social benefits of recent and committed improvements, such as CTRL international and domestic, and A3 Hindhead Tunnel
- improving the provision and take-up of broadband, including much more extensive wireless networks in the Coastal South East towns
- improving connectivity within the Coastal South East's functional urban areas, and supporting the effective functioning of the urban hierarchy. There are already many projects within transport plans to achieve improvements within urban areas, but

progress on major schemes between urban areas has been limited by the lack of funding

- improving orbital connectivity along the south coast, particularly between Dover and Thanet and within East and West Sussex, through investments in road, rail and innovative bus schemes
- exploiting the regeneration potential for the Coastal South East ports of increased short sea shipping and more marina facilities.

### ***Civic leadership, skills and aspirations***

15. The overall governance and performance management framework within which the Framework for Action will be implemented is undergoing changes as a result of the Government's Sub-National Review of Economic Development and Regeneration, and resulting adjustment to sub-regional partnership arrangements in the South East. To take forward the new governance proposals and the demands of the Coastal South East Framework for Action, several types of initiative are proposed:
  - investment should be made in developing board, management and leadership competencies at sub-regional and local scales – for example, in the form of staff/technical exchanges, internships and joint working
  - working groups should be established, on a time limited basis, to focus on a small number of priority action areas which are best developed and implemented at the scale of the Coastal South East. These could, for example, relate to the shared strategic issues of climate change, strategic infrastructure planning and investment, and coastal management and regeneration
  - following on from the activities of these working groups, it may be appropriate to establish Multi Area Agreements at Coastal South East scale to take forward some aspects of the Framework.
16. To support implementation, we suggest that a monitoring and evaluation framework should also be put in place, reflecting the imperatives of the Framework for Action. Finally, if the Framework is to be of any practical use, partners from across the Coastal South East – including SEEDA – need to commit to its use to shape both immediate investment decisions and priorities defined in relation to more general funding processes.

# 1: Introduction

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- 1.1 In February 2007, SQW Consulting (SQW) – in association with BBP Regeneration (BBP) and GHK – was commissioned by SEEDA to develop a strategy and framework for action for the Coastal South East<sup>1</sup>.

## **Original context for – and purpose of – the study**

- 1.2 The original context for the assignment was the then-new Regional Economic Strategy (RES) which identified three headline objectives for the South East: global competitiveness, smart growth and sustainable prosperity. The RES also acknowledged the spatial diversity of the South East; schematically, it described the region's economic geography in terms of three broad contours – Inner, Rural and Coastal South East – which were straddled by Growth Areas, Hubs, and Diamonds for Investment and Growth. It was (and is) in the context of this spatial diversity – and the challenges and opportunities that this represents – that the RES's three headline objectives needed to be delivered.
- 1.3 Against this backdrop, the Coastal South East was identified as providing both the greatest challenges and the biggest opportunities. Of the three “contours”, it was the one in which economic performance – on a variety of indicators – was weakest. However it was also identified as having distinctive environmental assets and substantial capacity for sustainable growth. It was recognised as a complicated area which encompassed one designated Growth Area (Thames Gateway Kent), with another adjoining (Ashford), and one newly designated Growth Point (Urban South Hampshire), all of which had signed up to ambitious growth agendas with transformational potential. Also within the Coastal South East was Brighton & Hove – an academic and cultural hub of national significance. At the same time, Coastal South East included the most persistently deprived areas in the region – notably Hastings and Thanet.
- 1.4 The original purpose of this assignment was to develop a strategy and action plan for the Coastal South East. The strategy needed to be “*compatible in form and function with the RES*” and the strategies for the Rural South East and the Inner South East. Moreover it needed to be a “*cornerstone of the strategy for the Greater South East*” which was, *inter alia*, complementary to strategies for Thames Gateway and London.

## **Revisions in scope**

- 1.5 Since February 2007, the study has proceeded in dialogue with both SEEDA and its sub-regional partners from across the coastal contour. In the process, the scope of the exercise has been refined in three subtle, but important, respects:

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<sup>1</sup> Coastal South East is broadly represented by four sub-regions and one special policy area as defined in the draft South East Plan: Kent Thames Gateway, East Kent (excluding Ashford), Sussex Coast, South Hampshire, and the Isle of Wight

- first, rather than a fully worked up strategy and action plan, we have been steered towards producing a Framework for Action that is prospectus-like in style
- second – and in the context of the Sub-National Review of Economic Development and Regeneration (SNR) (which was published mid-way through this exercise) – we have sought to reflect more specifically on spatial considerations and on the functional geographies that exist within the Coastal South East
- third, as a consequence, the written output from this assignment is presented in two parts:
  - a Framework for Action which is short, up-beat in tone, and prospectus-like in style
  - an accompanying document which presents the evidence-based foundations, and the process-based and technical rationales for the Framework.

### ***Purpose and structure of this document***

1.6 This document constitutes the second of the two outputs described above (although the Framework itself is included within it) and hence its purpose essentially is to present the evidence base which underpins the Framework; to describe the process through which it has been developed; and to present in some detail the thinking behind – and rationale for – the Action Areas around which the Framework is structured. Correspondingly, the document is divided into three main Sections, each of which comprises a number of component Chapters:

- **Section A** provides the context for the Framework and an assessment of the broad challenges and opportunities to which it must respond. It considers trends and drivers with regard to coastal areas in general (Chapter 2), the area's internal economic geography as the spatial backdrop (Chapter 3), and the extant policy responses that have been developed in response (Chapter 4). It then draws out some key conclusions that have shaped the development of the Framework as a whole (Chapter 5)
- **Section B** describes the process through which the Framework has been created and it presents the Framework itself (Chapter 6). It then considers in some detail each of the four Action Areas, focusing in turn on the issues that need to be addressed and the actions that could be taken in response (Chapters 7-10)
- **Section C** brings the different elements of the report – and the process – together, and it sets out some conclusions and recommendations for going forward; in so doing, it draws – to some extent – on international experience of large scale coastal regeneration and transformation (Chapter 11).

**Coastal South East: A Framework for Action**

**Section A**

**Establishing the Foundations of the Framework**

## 2: Context and challenges for economic development and regeneration in coastal areas

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### The national context

- 2.1 After many years of neglect, there has recently been a flurry of interest in the economic problems of the country's coastal towns. The House of Commons' Communities and Local Government Committee published a report on coastal towns in March 2007 which stated that *"Government has neglected the needs of coastal towns for too long. A greater understanding and appreciation is needed of the challenges faced in coastal towns. A national strategy for coastal towns is not a solution to their needs as a 'one size fits all approach' is inappropriate, but there are a number of areas that are in need specific Government action"*<sup>2</sup>. This followed a report by Sheffield Hallam University<sup>3</sup> which stated that *"seaside towns are the least understood of Britain's 'problem' areas"*.
- 2.2 Evidence presented to the House of Commons Committee by CLG (including the government's neighbourhood statistics and the Sheffield Hallam report) suggested that there were very big variations in economic and social conditions across coastal areas, but that many faced a range of shared issues including:
- peripheral locations which are exacerbated by weak transport links
  - the impact on the economy of changing tourism trends
  - high levels of seasonal employment
  - a relatively large number of old and young people
  - a large number of private rented houses, and houses in poor condition, both associated with the legacy of traditional seaside tourism and guesthouses
  - a relatively high proportion of low income households
  - relatively low levels of educational attainment, lower life expectancy and higher rates of homelessness acceptances.
- 2.3 However, both the Sheffield Hallam report and CLG also pointed out that coastal areas have typically experienced relatively high rates of population growth, which distinguishes them from most other areas which have experienced economic decline, such as the coalfields and traditional industrial areas.

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<sup>2</sup> House of Commons Committee for Communities and Local Government, Report on Coastal Towns, 6 March 2007

<sup>3</sup> Final Report of the Seaside Towns Research Project, Beatty & Fothergill, Centre for Regional Economic and Social Research, Sheffield Hallam University, June 2003

- 2.4 The Government's response to the Select Committee's report, made in May 2007<sup>4</sup>, placed coastal areas into a broader context of regeneration activity already undertaken by RDAs and local authorities, but it was not well received. As a result, CLG is now leading a review of cross-government work to identify what more may be done to address the specific issues affecting coastal towns.
- 2.5 One outcome of the Government's consideration of coastal towns is that SEEDA has been asked to take the lead role among the RDAs in developing a network to share best practice in the regeneration of coastal towns. The Coastal South East is therefore particularly in the spotlight in relation to the national response to economic decline and under-performance in coastal areas.
- 2.6 Also in 2007, a report by English Heritage looking into regeneration in seaside resorts<sup>5</sup> highlighted 15 examples across England (including Hastings) where historic assets are acting as a catalyst for successful regeneration and economic diversification. A direct outcome of this report was a recent allocation of £45m by the Department of Culture, Media and Sport (DCMS) to support cultural projects in disadvantaged coastal resorts in England over the three year period, 2008-11. The work will be led by the Commission for Architecture and the Built Environment (CABE), with an expectation that the Big Lottery Fund and other public and private sources will be used to complement DCMS funding.

## The wider picture

- 2.7 The context for the development of a Framework for Action across the Coastal South East however needs to be cast more broadly. In particular, it needs to take account of three overarching and long term drivers that are affecting communities in coastal areas across the UK and internationally. These are introduced briefly in the paragraphs that follow and implicitly, they provide the backdrop to the Framework as a whole.

### **Climate change**

- 2.8 According to the Environment Agency's (EA) website, the Southern Region (which includes the whole of Coastal South East but only the southern part of the South East region) has over 380,000 homes and businesses at risk from flooding, either from the sea, rivers or groundwater. Approximately two thirds of these (about 250,000 homes) are at risk from coastal flooding.
- 2.9 Climate change has the potential to increase the probability of flooding due to increases in sea level and potential changes in the frequency, duration and intensity of storms. In 2004, the Government's Foresight Future Flooding report<sup>6</sup> estimated that, taking these and other factors into account, annual average flood damage could increase by between 2 and 20 times by the end of the century. Changes will be highly dependent on the actual impact of climate change and sea level rise, patterns of growth, development (building, etc.) and future flood risk management activity.

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<sup>4</sup> Government Response to the Committee for Communities and Local Government Report on Coastal Towns, HMSO, May 2007

<sup>5</sup> Regeneration in Historic Coastal Towns, English Heritage 2007

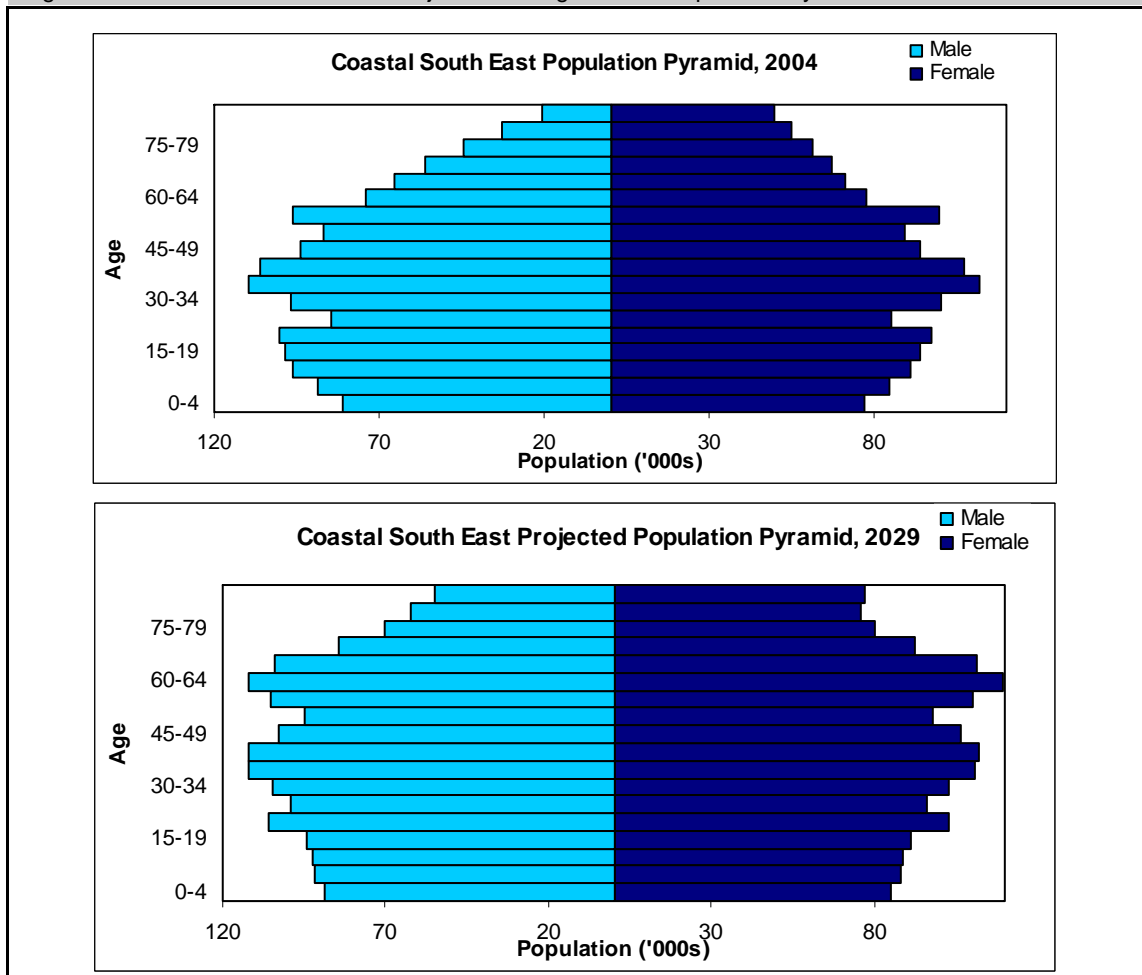
<sup>6</sup> 'Future Flooding': Foresight Flood and Coastal Defence Project Report; Office of Science and Technology, 2004

2.10 The scale and significance of the issue for the Coastal South East is obvious. Many of the settlements in the Coastal South East (particularly their old town centres and seafront areas), together with ecologically important rural areas along the coast and in the main river estuaries, are at increasing risk of flooding. The implications for both the location and nature of development must be taken into account, otherwise the outcome will be disastrous.

**Demographic change**

2.11 As people live longer and birth rates fall, the population as a whole is ageing. The House of Commons’ Select Committee highlighted the extent to which the surrounding challenges are frequently exaggerated in coastal communities across the UK. Within this context, the Regional Economic Strategy for the South East notes that the Coastal South East has a greater proportion of people over retirement age than the regional average, with the numbers expected to rise further. Figure 2-1 shows the projected change in the shape of the population pyramid between 2004 and 2029.

Figure 2-1 : Coastal South East – Projected Changes in the Population Pyramid



Source: ONS Mid Year Population Estimates

2.12 However, although the proportion of the population over retirement age in the Coastal South East is high, Table 2-1 gives a rather different picture. The Table shows that the main working age population (19 to 64 years) in the Coastal South East is expected to increase faster than for the region as a whole between 2004 and 2029, but that the number of young

people up to the age of 19 is expected to change very little over this period. Therefore, although the population of the Coastal South East is certainly ageing, this suggests that the labour supply will increase in size relatively rapidly over the next 20 to 25 years. Potentially, this provides a good ‘working age resource’ for economic growth, provided it can be utilised effectively. In addition, these figures are based primarily on past trends; the implication is that if the economy of the Coastal South East can be revived, more people of working age are likely to move into the area.

Table 2-1 Changes in the Age Structure in Coastal South East, 2004-29

Age range	2004 total population (000s)	2029 projected population (000s)	% change in Coastal South East, 2004-29	% change in region, 2004-2019
0-19	709.2	720.5	1.6%	6.6%
20-64	1709.2	1906.3	11.5%	10.1%
65+	522.5	812.4	55.5%	56.4%

Source: ONS Mid Year Population Estimates

### **Living and working**

2.13 A third major over-arching driver which affects coastal areas in particular ways relates to long term changes in living and working patterns. These include:

- more flexible working arrangements, particularly for professionals, enabling them to work from home more often
- much greater use of the internet by knowledge workers, also enabling more home working
- a greater propensity and capacity among more people to live and work in areas which are environmentally more attractive
- a willingness to accept greater physical separation of home and (central) workplace leading to longer distance commuting, but often for fewer days per year.

2.14 As the backdrop to the Framework for Action, these general trends need to be seen in the context of the relationship between the Coastal South East and London in particular, and changing perceptions of the coastal area. Most of the Coastal South East is within one to two hours travel time from London, by train or road. As a result, 5.6% of the Coastal South East’s working residents already commute to London, and the number is likely to increase further with improvements in travel times on some routes, particularly as a result of the introduction of domestic CTRL services in east Kent (see Chapter 9). However, changing work patterns enable many more people to live in the Coastal South East and work part time in London or the Inner South East, and part time at home. In addition, if the business climate in the Coastal South East can be improved (e.g. through raising skill levels), then – combined with good connectivity with London and mainland Europe, and a beautiful environment – entrepreneurs may increasingly be inclined to consider re-locating their businesses to the area.

## Conclusions

- 2.15 The Chapter has sought to outline briefly key elements of the wider context for the Framework for Action across the Coastal South East. It has noted that nationally, government is starting to pay more attention than hitherto to the performance and prospects of coastal areas in general and coastal towns in particular. Alongside this renewed focus, however, there are a number of “meta” trends and drivers; the Framework for Action will need both to acknowledge these, and – as far as possible – to respond to them. Climate change, population ageing and changing patterns of living and working present both opportunities and threats for the Coastal South East as it looks to the future in terms of its prospects for – and positioning in relation to – economic development and regeneration. All three therefore need to be foundational with regard to the Framework’s development.

## 3: Unpacking the economy of the Coastal South East

- 3.1 This Chapter considers the economic and spatial structure of the Coastal South East. It starts by reviewing the economic performance and sectoral structure of the whole area. It then considers the principal roles of the main urban areas in the Coastal South East – most of which are coastal towns – using a typology developed to characterise medium-sized cities. The outcome of this assessment is then considered alongside the various designations currently applied to settlements in the Coastal South East. The Chapter then considers briefly the economic characteristics of rural areas within the Coastal South East, before concluding with some observations on the implications of the economic and spatial structure in relation to wider ambitions for sustainable economic growth.

### Economic performance of the Coastal South East

- 3.2 As set out in the Regional Economic Strategy – and as alluded to in Chapter 1 – the Coastal South East is “underperforming” economically: typically the area has relatively low rates of economic activity, employment and business start-up; the skills base is weak; and the industrial structure is biased towards relatively low value activities. Indeed, if its economic performance was to match the regional average, the RES estimates that GVA would increase by £13bn. In the paragraphs that follow, we comment, briefly, on some of the underlying evidence.
- 3.3 Data suggest that the average economic activity rate in the Coastal South East is 78% compared with the South East regional figure of 82.1%, and the employment rate is 75.5% compared with 78.3% for the region as a whole<sup>7</sup>. However, both economic activity and employment rates in the Coastal South East are above the England national averages.
- 3.4 Table 3-1 shows that, proportionately, the percentage of the region’s business units in the Coastal South East is less than the percentage of employees, which in turn is less than the percentage of either total or working age population. This suggests that the economy of the Coastal South East has a relatively small business stock. If the number of business units per head of population was the same as in the region as a whole, there would be nearly 25,000 (22%) more units in the Coastal South East.

Table 3-1 Comparisons of Coastal South East and South East regional data

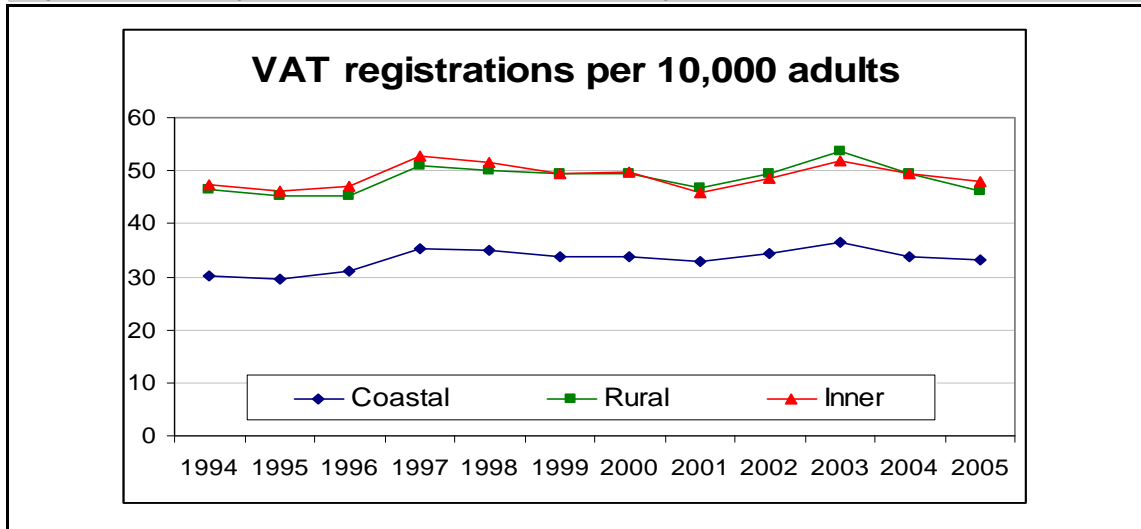
Measure (2006)	South East region	Coastal South East	Coastal South East as % of region
Population	8,237,800	2,976,400	36.1%
Working age population	4,995,500	1,771,700	35.5%
Employees	3,642,000	1,155,400	31.7%
Business units	379,675	112,430	29.6%

Source: ONS Mid Year population estimates and ABI. 2006 figures

<sup>7</sup> 2006 figures

3.5 Figure 3-1 shows that the rate of business start-up (as measured by VAT registrations) has been consistently below that for the other two main sub-divisions of the region (Inner and Rural) throughout the last 10 years. Coastal South East needs to generate 3,300 (over 40%) more business starts per year to equal the South East regional average. But there are big variations within the coastal area: for example, the start-up rate in Brighton & Hove and Ashford is close to Inner South East average, whereas in Gosport, Thanet and Dover, it is well below Coastal South East average.

Figure 3-1 : VAT registrations per 10,000 adults – comparing Coastal South East with Inner and Rural



Source: ONS

- 3.6 On skills, the Coastal South East would need nearly 93,000 (21%) more residents with qualifications to NVQ4 or above if it was to have the same proportion of people qualified to this level as the South East as a whole<sup>8</sup>. At the other end of the spectrum, over 37,000 (22%) more Coastal South East residents of working age have no qualifications than would be expected if the regional average applied.
- 3.7 The emphasis on low value economic activities is illustrated by the GVA figure given above, and also by data for average earnings. Only one District in the Coastal South East (Dartford) has average earnings above the regional level. Seventeen of the 22 Districts in the Coastal South East have earnings below the national average<sup>9</sup>.
- 3.8 The Coastal South East economy is therefore seriously underperforming in relation to the region as a whole; the gap is substantial in both relative and absolute terms, and the situation has not improved over the last 10 years. The numbers quoted above demonstrate the scale of the problem which needs to be overcome if the economic potential of the area is to be realised.

### Sectoral structure

3.9 Table 3-2 shows the sectoral structure of the Coastal South East compared with the region as a whole. The main differences from the region are the relatively high incidence of

<sup>8</sup> ONS Annual Population Survey

<sup>9</sup> Workplace based figures. Residence based figures show 16 districts have earnings below the national average.

employment in public administration, education and health, and the lower employment in banking, finance and insurance.

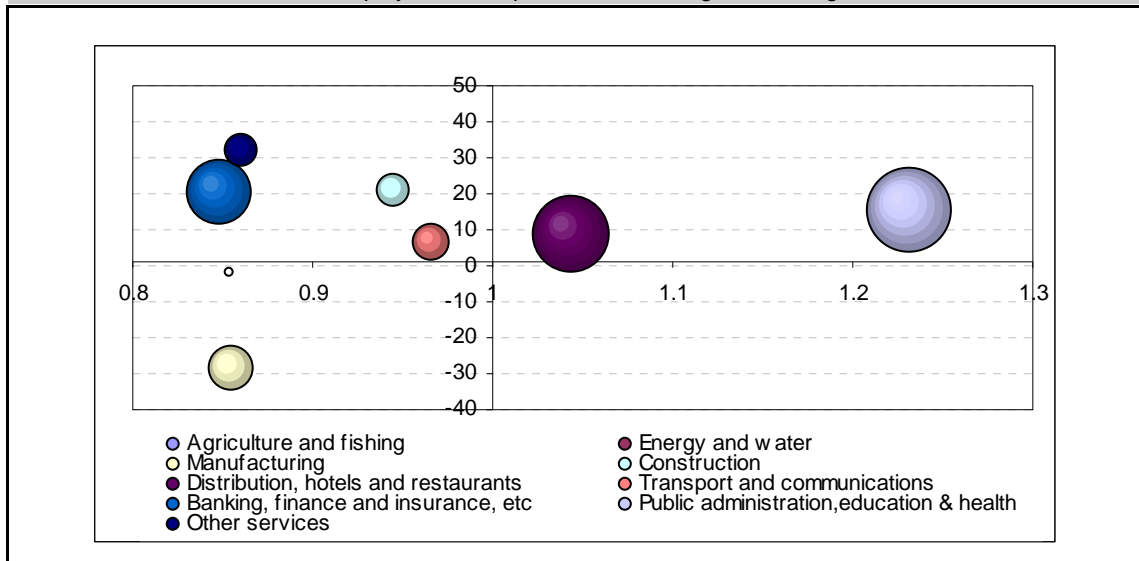
Sector	Employment in South East region	% of total employment	Employment in Coastal South East	% of total employment
Agriculture & fishing	13,600	0.4%	4,000	0.3%
Energy & water	17,700	0.5%	6,300	0.5%
Manufacturing	322,500	8.9%	109,000	9.4%
Construction	163,500	4.5%	53,000	4.6%
Distribution, hotels & restaurants	900,800	24.7%	296,500	25.7%
Transport & communications	218,700	6.0%	65,600	5.7%
Banking, finance & insurance	883,400	24.3%	211,600	18.3%
Public administration, education & health	930,800	25.6%	353,000	30.5%
Other services	191,000	5.2%	56,500	4.9%
Total	3,642,000	100%	1,155,400	100%

Source: ABI

- 3.10 Figure 3-2 shows (on the horizontal axis) the location quotients<sup>10</sup> for each sector relative to the national picture, together with the pattern of employment change over the period 1988 to 2006 (on the vertical axis). It shows that employment in all sectors except manufacturing and agriculture has grown over the eight year period, with the most rapid growth in other services; banking, finance and insurance; and construction. The only sectors which had a higher concentration of employment in the Coastal South East than nationally were public administration, education and health; and distribution, hotels and restaurants.

<sup>10</sup> Location quotients show the relative concentration of employment in a particular sector in the area compared with the national sectoral structure. Quotients above 1 indicate a relative concentration in the area, quotients below 1 indicate relatively low employment in that sector in the area compared with nationally.

Figure 3-2 : Coastal South East employment structure – change 1998 to 2006, and relative concentration of employment compared with the England average



Source: ABI

## Spatial aspects of the economy of the Coastal South East

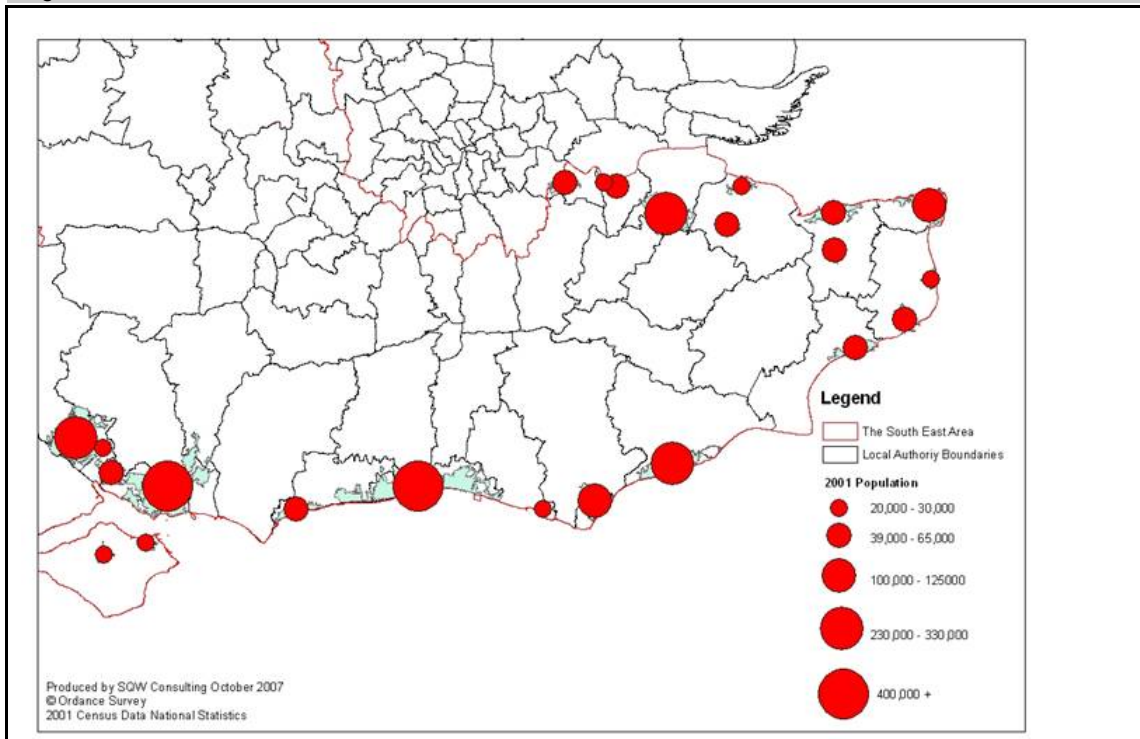
### A: Urban areas

- 3.11 Based on ONS's "bricks and mortar" definition<sup>11</sup>, within the Coastal South East, there were 22 urban areas with a population in excess of 20,000 people at the time of the last Census. These range in size from Brighton/Worthing/Littlehampton (categorised by ONS as a single urban area with a population of 461,181) to Queenborough/Minster (20,076) and Seaford (21,851). Together, these urban areas account for around 60% of the Coastal South East's total resident population.
- 3.12 On the basis of their resident population, the urban areas may be divided into four distinct size groupings with marked gaps between each group:
- over 230,000 to 460,000 – Brighton/Worthing/Littlehampton, Portsmouth urban area, Southampton urban area, Medway Towns urban area
  - 100,000 to 125,000 – Hastings/Bexhill, Thanet, Eastbourne
  - 39,000 to 65,000 – Whitstable/Herne Bay, Bognor Regis, Folkestone/Hythe, Dartford, Gravesend, Locks Heath/Burlesdon/Whiteley (Fareham), Canterbury urban area, and Sittingbourne/Kemsley, Dover urban area
  - 20,000 to 30,000 – Deal, Hedge End/Botley, Northfleet, Newport, Ryde, Seaford and Queenborough/Minster.
- 3.13 Figure 3-3 plots the location of these urban areas. It suggests a series of polycentric urban systems within the Coastal South East. Interestingly, while some of these are reflected in

<sup>11</sup> The prerequisite for the recognition of an urban area is that the area of land which is irreversibly urban in character should extend for 20 hectares or more. Separate areas of urban land are linked if less than 200 metres apart. Full details can be found at [http://www.statistics.gov.uk/downloads/census2001/ks\\_ua\\_ew\\_part1.pdf](http://www.statistics.gov.uk/downloads/census2001/ks_ua_ew_part1.pdf)

extant partnership structures with regard to economic development, others are not; for example, Brighton/Worthing/Littlehampton is classified by ONS as a single urban area, and it is by some way the largest in the Coastal South East, yet it covers four local authority districts (Brighton & Hove, Adur, Arun and Worthing) and falls within two different counties and sub-regional partnership areas.

Figure 3-3: Urban areas within the Coastal South East



Source: 2001 Census

### **Roles and functions of different urban areas**

#### *Introducing the Hildreth Typology*

- 3.14 The observation that across the Coastal South East, there is a distinctive hierarchy of urban areas in terms of population size, is important. However in seeking to define the foundations for the Framework, it is necessary to consider the implications. To this end, we can use a typology developed by Paul Hildreth to characterise medium-sized cities in England<sup>12</sup>. The significance of Hildreth's research is that it was undertaken while he was seconded to CLG and it has had a significant influence on recent Government policy towards medium-sized cities. It was used by SQW to help develop a Framework for Urban Collaboration in the East of England, and Hildreth has applied it elsewhere in the country – for example, in Lancashire.
- 3.15 Hildreth argues that while the economic importance of medium-sized towns and cities<sup>13</sup> needs to be recognised, it is also important to acknowledge that they have distinctive (and different) roles within the wider urban hierarchy; some perform better than others, but it is in the

<sup>12</sup> *Roles and Economic Potential of Medium-Sized Cities: A Discussion Paper* Paper prepared by Paul Hildreth, October 2006 Available at [www.surf.salford.ac.uk](http://www.surf.salford.ac.uk)

<sup>13</sup> Initially Hildreth defined medium-sized cities as having a population of between 100,000 and 500,000. In the final version of his paper, he moves away from defining medium-sized cities on the basis of population size arguing instead that differences in roles, functions and agglomeration characteristics are better indicators.

context of interdependence that their specific opportunities and threats need to be appraised and addressed. The implication is that different medium-sized towns should not be treated as – and should not aspire to be – clones of each other. In itself this observation is important in relation to the Framework for Action; as the House of Commons Select Committee made clear, there is a danger of characterising all coastal towns in similar ways but, as we demonstrate below, the economies of, say, Brighton and Portsmouth are very different from each other.

- 3.16 Hildreth identified six main roles in relation to medium-sized towns and cities: an industrial city; a heritage/tourism city; a university knowledge city; a gateway city; a city in a large or capital city-region; and a regional services city. He acknowledged that different urban areas may – in practice – be fulfilling two or more of these roles simultaneously. At the same time, different roles might be incompatible – for example, the relationship between a heritage/tourism role on the one hand and gateway or industrial roles on the other, may be problematic. In the Coastal South East, most of the urban areas are “cities in a large or capital city-region” according to the Hildreth typology, but some are much more influenced by London than others.
- 3.17 These variations provide a basis on which the Coastal South East’s urban areas can be characterised and distinguished. In turn, this may provide a rationale for the application of distinctive policies to different places in order to secure sustainable economic regeneration and development.

*Using the typology in the context of the Coastal South East*

- 3.18 Based on experience elsewhere, and acknowledging data limitations, Table 3-3 uses some commonly available indicators to characterise each of the urban areas in the Coastal South East on the basis of the Hildreth typology.
- 3.19 Unfortunately most of the data are only readily available for local authority districts (LADs – some ONS data can be built up from ward level to urban area, but this is a lengthy process which we have not undertaken for this exercise). Therefore the nearest equivalent LAD data for the urban area has been used. In some cases this means the same data are entered for two urban areas (Canterbury and Whitstable/Herne Bay are both in Canterbury District). For urban areas which cover more than one local authority district, the data for the closest LA equivalents to the main urban centre has been used (e.g. for Brighton/Worthing/Littlehampton, the data for Brighton & Hove, Adur, Arun, and Worthing LADs have been used, unless otherwise noted).
- 3.20 In the paragraphs that follow – and drawing on the data presented in Table 3-3 – we describe the roles and functions of different urban areas within the Coastal South East.

Table 3-3: Populating the Hildreth typology in relation to the urban areas of the Coastal South East

Urban area (plus local authority equivalent) and population	Industrial town	Heritage/tourism town	University/knowledge centre	Gateway	Urban area in capital city-region	Regional services centre
Indicator (2006 figures)	% employed in manufacturing (SE average 8.9%)	% employed in distribution, hotels & restaurants (SE average 24.7%)	Students as % of total population (SE average 6.9%), % employed in knowledge intensive sectors (SE average 37.8%)	% employed in transport and communications (SE average 6.0%)	% of workforce commuting to London (Coastal South East average 5.6%)	Employment as a % of resident labour force (SE average 98.5%)
Brighton/Worthing/Littlehampton 461,181	5.5%	23.2%	11.1%, 40.6%	4.2%	6.3%	96.4%
Portsmouth urban area 442,252	12.3%	23.4%	11.3%, 38.3%	4.9%	1.2%	107.9%
Southampton urban area 304,400	5.9%	20.9%	16.2%, 42%	7.4%	1.1%	120.2%
Medway urban area 231,659	10.8%	23.0%	5.6%, 34.4%	5.2%	13.7%	76.5%
Hastings/Bexhill 126,386	10.4%	21.5%	5.4%, 38.7%	2.6%	3.1%	95.9%
Thanet 119,144	9.0%	26.1%	5.8%, 38.1%	5.2%	2.5%	74.2%
Eastbourne 106,562	6.8%	29.5%	7.5%, 38.7%	2.6%	2.7%	106.4%
Whitstable/Herne Bay (Canterbury) 64,942	4.8%	27.3%	13.6%, 40.1%	3.6%	3.8%	92.9%

<b>Urban area (plus local authority equivalent) and population</b>	<b>Industrial town</b>	<b>Heritage/tourism town</b>	<b>University/knowledge centre</b>	<b>Gateway</b>	<b>Urban area in capital city-region</b>	<b>Regional services centre</b>
Bognor Regis (Arun) 62,141	10.5%	25.4%	4.9%, 34.9%	3.2%	2.2%	85.9%
Folkestone/Hythe 60,039	9.8%	23.5%	4.9%, 30.3%	10.7%	2.9%	86.5%
Dartford 56,818	6.1%	37.1%	5.0%, 30.3%	7.5%	33.3%	112.6%
Gravesend (Gravesham) 53,045	10.7%	24.8%	5.2%, 26.6%	7.0%	21.0%	66.7%
Locks Heath/Burlesdon /Whiteley (Fareham) 45,391	12.7%	22.0%	5.0%, 32.8%	6.6%	1.4%	90.1%
Canterbury urban area, 45,055	4.8%	27.3%	13.6%, 40.1%	3.6%	3.8%	92.9%
Sittingbourne/Kemsley (Swale), 41,613	15.6%	21.8%	4.8%, 27.8%	7.9%	8.4%	79.7%
Dover 39,078	11.7%	19.5%	5.3%, 36.4%	11.4%	1.6%	87.7%
Deal (Dover) 29,248	11.7%	19.5%	5.3% 36.4%	11.4%	1.6%	87.7%
Hedge End/Botley (Eastleigh), 23,680	12.9%	31.0%	5.1%, 23.7%	7.5%	1.4%	98.6%
Northfleet (Gravesham), 23,457	10.7%	24.8%	5.2%, 26.6%	7.0%	21.0%	66.7%

Urban area (plus local authority equivalent) and population	Industrial town	Heritage/tourism town	University/knowledge centre	Gateway	Urban area in capital city-region	Regional services centre
Newport (Isle of Wight) 22,957	9.6%	31.1%	5.0%, 34.9%	2.8%	1.0%	97.6%
Ryde (Isle of Wight) 22,806	9.6%	31.1%	5.0%, 34.9%	2.8%	1.0%	97.6%
Seaford (Lewes) 21,851	10.6%	21.7%	5.6%, 31.4%	4.5%	4.2%	90.6%
Queenborough/Minster (Swale) 20,076	15.6%	21.8%	4.8%, 27.8%	7.9%	8.4%	79.7%

Source: ABI, ONS

*(i) Industrial town*

- 3.21 Hildreth argues that industrial towns usually derive their industrial specialisms from historical or geographical advantages and are characterised by a narrow industrial base, typically dominated by a small number of large firms (or plants) and a narrow range of skills amongst the workforce. Few of the urban areas in the Coastal South East fit this description. However, Table 3-3 does show that there are considerable variations in the relative importance of manufacturing between places. Manufacturing as a percentage of total employment ranges from over 15% in Sittingbourne/Kemsley and Queenborough/Minster to under 5% in Canterbury and Whitstable/Herne Bay.

*(ii) Heritage/tourism town*

- 3.22 The proxy measure we have used for the heritage/tourism town – the percentage employed in distribution, hotels and restaurants – is limited because it includes all types of retail as well as accommodation and facilities normally associated with visitors, and it does not specifically identify places with strong heritage attractions. However, there is no readily available comparable source of tourism employment or visitor numbers. Of course, many of the Coastal South East urban areas are – or in some cases were – major tourism destinations. Apart from the coast itself, there are some major visitor attractions in the area defined as the Coastal South East – for example, Canterbury Cathedral has the highest number of paying visitors of any attraction in the South East (1,050,000 pa), and Portsmouth Historic Dockyard has the 9th highest number of (450,000 pa)<sup>14</sup>. Others, such as Chatham Historic Dockyard, have fewer visitors but are important heritage attractions. In addition, many Coastal towns are seeking to re-invent or establish themselves as visitor destinations, particularly with a mix of cultural and lifestyle attractions (e.g. the Turner Contemporary Gallery at Margate, the restaurants at Whitstable and the Bluewater shopping centre at Dartford).
- 3.23 Many of the Coastal South East's urban areas are therefore strong on this dimension of Hildreth's typology, but not all. The highest percentages employed in distribution, hotels and restaurants are found in Dartford and Hedge End/Botley (because they are large (out of town) retail centres) and in Newport and Ryde on the Isle of Wight. Other urban areas with employment in this sector well above the regional average include Eastbourne, Canterbury and Whitstable/Herne Bay. Some coastal towns have a surprisingly low proportion of employment in the sector – e.g. Hastings, Dover and Deal.

*(iii) University knowledge centre*

- 3.24 There are clear differences between the urban areas in relation to this role, for which two indicators are used in Table 3-3 – the percentage of students in the population, and the percentage of employment in knowledge-based sectors.
- 3.25 Those places with a major higher education institution have – unsurprisingly – the highest proportion of students. They account for over 10% of the population in the urban areas centred on Brighton, Portsmouth, Southampton, Whitstable/Herne Bay and Canterbury. At the other end of the spectrum, in four urban areas, students account for less than 5% of the

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<sup>14</sup> This data are taken from the South East England Tourist Board website - [www.visitsoutheastengland.com](http://www.visitsoutheastengland.com)

population – Bognor Regis, Folkestone/Hythe, Sittingbourne/Kemsley and Queenborough/Minster.

- 3.26 The pattern is similar for the percentage of employment in knowledge-based sectors (broadly defined). In Brighton, Canterbury and Whitstable/Herne Bay, over 40% of employment is in knowledge-based sectors, whereas in Gravesend, Sittingbourne/Kemsley, Hedge End/Botley and Queenborough/Minster, it is under 30%.

*(iv) Gateway*

- 3.27 The indicator (percentage of employment in transport and communications) used in relation to the Gateway role is quite crude. Nevertheless, the highest concentrations of employment are in Dover (port) and Folkestone (Channel Tunnel). The next highest percentages are for Queenborough/Minster and Sittingbourne, Dartford, Hedge End/Botley, Southampton, and Gravesend and Northfleet, all of which are recognisably either international gateways or centres for transport and distribution.

*(v) urban area in a large or capital city-region*

- 3.28 The indicator used is the percentage of the workforce commuting to London, but this excludes urban areas which are part of other city-regions. Some of these are included within the urban area definitions used for this analysis – for example, Havant within the Portsmouth urban area, and Worthing within the Brighton urban area. Others are not – arguably, Hedge End/Botley and Locks Heath/Burlesdon are really within the Southampton city-region, though they are identified as separate urban areas.
- 3.29 The proportion of the workforce commuting to London is clearly influenced by proximity, but other factors are also significant. The highest percentages are for the north Kent districts – declining west to east from Dartford (33.3%) to Thanet (2.5%) – and Brighton (6.3%), which has a fast rail connection. The proportion commuting to London, and by inference the influence of the capital city-region, is weakest in south Hampshire and Dover – though the proportion in Dover is likely to increase once the high speed domestic services are introduced on CTRL in 2009.

*(vi) Regional services centre*

- 3.30 A regional services centre should be an urban area which provides employment for the surrounding area as well as its own population. In the Coastal South East, only Southampton, Dartford, Portsmouth and Eastbourne provide more employment than they have resident workforce. Eastbourne may be an exception because of the relatively small proportion of the population which is of part of the workforce. The other three urban areas clearly provide a major service function for the surrounding area – Dartford has the Bluewater retail centre and other employment areas, while Southampton and Portsmouth are major retail and office centres.
- 3.31 At the other end of the spectrum, Gravesend and Northfleet, Thanet, Medway, Sittingbourne/Kemsley and Queenborough/Minster all provide employment for less than 80% of their resident workforce. Significantly, all of these places are on the main north Kent

commuter line and all except Thanet have high levels of commuting to London. However, the rail link between Brighton and London is faster, yet employment in Brighton & Hove is 96.4% of the size of the resident workforce. This suggests that Brighton acts as a strong service centre for surrounding areas as well as being strongly linked to London.

### Summary categorisation

- 3.32 Table 3-4 provides a summary categorisation of the Coastal South East urban areas based on the Hildreth typology and the data in Table 3-3. From this it is clear that the larger urban areas generally perform a range of functions, whereas the smaller ones are either more specialised (e.g. Ryde as a heritage/tourism town, Dover as a Gateway) or not strong on any of the indicators (e.g. Newport, Seaford).
- 3.33 Some urban areas are exceptions to this general rule. For example, Canterbury is quite a small urban area but it is strong on both heritage/tourism and university/knowledge dimensions. Dartford is strong in its gateway and service centre functions, as well as being very strongly part of the London city-region. Some other medium-sized urban areas have no distinguishing features on the Hildreth typology – for example, Hastings/Bexhill, Thanet and Eastbourne. This may reflect in part the limitations of the indicators and/or the categories used, but in general it does not seem seriously wrong as a description using the data discussed above.

Table 3-4: Summary categorisation of Coastal South East urban areas

Urban area	Industrial town	Heritage/tourism town	University/knowledge centre	Gateway	Urban area in capital city-region	Regional services centre
Brighton/Worthing/Littlehampton		****	****	**	***	**
Portsmouth urban area	****	****		**		***
Southampton urban area		**	****	****		****
Medway urban area	***	**		**	****	
Hastings/Bexhill	***	**				**
Thanet	**	***		**		
Eastbourne		***				***
Whitstable/Herne Bay (Canterbury)		****	****			*
Bognor Regis (Arun)	***	****				
Folkestone/Hythe	**	****		****		
Dartford	*	***		****	****	****
Gravesend (Gravesham)	***			****	****	
Locks Heath/Burlesdon /Whiteley	****			**		*

Urban area	Industrial town	Heritage/tourism town	University/knowledge centre	Gateway	Urban area in capital city-region	Regional services centre
Canterbury urban area		****	****			*
Sittingbourne/ Kemsley (Swale)	****			****	***	
Dover	***	**		****		
Deal (Dover)	***	*		****		
Hedge End/Botley (Eastleigh)	****			****		**
Northfleet (Gravesham)	***			****	****	
Newport (Isle of Wight)	**	****				**
Ryde (Isle of Wight)	**	****				**
Seaford (Lewes)	***	*		*	*	*
Queenborough/ Minster (Swale)	****			****	***	

Source: SQW

- 3.34 Apart from the paucity of some of the data, the Hildreth typology has another important limitation. It provides a good basis (and one which is comparable with places elsewhere where the same methodology has been applied) for describing the *current roles* of urban places in the Coastal South East. Particular towns are fulfilling a variety of roles to a greater or lesser extent. Some are clearly more specialised than others, some more multi faceted than others. In this way, the typology has value in assessing the roles of particular urban areas, and in distinguishing clearly between them.
- 3.35 However, the typology does not indicate future potential - except insofar as it is limited by historical and current characteristics of places. Although Hildreth observes considerable stability across the urban system, the implied concept of path dependency needs to be used carefully:
- history matters in understanding the economic character of particular places and it needs to be taken into account. At the same time however, many of the Coastal South East's urban areas should not be categorised based on solely their history. The emphasis of this study is, in part, on new opportunities and economic functions, and therefore, constraining places' futures based on their past roles would be unhelpful, to say the least. It is clear, for example, that some places are in the process of major change (e.g. the cultural and education developments at Folkestone are likely to lead to a major increase in student population and knowledge-based employment, whereas currently the data show a low presence of both)

- the typology says nothing about the performance of urban areas. Across all six roles it is possible to perform more or less strongly, both absolutely and in relation to the underlying strength of the “role-related assets”
- if it is to be used to guide policy, this analysis should be supplemented with a strong forward-looking dimension, which recognises physical/infrastructural and political assets and capital as well as more conventional economic resources.

*Relationship between the settlement typology and current designations*

3.36 Table 3-5 summarises the key characteristics of the main urban areas in the Coastal South East according to the Hildreth typology together with the main designations applied to these areas, including CLG-designated Growth Areas and Growth Points; Regional Hubs (defined in the draft South East Plan as settlements where the provision (or potential to provide) a range of multi-modal transport services supports the concentration of land uses and economic activity in a suitable manner); and Diamonds for Investment and Growth (defined in the RES as areas that have the potential to stimulate prosperity, with further growth being unlocked through targeted investment in infrastructure). There is broad correspondence between the two (i.e. where the designations are similar or complementary to the Hildreth typology), although there are a few anomalies – the most notable of which is Hastings, which is identified as a Regional Hub in the draft South East Plan, but the Hildreth typology does not identify any distinctive characteristics. However, the major regeneration programme for Hastings could transform its role and lead to the development of new roles such as a university/knowledge centre.

Table 3-5: Coastal South East’s urban areas – Hildreth categorisation and current designations

Urban area	Main roles according to Hildreth typology	Current designations
Brighton/Worthing/Littlehampton	Heritage/tourism, University/knowledge	Regional Hub, Diamond (Brighton & Hove)
Portsmouth urban area	Industrial, Heritage/tourism	Growth Point, Regional Hub, Diamond (Urban South Hampshire), Gateway
Southampton urban area	University/knowledge, Gateway, Regional services	Growth Point, Regional Hub, Diamond (Urban South Hampshire), Gateway
Medway urban area	City in capital city-region	Growth Area, Regional Hub, Diamond (Thames Gateway Kent), Gateway
Hastings/Bexhill	None	Regional Hub
Thanet	None	None
Eastbourne	None	None
Whitstable/Herne Bay (Canterbury)	Heritage/tourism, University/knowledge	None
Bognor Regis (Arun)	Heritage/tourism	None
Folkestone/Hythe	Heritage/tourism, Gateway	Gateway (Channel Tunnel)
Dartford	Gateway, City in capital city-region, Regional services	Growth Area, Diamond (Thames Gateway Kent)

Urban area	Main roles according to Hildreth typology	Current designations
Gravesend (Gravesham)	Gateway, City in capital city-region	Growth Area, Diamond (Thames Gateway Kent)
Locks Heath/ Burlesdon /Whiteley	Industrial	Growth Point (Urban South Hampshire)
Canterbury urban area	Heritage/tourism, University/knowledge	Regional Hub
Sittingbourne/ Kemsley (Swale)	Industrial, Gateway	None
Dover	Gateway	Gateway
Deal (Dover)	Gateway	None
Hedge End/Botley (Eastleigh)	Industrial, Gateway	Growth Point (Urban South Hampshire), Gateway (Southampton Airport)
Northfleet (Gravesham)	Gateway, city in capital city-region	Growth Area (Thames Gateway Kent), Regional Hub (Ebbsfleet)
Newport (Isle of Wight)	Heritage/tourism	None
Ryde (Isle of Wight)	Heritage/tourism	None
Seaford (Lewes)	None	None
Queenborough/ Minster (Swale)	Industrial, Gateway	Gateway (Sheerness)

Source: SQW

## B: Rural areas

- 3.37 Much of this report focuses on the urban parts of the Coastal South East, yet large parts of the area are rural. Much of the rural part of the Coastal South East faces similar issues to that part of the region defined in the RES as ‘Rural South East’. These issues include dispersed (and therefore difficult to address) pockets of deprivation, particularly with regard to housing conditions and access to services, an ageing population, and variable transport infrastructure, particularly for non-radial movements. The RES also characterises the Rural South East as having high overall economic activity and employment rates, high business density and business start-up rates, and a relatively highly skilled workforce. However, these positive characteristics are less likely to apply to the rural parts of the Coastal South East due to greater isolation from London.
- 3.38 We have not examined the rural part of the Coastal South East in detail largely because it is difficult to identify a distinctive coastal dimension to these rural areas compared with other rural parts of the region. This is not to imply they are unimportant. Indeed, they include part of a proposed National Park (the South Downs) and many other assets which are very important to improving the economic performance of the coastal area. However, unless there is such a dimension, there is little justification for featuring the rural areas *per se* in a Framework for the Coastal South East.

## Implications

- 3.39 This Chapter has examined economic and settlement structures in the Coastal South East. The Census definition of urban areas has provided a distinctive perspective on the urban hierarchy in the Coastal South East which the current policy context appears only partly to recognise (e.g. the transport investment plans examined in Chapter 9 do not reflect the linkages in the urban hierarchy suggested by the analysis in this Chapter). The data suggest that the main urban centres vary considerably in economic characteristics, but that there is in general a strong relationship between past and proposed future roles. There are also good reasons for the exceptions, although these are more based on policy expectations than evidence of change in the recent past.

## 4: Strategic agendas and strategic responses

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- 4.1 In this Chapter – and as the final part of the context for the Framework for Action – we summarise current strategic thinking as it relates to the Coastal South East, both as a whole and in terms of its constituent sub-regions.

### Regional Strategy: Regional Economic Strategy and South East Plan

- 4.2 The new *Regional Economic Strategy (RES)* includes a much stronger spatial dimension than previously, including the identification of three broad contours in the region’s economic geography – Inner, Rural and Coastal South East. Of these three areas, the Coastal South East was identified as the one in which the capacity for sustainable growth is potentially greatest. However, as noted in the previous Chapter, the Coastal South East is itself a diverse area, and it includes a number of Growth Areas, Regional Hubs, and Diamonds for Investment and Growth. The RES states that the strategy for the Coastal South East should focus on “*maximising economic potential and the differing opportunities presented by skills-led growth, innovation and creativity-driven growth, economic upgrading, connectivity and culture and leisure-based growth*”.
- 4.3 The *draft South East Plan* considers the Coastal South East within four sub-regions (South Hampshire, Sussex Coast, East Kent and Ashford, and Thames Gateway Kent) and one Special Policy Area (the Isle of Wight). As with the RES, the draft South East Plan also includes a number of other spatial designations including Growth Areas, Regional Hubs and Gateways: as described in the previous Chapter, some of these are wholly or partly within the Coastal South East.
- 4.4 The Regional Spatial Strategy is an extremely important document for it sets out the broad scale and geographical distribution of planned growth. In total, the draft Plan, as modified by the EiP Panel recommendations, proposes the development of over 250,000 dwellings in the Coastal South East over the period 2006-26. This is 39% of the total regional provision; it is therefore above the 36% of the region’s population currently living in the Coastal South East. The draft Plan also suggests that the Coastal South East should plan to accommodate over 200,000 new jobs – although the jobs figure is a mixture of proposals for the 2006-26 and 2006-16 periods, so is not directly comparable to the figure for housing provision. However, the figures make it clear that the Coastal South East has a very important role to play in delivering the scale of housing and employment growth envisaged in the region over the next 20 years.
- 4.5 In relation to the sub-regions that comprise the Coastal South East, the Panel largely endorsed the ambitious, productivity-led, strategy for **South Hampshire**; it called for a job growth target to be introduced into the strategy for the **Sussex Coast** sub-region and at a level which is higher than the projected increase in labour supply; it endorsed much of the strategy for **East Kent and Ashford** but suggested that a stronger emphasis ought to be attached to smart growth and to the need to effect appropriate economic growth in the area’s coastal towns; and

it endorsed much of the strategy for **Kent Thames Gateway**, acknowledging that ambitions for economic growth were policy-driven and reinforcing the importance of higher value business growth.

- 4.6 The detailed sub-regional responses to the regional policy context are explained below.

## Sub-regional responses

### **South Hampshire**

- 4.7 Urban South Hampshire is home to almost 1 million people and is the largest urban agglomeration in the South East region. Its two cities, Southampton and Portsmouth, together with other settlements, form an almost continuous spread of loose knit urban and suburban development along the coast and inland along the A3 and M3.
- 4.8 The area accounts for 10% of the South East's economic wealth, and supports 420,000 jobs. Since the 1980s, the sub-region's economy has grown at 2.75% pa – faster than the national average, but consistently below the South East regional rate of 3%. While employment levels are relatively healthy, earnings and productivity are low<sup>15</sup>. Despite the presence of three universities in the sub-region and a high proportion of students in the resident population, the area has a relatively low proportion of the population attaining higher education qualifications and a lack of entrepreneurial culture in the sub-region (per capita VAT registrations in Southampton and Portsmouth are well below the Coastal South East and regional averages). The suburban fringe is the primary economic driver in South Hampshire, compensating for the under-performing urban areas of Gosport, Portsmouth and Southampton.
- 4.9 The Partnership for Urban South Hampshire (PUSH) has been formed to deliver some agreed strategic objectives: to raise the sub-region's economic performance at least to match the South East average, particularly by growing knowledge-based and high value-added areas of the economy, and equipping the workforce with the skills needed to succeed in those areas. The strategy pursued by PUSH contrasts with historic trends where reasonably strong GVA growth was fuelled largely by high employment levels, rather than high levels of productivity. In order to deliver this objective, the Partnership has developed a 'preferred scenario' which is the route map for securing economic development over the period 2006-2026, and includes at its heart increased productivity. The following growth assumptions are specifically targeted under this scenario:
- initial Gross Value Added (GVA) growth set at 2.75% pa in line with historic trends
  - annual GVA growth gradually increasing over time, reaching 3.33% in the year 2026
  - annual labour productivity (GVA per employee) growth increasing over the scenario period but with average annual productivity growth over the period 2002-2026 constrained to 2.3% pa.

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<sup>15</sup> GVA per Employee 2001; South Hampshire-just over £32,000; UK-just under £33,000; South East-just over £35,000

- 4.10 In order to achieve these targets there will be a need to grow the Business Services and Distribution sectors (including retail and tourism sub-sectors), relative to manufacturing generally - although there are expected to be growth opportunities within the advanced manufacturing sector. Business Services is forecast to see the largest increase in workers (42,800) followed by the Distribution sector (19,000). Contemporaneously, manufacturing is predicted to undergo a decrease in workers of around 19,700, a 5.2% fall in the proportion of employment in the sector. If these changes are achieved, then the forecasts suggest that 58,600 net additional jobs will be created, and a £13 billion increase in GVA will be generated.
- 4.11 In order to deliver this strategy, there are a number of priorities which Partners intend to pursue:
- increasing both the skills base of the workforce and its overall educational levels/qualifications (i.e. 19,800 (+0.5%) attaining NVQ Level 4 and above, by 2026)
  - encouraging more dialogue between higher education and business sectors to promote growth – in particular using knowledge transfer mechanisms within the key Business Services sub-sectors
  - understanding the requirements of existing businesses – by engaging with key sectors and looking to instigate capacity building amongst providers to accommodate and cater for the increasing numbers expected to be in employed in these businesses
  - creating specialist expertise within the high-technology manufacturing sector and ensuring that other businesses can access it
  - developing and supporting business networks by encouraging best practice and collaboration between organizations, and by developing a stronger enterprise culture in the sub-region
  - bringing forward as many employment sites as possible in the sub-region – particularly those identified in the Area Investment Framework for South East Hampshire
  - investing in infrastructure such as public transport and the public realm within urban areas – so as to promote the area as a more modern place to live and work, and therefore attract aspiring graduates and young professionals into the sub-region
  - constructing 74,000 new homes in the sub-region between 2006-2026, designed to meet the social, housing and economic needs of the community.

### ***Isle of Wight***

- 4.12 The Isle of Wight has performed reasonably well over the last 10 years in terms of GVA, and employment and population growth. However, it has relatively low residence-based earnings; the rate of business start-up has been below the regional and Coastal South East averages; and the proportion of the resident population with qualifications at NVQ4 and above is among the

lowest in the region. Broadband take-up has also lagged behind the regional rate – initially due to the late installation of ADSL enabled exchanges on the island.

- 4.13 The Isle of Wight Economic Partnership aims to improve productivity and competitiveness by retaining international businesses on the island, increasing entrepreneurial activity and innovation, and improving skills and infrastructure. The strategy focuses particularly on promoting renewables and low carbon technologies and reducing waste.

### **Sussex Coast**

- 4.14 The economic performance of Coastal Sussex is very varied, with Brighton & Hove being the best performing and Hastings the worst performing on a range of indicators. On average, though, the whole area performs well below the regional average. For example, residence-based earnings are below the regional average in all Sussex coastal districts, and only Brighton & Hove is above the UK average. Similarly, both GVA per head and GVA growth over the period 1995 to 2004 were below the regional and UK averages throughout the Sussex sub-region (although Brighton & Hove is well above the figures for the rest of Sussex). Business start-ups (i.e. VAT registrations) and the proportion of residents with qualifications at least to NVQ4 is above the regional average in Brighton & Hove but well below in all other coastal Sussex districts except Lewes. Brighton & Hove and Hastings also feature among the most deprived quartile of local authorities in the country on the national Index of Multiple Deprivation (rank of average score, December 2007) – Brighton & Hove is ranked 79<sup>th</sup> out of 354 local authorities, and Hastings & Bexhill is ranked 31<sup>st</sup> (in the rest of Coastal South East, only Portsmouth, Southampton and Thanet are among the 100 most deprived local authority areas).
- 4.15 The draft South East Plan proposed that the Sussex Coast sub-region should accommodate an additional 54,000 dwellings over the period 2006-26, and provided no quantitative guidance on jobs growth. The EiP Panel report proposed an increase of 10% in the housing target, to 59,400, and a jobs target of 30,000 (from 2006-16), based on the Experian trend projections used by the Regional Assembly in preparing the Plan. The Panel argued that the sub-region should plan for jobs growth at a higher rate than housing growth because of the amount of net out-commuting from the area at present. It also agreed with the Regional Assembly that for the sub-region as a whole, the quality of employment land was a bigger issue than the quantity allocated for development.
- 4.16 Several different sub-regional partnerships have responsibility for supporting economic growth and regeneration in coastal Sussex – Coastal West Sussex Partnership, East Sussex Economic Partnership, and West Sussex Economic Partnership. In addition, there are a number of more local regeneration initiatives focused on the urban areas, including Sea Space, the economic development company for Hastings and Bexhill.
- 4.17 The *Coastal West Sussex Partnership* includes all the West Sussex coastal districts, SEEDA, GOSE and business representation. Its focus is on supporting business growth, raising GVA and creating high quality job opportunities, improving skills and reducing outward migration of well qualified young people, improving transport links along the coast, and regenerating town centres. Key concerns include the poor quality of transport links along the coast, the difficulty of providing high quality business space due to strong competition from residential

uses and a lack of speculative building, and the pressure on services caused by an ageing population in parts of the coast. Initiatives undertaken by the Partnership include:

- the creation of the Arena Skills Centre in Bognor Regis supporting the development of vocational skills with a focus on construction
- the development of the five Towns Network which up-skills regeneration professionals and promotes collaborative working across Coastal West Sussex
- the establishment of Arun Enterprise Gateway an initiative to support the start-up and development of businesses
- the Better Business Park project with a programme of environmental improvements on industrial areas.

4.18 The *East Sussex Economic Partnership* includes the local authorities, Sea Space and SEEDA, SEERA and GOSE. It is responsible for managing the delivery of a number of programs including the East Sussex Area Investment Framework, the Small Rural Towns Programme and Locate East Sussex. Five priority investment themes include: increasing business investment, growth and innovation; raising levels of basic and higher-level skills, and improving adult skills and educational attainment; achieving a step-change in the provision and utilisation of ICT/broadband, and the quality of transport infrastructure; developing a cross-agency approach to tackling deprivation and facilitating urban and rural regeneration; and strengthening partnership and delivery capacity at all levels.

4.19 The *West Sussex Economic Partnership* includes local authorities from across the county and business representatives. Like ESEP, it is responsible for delivering a number of programmes/activities including Gatwick Skills Centre, Investor Support, a Transport Task Group and the Sussex e-Partnership Programme. WSEP has acknowledged explicitly the issues relating to the coastal towns and a number of its activities have been targeted on the coastal area in response.

### **East Kent**

4.20 The economic characteristics of East Kent vary greatly – for example, the rate of business formation in Ashford is well above the regional average, but in Dover it is amongst the lowest in the Coastal South East. In Dover, the proportion of residents with qualifications at or above NVQ4 is half the regional average and the lowest in the South East, whereas in Canterbury the proportion is above the South East average.

4.21 East Kent benefits from the economic strength of Canterbury and Ashford's Growth Area status, and the coastal towns have benefited from the growth of a small number of major, highly successful businesses, including Pfizer in Sandwich, the port at Dover, and Saga at Folkestone. However until recently, the coastal communities have struggled to overcome the historical decline of tourism, high levels of deprivation, relative isolation and the out-migration of a high proportion of well qualified residents.

4.22 The RSS includes ambitious figures for growth of housing (53,000) and jobs (50,000) in East Kent over the period 2001-21, which is acknowledged to be dependent on the success of

Ashford and the transformational potential of the Channel Tunnel Rail Link (CTRL). The completion of CTRL international, and the promise of high speed domestic services by 2009, have the potential to greatly improve the accessibility of East Kent, leading to a change in perceptions about isolation. This change is re-inforced by some major regeneration initiatives – such as the Turner Contemporary Gallery at Margate and the regeneration of the old town centre and waterfront in Folkestone.

- 4.23 The partnership response in East Kent is particularly focused on realising these opportunities, changing perceptions of East Kent, and supporting an economic transformation based on new opportunities and growing businesses. The East Kent Partnership has identified three themes – improving the quality of life, developing a more entrepreneurial business culture, and improving infrastructure – which underpin its strategy and actions.
- 4.24 The delivery plan for the East Kent Partnership has a particular focus on improving the image of the area and attracting new investment, supporting entrepreneurship, improving the supply of an appropriate quality and mix of sites and premises, supporting a better integrated transport system in East Kent, and developing proposals for the creation of East Kent Natural Park. This focus complements the various partnerships and local delivery vehicles at the urban area scale which have been instrumental in developing and delivering some significant regeneration initiatives in the coastal towns, including Margate, Dover, Folkestone and Herne Bay.

### **Thames Gateway Kent**

- 4.25 Thames Gateway Kent (TGK) is the part of north Kent which is included within the policy area defined as Thames Gateway and broadly comprises the districts of Dartford, Gravesham, Medway and Swale.
- 4.26 A key characteristic of north Kent is that its local economy is currently too small to support the sub-region's workforce, resulting in significant out-commuting, principally to London. Strategies are therefore being developed for the expansion of the existing economic functions of the area and to attract new businesses.
- 4.27 TGK however needs to be seen in the context of Thames Gateway as a whole. Details of the economic development strategy for TGK are included as part of the Thames Gateway Interim Plan and most recently in the Thames Gateway Delivery Plan (both documents drafted and published by CLG) which was launched in late November 2007. There are three core objectives which will drive activity within the Gateway over the next few years:
- **build a vibrant economy** with at least 225,000 new jobs, a significant proportion of which will be accessible to local residents. This is an increase on previous projections. However the analysis of current opportunities suggests that – with recent progress and current investment plans - this can be achieved
  - **improve the quality of life for residents of the Gateway** by providing 160,000 good quality homes at all levels of affordability for existing and new communities, reviving town centres, improving public services and providing a better environment through the Thames Gateway Parklands programme

- **establish the Gateway as an Eco-Region** leading the way for the rest of the country in low-carbon and sustainable regeneration.
- 4.28 In order to begin to deliver on these objectives, key themes have been identified, under which actions/projects will be concentrated:
- secure economic transformation in Canary Wharf, London Gateway, Ebbsfleet Valley (within the TGK area) and the Olympics development at Stratford City
  - invest in a skilled workforce
  - enable new housing developments in ten priority areas for new homes
  - support the Thames Gateway Parklands initiative and start to make the Gateway an Eco-Region.
- 4.29 In order to prioritise the specific projects to receive government support, CLG has used a Portfolio Management Framework, which has considered programmes put forward by Partners within the Gateway and judged them against four main criteria – namely their strategic fit with the Gateway priorities, the benefits to be delivered, their financial soundness and overall deliverability.
- 4.30 All of the above work has significantly influenced activities in TGK to ensure that it is positioned within, and is as consistent as possible with, the above framework and can make the most of available funding and programmes. Considerable work has been undertaken to identify the nature of the problems in the area and the actions required to address these. The emerging over arching Vision for TGK is to:
- “develop an area of exciting waterside towns and cities with a world-class environment and a real civic pride that provides an international exemplar of urban renaissance”*
- 4.31 Spatially, it has been decided that activities should concentrate on the following key areas within TGK:
- delivering development at **Ebbsfleet and Eastern Quarry** to make Ebbsfleet succeed as a major new district, next to the international rail station (which opened in November 2007), with 28,000 jobs and 10,000 homes. Rapid journey times to London, Lille and Paris mean that it will be possible to attract higher value, knowledge-based jobs which are essential to create the balanced and sustainable communities required in the sub-region
  - making **Medway city** a reality: With its superb riverside sites, strategic location, maritime heritage and new university campus, Medway is well placed to emerge as an international city of learning, culture, tourism and high technology
  - delivering development along the **A249 corridor**: The new Swale crossing is the key to unlocking the full potential of the wider area which runs from junction 5 on the M2 to the Isle of Sheppey. Opportunities include unlocking further development in Kent Science Park, Sittingbourne town centre, the port of Sheerness and delivering significant regeneration within Queenborough and Rushenden

- revitalising the town centres at **Dartford** and **Gravesham**.

4.32 Partners within TGK have identified four critical areas in which action is needed:

- **investment in physical infrastructure, especially transport** – there is a strong need to address transport infrastructure issues, especially in line with the planned growth for the sub-region. Both regional and international traffic will be affected by the increase in traffic congestion, thus there are also national reasons to address transport capacity. Significant transportation investments (both road and public transport initiatives), are proposed to unlock key locations, such as works around the A2, M2 and M25 to service Ebbsfleet and Eastern Quarry, implementation of an integrated transport plan including delivery of fastrack through Eastern Quarry to Ebbsfleet, delivery of an integrated transport action plan for Medway and completion of the Northern Relief Road around Sittingbourne as well as the Queenborough and Rushenden link road
- **a business plan for developing/supporting the target industry sectors** – the aim is to achieve a diversification of the Thames Gateway Kent economy with an emphasis on knowledge-based production and services based companies. This requires a focus on a number of target sectors and business clusters where the sub-region has expertise and can have a competitive advantage: financial and business services; ICT; high technology manufacturing and engineering; port related logistics, transport and distribution; environmental technologies; life sciences and biotechnology; creative industries, tourism and leisure; and public sector and education
- **investment in skills** – increased capital and revenue funding for basic and intermediate/higher (NVQ3/4) skills provision, with a focus on supporting skills for target sectors, aimed at reaching the economically inactive and promoting progression pathways
- **investment in the environment, including the riverside** – initiatives include such projects as making best use of the areas assets; its countryside and natural habitats and its rich heritage; investing in the public realm; making best use of the riverside of both the Thames and the Medway; expanding the Green Grid on the back of the Kent Thameside initiative; finalizing the cultural framework and toolkit.

## 5: Framework foundations: summary and conclusions

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- 5.1 Chapters 2, 3 and 4 have examined in turn the broad context for economic development and regeneration in coastal areas; the current economic performance – and the economic geography – of the Coastal South East; and the policy interventions that have been developed in response. In this Chapter, we draw together these different strands of argument to distil the foundations for the Framework for Action across the Coastal South East. Specifically, we set out five over-arching conclusions together with a summary assessment of the Coastal South East’s principal strengths, weaknesses, opportunities and threats in the context of sustained and sustainable economic growth.
- 5.2 A first overarching conclusion relates to **the economic and spatial diversity of the Coastal South East**. Although – overall – evidence suggests that the area is underperforming, there is a danger in relying on averages for the Coastal South East as a whole of responding simplistically: some areas are performing strongly, some very poorly. Within the Coastal South East are some of the region’s most significant urban areas and with these come important economic resources and opportunities. At the same time, however, some of the smaller coastal towns are really struggling to regenerate themselves: skills levels are weak, aspirations are often quite poor, and the built environment is in need of investment. Hence recognising and responding to the fact of diversity must be a first imperative for the Framework. Although it is imperfect, the Hildreth typology, as applied to urban areas within the Coastal South East, provides useful insights in this context.
- 5.3 A second concerns the **need to acknowledge and complement the range of existing policy responses**. Currently, policy responses are quite fragmented and they are hugely variable. At a sub-regional and local scale, some – arguably – are more developed and more focused than others; in part, this reflects the underlying effectiveness of partnership arrangements and in part, it reflects the degree of consistency in the steer given by both central government and regional bodies. Hence while partnership working in Thames Gateway Kent is now set within a clearly defined structure that has a mandate agreed with central government, the institutional rationale for concerted joint working is much less well developed elsewhere. Because of this, the Framework arguably needs to be used in different ways in different places: a checklist and reference point for some areas, but a catalyst for action in others, recognising the direction of travel signalled within the Sub-National Review of Economic Development and Regeneration (SNR).
- 5.4 Third, it is notable that **the significance of a coastal location varies greatly in terms of both the dynamics of local economies and the policy imperatives defined in response**. For Thames Gateway Kent, Urban South Hampshire and Hastings, the fact of a coastal location appears almost incidental in relation to the strategic priorities identified and the growth locations that have been agreed. In this context, it may be useful to ponder whether enough is being made of the specifically coastal assets and attributes. At the same time, however, it is important not to overplay the “coastal card”: low skills, poor aspirations and an urban built environment in need of investment are by no means uniquely coastal attributes and it could be that the solutions are better defined from an alternative perspective.

- 5.5 Fourth, it is important to acknowledge that **there is no evidence at all to suggest that the Coastal South East operates as a single functional economy**. In part this is because orbital connectivity along the coast (broadly from East to West) remains, for the most part, poor – certainly as compared to links between coastal settlements and London. The latter is seriously double-edged. Used appropriately, it is a source of great opportunity, particularly given changing patterns of living and working, facilitated by improvements in ICT connectivity. At the same time, however, it means that out-commuting is often a viable option and that – as a result – the risk of labour market imbalance in coastal towns (which become places to live rather than work) grows, potentially to levels which are unsustainable all-round.
- 5.6 Finally, it is important to acknowledge that **the Coastal South East – perhaps unlike many coastal areas elsewhere – is set to grow substantially over the decades ahead**. The targets for housing and employment growth from the draft South East Plan are ambitious, but – for the most part – there is no suggestion that these are unachievable. The danger, clearly, is that housing growth proceeds at a much faster rate than economic/employment growth; and across different parts of the geography of the Coastal South East, this is regarded as a clear risk. One of the purposes of the Framework for Action must be to equip coastal areas to respond appropriately, whilst also recognising the challenges and opportunities linked both to climate change impacts and demographic factors.

Table 5-1: Coastal South East – Summary SWOT analysis

Strengths	<ul style="list-style-type: none"> <li>• High quality environmental assets</li> <li>• Some vibrant urban economies within the Coastal South East</li> <li>• Significant knowledge-based assets in parts of the area</li> <li>• Cultural and creative industries are thriving in some parts of the Coastal South East</li> <li>• Ports activities are of international significance and they are set for further growth</li> <li>• Marine technologies sector has important strengths locally</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• Continuing concerns relating to peripherality and remoteness</li> <li>• Generally poor orbital connectivity</li> <li>• Levels of entrepreneurship – as evidenced by rates of business start-up – are generally low</li> <li>• Skills levels in the resident population are relatively low</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Some planned improvements in radial connectivity – e.g. CTRL Domestic from 2009</li> <li>• Changing patterns of living and working which ought to present particular opportunities for coastal areas</li> <li>• Location of the Coastal South East in relation to both London and the near continent</li> <li>• Renewable energy presents a key opportunity of relevance to some areas</li> <li>• Potential opportunities linked to waterfront locations</li> <li>• Across much of the Coastal South East, there is a commitment to significant planned growth</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• Climate change impacts constitute a clear threat in relation to some coastal areas</li> <li>• Concerns about the quality and quantity (and economics) of employment land provision</li> <li>• Comparatively fragmented policy responses – in some local areas these are well-developed, but in others, they are quite weak</li> <li>• Continuing issues around weak aspirations locally</li> <li>• Pockets of acute deprivation</li> </ul>

# **Coastal South East: A Framework for Action**

## **Section B**

### **Presenting the Framework and the Action Areas within it**

## 6: A Framework for Action: process and outcome

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- 6.1 In this Chapter, we introduce the Framework for Action for the Coastal South East and the four Action Areas included within it. The Framework itself is presented at the end of this Chapter and the four Action Areas are explained in detail in the Chapters that follow. First though, we provide some comments and observations regarding the process through which the Framework was prepared and the factors which have materially influenced its final form.

### Developing the Framework for Action

#### *Process of developing the Framework for Action*

- 6.2 Building iteratively on the evidence base set out in Chapters 2-5, the Framework for Action was developed through consultation with sub-regional, private sector partners and SEEDA. Key milestones in that process included:

- early discussions with sub-regional partners – through both bilateral consultations and workshops – which took place during February-March 2007
- a Visioning workshop to which partners from across the Coastal South East were invited, which was held in Brighton in March 2007
- inputs into the draft RES Implementation Plan and feedback from partners across the region as part of the consultation responses
- further meetings with sub-regional groups in September, October and November, 2007
- four meetings of a large and inclusive Steering Group which was convened by SEEDA to oversee the study's progress; these meetings were held in March, June and October, 2007, and February 2008
- consultation feedback on the draft Framework for Action which was received during the autumn, 2007.

- 6.3 The membership of the study Steering Group numbered more than fifty, and additional inputs were provided through the sub-regional workshops and consultations. On this basis, we estimate that overall, representatives of around 100 organisations have contributed to the development of the Framework for Action for the Coastal South East.

#### *External influences on focus and content*

- 6.4 The focus and content of the Framework evolved during the course of this study, in consultation with SEEDA and its sub-regional partners. Originally we were commissioned to produce a strategy and action plan for the Coastal South East: the requirement was

subsequently revised to focus instead on the preparation of a prospectus style 'Framework for Action', supported by the evidence-based foundations of the Framework and some elaboration of the Action Areas it identifies. In addition, the Framework was developed at a time of significant change in the policy context; this has been important in shaping its content and in influencing the timing of this report. Some of these have already been alluded to, but to summarise:

- SEEDA's review of *sub-regional partnerships*, which was undertaken in parallel with this exercise. The outcome of this review is reflected in Action Area 4
- the *Sub-National Review of Economic Development and Regeneration*, published in July 2007, which had two core themes of great significance to the Framework: (a) the role and importance of functional economic sub-regions, and (b) the coming together of the Regional Spatial Strategy and Regional Economic Strategy into a single Integrated Regional Strategy, the author of which will be the RDA
- the *report of the Panel for the Examination in Public of the draft South East Plan* which considered in detail the sub-regional strategies for each of the four sub-regions that together comprise the Coastal South East. The key recommendations were noted in Chapter 4
- CLG support for the development of a *pan-regional coastal towns network*, the catalyst for which has been dissatisfaction with government's response to the House of Commons Enquiry into the performance of coastal towns (see Chapter 2). In this context, SEEDA has lead responsibility among RDAs for issues concerning coastal towns, and therefore is likely to play an important role in future government initiatives in this area.

### **Parameters of the Framework for Action**

6.5 Steered both by inputs from partners and also the changing policy context, it was agreed that the Framework should operate at the *mezzanine scale*. The Framework should not replace strategies and plans developed locally or those identified in the RES Implementation Plan. Instead it should add value to both by providing a common and coherent reference point for local economic strategies across the Coastal South East. Three important implications followed:

- rather than a strategy, the *Framework* should be developed so as to (a) reflect key pan-coastal issues in a manner which is evidentially robust, and (b) support the implementation of key sub-regional strategies by providing a contour-level "check and challenge"
- linked to this, the Framework should have the character of a *Prospectus* – setting out clearly the potential opportunities for the Coastal South East and providing a mechanism for engaging and enthusing private and public sector investors alike
- the Framework should focus on key catalytic actions, but rather than starting from scratch, it should take the best of what is already underway sub-regionally and explore how this can be supported (and possibly replicated in complementary ways

across the geography of the Coastal South East) such that the total impact is genuinely *Transformational*.

## Introducing the Framework for Action

- 6.6 The Framework for Action is presented in full at the end of this Chapter.
- 6.7 It is structured around a **Vision** which summarises the transformational potential of the Coastal South East. Underpinning the Vision is an **Overarching Priority** – that the economy of the Coastal South East must be genuinely sustainable – and three supporting **Priorities**, defined at the mezzanine scale:
- a **Creative and Inspirational Coast**, with high quality places in which to live, work, learn and invest
  - an **Inclusive and Connected Coast**, with confident and ambitious communities and businesses
  - a **Competitive Coast**, with a strong economy.
- 6.8 In order to realise the Vision and advance the different Priorities, four **Transformational Action Areas** are identified, in addition to an over-arching need for actions relating to re-branding and marketing. The four Transformational Action areas are:
- **Action Area 1:** Identify coastal sites where redevelopment could enable the creation of new mixed use communities including high quality, high density, living and working environments with outstanding physical and virtual communication links
  - **Action Area 2:** Focus on improving productivity and business performance across a range of sectors, while paying particular attention to businesses which rely on the coast as a primary resource
  - **Action Area 3:** Develop priorities for long term investment to improve coastal connectivity for the main urban areas (including major new developments), recognising the distinctive contributions that can and should be made by different transport modes, and responding to the different imperatives surrounding orbital and radial routes (including links to London)
  - **Action Area 4:** Build civic leadership and alignment across the geography of the Coastal South East so that a transformational Vision for the area will be embraced and delivered, and to support the development of strong and inclusive communities whose members have the aptitude and skills needed by the new economy.
- 6.9 The Framework for Action is presented overleaf. In the four chapters that follow, we consider in some detail the rationale for each of the Action Areas, the progress that has already been made (recognising, as set out above, that the purpose of the Framework is to build on existing good practice), and the additional steps that could be taken in order effect economic transformation across the Coastal South East and hence achieve the Vision.

# Coastal South East: A Framework for Action

March 2008

# 1: Background

As set out in both the Regional Economic Strategy and the RES Implementation Plan, the Coastal South East<sup>1</sup> has often been seen as “underperforming” economically: within the South East it is the area in which activity rates are low, the skills base is weak, and the incidence of deprivation is high. Indeed, if its economic performance was to match the regional average, GVA would increase by £13bn.



This underperformance is typical of many coastal areas. It reflects a combination of characteristics including relative remoteness,

<sup>1</sup> Coastal South East is broadly represented by four sub-regions and one special policy area as defined in the draft South East Plan: Kent Thames Gateway, East Kent (excluding Ashford), Sussex Coast, South Hampshire, and the Isle of Wight

isolation, deprivation, an ageing population, a transient population, poor quality housing, and limited agglomeration advantages resulting from a restricted (180°) hinterland.

Yet the Coastal South East is also different.

It is close to one of the most buoyant and successful world city economies (London) and within reasonable reach of a second (Paris). It also has a distinctive and important role within the Greater South East – the UK’s engine for growth and prosperity.

Added to that, ways of working and living are changing. Forced in part by congestion and high costs, but also by the possibilities offered by advanced telecoms, more people now work at least part of their time at home, or in more flexible working arrangements. The high quality living environment of the coastal area has become increasingly attractive as solutions to the problems of remoteness have started to become available.

# 2: Purpose

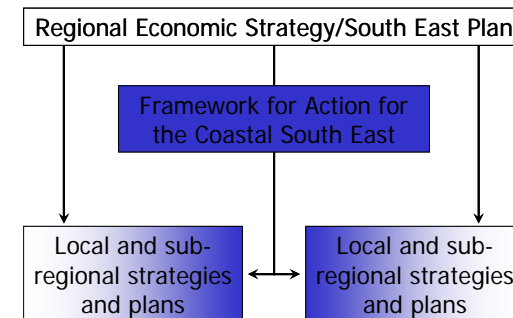
Against this backdrop, both the Regional Economic Strategy and the RES Implementation Plan included a commitment to working with partners to develop a strategic framework for the Coastal South East.

The purpose of the Framework for Action for the Coastal South East is to “raise the [area’s] economic performance, by realising its untapped potential in an inclusive and sustainable way”.

The Framework for Action **does not replace strategies and plans that have been developed at sub-regional and local levels.** In the context of wider targets and objectives, those prepared by the Partnership for Urban South Hampshire, Thames Gateway Kent Partnership, and partners in East and West Sussex, Isle of Wight, Brighton and Hove, East Kent and Hastings already identify and respond to specific opportunities and threats.

Equally, the Framework for Action **is intended to complement – not replace – the delivery of actions identified in the RES Implementation Plan.**

Figure 1: Fit of the mezzanine Framework



In both cases, the Framework will support implementation and delivery by providing a “mezzanine” perspective that takes the themes of the Regional Economic Strategy and develops their relevance and application at the scale of the Coastal South East (Figure 1).

Over time, it will add value by:

- providing a common and coherent reference point for local economic strategies and plans across the Coastal South East as they are refreshed
- supporting local partners from across the area in advancing a few Transformational Action Areas which are specific to, and relevant at the scale of, the Coastal South East.

These purposes are illustrated and explained further below.

### 3: The Vision underpinning the Framework for Action

**The Framework for Action for the Coastal South East will contribute to a transformation in the way the area works and looks.**

*By 2016, a profound transformation of the economy of the Coastal South East – consistent with its assets and its prime location*

*in relation to London and the Greater South East – will be well underway. Significant progress will have been made in advancing a growth model that is consistent with carbon neutrality and in which the distinctive character of particular coastal places – both urban and rural – is enhanced and maintained.*

*In the process, decades of under-investment in the built environment and physical infrastructure will be reversed, and spirals of inter-generational economic exclusion and deprivation will be broken. At the same time, communities in the Coastal South East will be more balanced in terms of demography, providing opportunities for people of all ages to meet their aspirations and enjoy a high quality of life.*

The strategies for achieving this overall Vision need to be bold and adventurous, but they must also reflect the particular challenges, opportunities and circumstances which exist in different parts of the Coastal South East’s geography.

In line with this Vision – and alongside locally developed strategies and plans – the Framework will help in two main ways.

First, the Framework reflects and distils **new forms of thinking, leadership and commitment to growth and change:** a transformation of how the Coastal South East

economy works and its economic positioning within the Greater South East. The Framework embraces growth but does so through a business model that differentiates itself by the creative use of coastal assets, renewing waterfront activities and supporting innovative – and sustainable – ways of living and working.

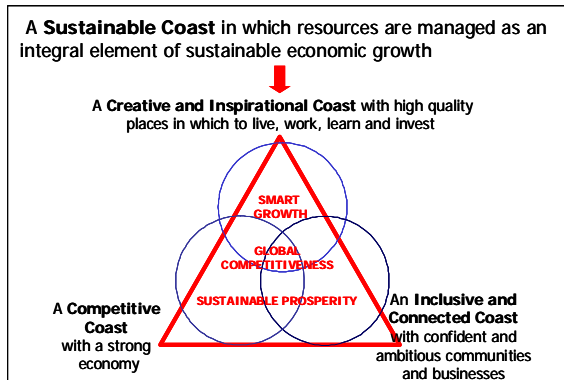
Second, the Framework **creates scale benefits** which enable the Coastal South East to be a major contributor to overall regional success. It provides new and sustainable solutions to pressures of growth across the wider South East. The Framework is premised on the Coastal South East becoming, over time, a real source of sustainable growth, changing internal and external perceptions and reversing a century of relative coastal decline.

### 4: Framework Priorities

**Underpinning the Vision is an Overarching Priority that the economy of the Coastal South East must be genuinely sustainable.**

The area’s natural environment is of a high quality and much of it is of designated status. Development pressures and opportunities need to be managed carefully and environmental assets harnessed appropriately. At the same time, there is a need to anticipate the emerging opportunities and threats linked to climate change, recognising that parts of the coastal environment are especially vulnerable.

Figure 2: Advancing the Vision for the Coastal South East: Framework Priorities



Beyond this, the Framework is structured around **three main Priorities, defined at the mezzanine scale** (Figure 2). All three are informed by the headline Objectives from the RES – Sustainable Prosperity, Smart Growth and Global Competitiveness – but with particular interpretation at the scale of the Coastal South East.

***I: A Creative and Inspirational Coast with high quality places in which to live, work, learn and invest***

Although in need of new investment, the built environment across much of the Coastal South East is of a high quality and most of it is situated in environmentally outstanding locations. In the context of changing lifestyles and working practices, there are substantial

pan-coastal opportunities to garner new wealth and derive substantial local benefits – in terms of sustainable economic development – from it.

More particularly – and in a context that is both *urban* and *coastal* – significant growth across the cultural and creative industries, linked in part to higher education, is attracting people to live, work, learn and visit. The transformation of Brighton and Hove over the last decade is a case in point. Elsewhere (e.g. Hastings) significant strides are being made in establishing a revitalised coast which is creative and inspirational, providing high quality places in which to live, work, learn and invest; creating vibrant coastal town centres is absolutely key to this. Ensuring that this process continues is an on-going priority.

***II: An Inclusive and Connected Coast with confident and ambitious communities and businesses***

Across the Coastal South East – as in coastal areas elsewhere – the challenges relating to isolation have been a primary cause of economic under-performance. Although physical connectivity may be less of an absolute imperative than it once was, it is still very important. It matters because it impacts on the available opportunities for both individuals and businesses. Hence connectivity solutions need, in addition, to

recognise the fundamental importance of socio-economic inclusion and addressing inter-generational challenges as well as responding to the needs, threats and opportunities linked to transient population groups; transport is a major part of the solution, but not the whole story.

From across the Coastal South East, there are already clear examples of the opportunities unleashed through improved connectivity. The resurgence of coastal towns in East Kent in the context of the CTRL domestic (due to open fully from 2009) provides ample evidence of the impacts that can potentially follow.

***III: A Competitive Coast with a strong economy***

The economy of the Coastal South East includes businesses from all sectors. Their growth needs must be recognised through the provision of appropriate workforce skills, premises, business support, and so on. Existing sub-regional economic strategies have already responded to the needs of locally defined priority sectors; in Urban South Hampshire, for example, the potential linked to advanced manufacturing has been researched and priority interventions have been defined in response. Progress with regard to the implementation of these actions needs to be supported.

At the same time, however, it is clear that where the economy of the Coastal South East is distinctive is with regard to businesses which are intrinsically maritime – in sectoral focus, location or infrastructure – and therefore are inextricably linked to a coastal location. These firms and sectors warrant particular attention within the Framework for Action – recognising the opportunities that may be afforded at the mezzanine and pan-Coastal scale. These must be pursued in a manner that complements the delivery of the wider sectoral development needs and opportunities identified in local and sub-regional strategies and plans.

## 5: Transformational Action Areas

Underpinning the Framework for Action is **an over-arching need for actions relating to re-branding and marketing**. These will need to capture the distinctiveness of coastal assets together with the outstanding quality of life choices that coastal/waterfront communities and locations can provide. These will also need to reflect the area's huge opportunities and potential in the context of the Greater South East.

In addition, working with key partners, four substantive Action Areas need to be advanced. These are summarised below.

### **Action Area 1: Identify coastal sites where redevelopment could enable the creation of new mixed use communities including high quality, high density, living and working environments with outstanding physical and virtual communication links**

Potentially, key coastal locations could act as demonstration projects which harness economic potential through the creation of mixed use communities offering new ways of carbon neutral living and working.

To achieve this, strategies should be developed for key sites and opportunity areas (where it is possible to achieve transformation through tackling a number of small sites across a wider area), and a long term (15-20 year) perspective taken on implementation.

Site strategies need to be based on an understanding of economic, social and environmental conditions and opportunities, and take account of activities which depend on a waterside location for their continued viability.

Over the long term, an appropriate mix of high quality development will help to change perceptions of an area, particularly if intervention is planned to enhance existing assets (e.g. important buildings or public spaces - including the waterside, and maritime-related economic activities). Demanding

sustainability criteria must form a core element of the development frameworks for coastal sites, where climate change is a critical consideration. Strategies should identify the need for public sector interventions, the scale of that involvement and the potential funding sources available, and attract support from all the key stakeholders.

### **Action Area 2: Focus on improving productivity and business performance across a range of sectors, but paying particular attention to businesses which rely on the coast as a primary resource**

The Coastal South East economy underperforms on various dimensions, and steps must be taken to improve its competitiveness. Key to this are measures to increase the skills of the local workforce, to improve rates of business start-up and growth, and to encourage business investment.

In addition, there is a need to recognise the scope and potential of business sectors which are intrinsically maritime including ports and port-related logistics, marine industries, offshore renewable energy, creative and cultural sectors, and the visitor economy. Many of these activities are knowledge-based and in advancing Action Area 2, there will be a need to ensure that relevant higher education

institutions (HEIs) and other research bodies are engaged fully and effectively.

**Action Area 3: Develop priorities for long term investment to improve coastal connectivity for the main urban areas (including major new developments), recognising the distinctive contributions that can and should be made by different transport modes, and responding to the different imperatives surrounding orbital and radial routes (including links to London)**

Given the need for lower carbon growth and the limited available resources, the emphasis must be on high density public transport solutions and next generation broadband (including equipping businesses and communities to use it to full effect). However the need for selective improvement of strategic road links must not simply be ignored as too difficult or too controversial.

Transport and connectivity issues exist at three levels:

- *Coastal South East Gateway Functions:* A fundamental role of the Coastal South East is its function as a gateway to the UK. Defining, strengthening and safeguarding this role is critical to the economy

- *Connect Coastal South East:* The challenge of connecting the Coastal South East “internally – east and west” as well as facilitating better links to London remains central to improving the attractiveness and performance of the sub-region
- *Innovative Transport Lifestyle Choices:* One possible differentiator for the Coastal South East will be new ways of organising work-life-leisure balances to reduce dependence on private vehicles as part of the Coastal South East lifestyle brand. Leading edge thinking around urban design and Smart Growth increasingly looks toward walking, cycling and public transport as the cornerstones of sustainable futures.

Against this backdrop, key priorities include the following:

- maximising the economic and social benefits of recent and committed improvements, such as CTRL international and domestic, and A3 Hindhead Tunnel
- improving the provision and take-up of broadband, including much more extensive wireless networks in the Coastal South East towns
- improving connectivity within the Coastal South East’s functional urban areas, and

supporting the effective functioning of the urban hierarchy

- improving orbital connectivity along the south coast, particularly between Dover and Thanet and within East and West Sussex, through investments in road, rail and innovative bus schemes
- exploiting the regeneration potential for the Coastal South East ports of increased short sea shipping and more marina facilities.

**Action Area 4: Build civic leadership and alignment across the geography of the Coastal South East so that a transformational Vision for the area will be embraced and delivered, and to support the development of strong and inclusive communities whose members have the aptitude and skills needed by the new economy**

The overall governance and performance management framework within which the Framework for Action will be implemented is undergoing changes as a result of the Government’s Sub-National Review of Economic Development and Regeneration, and resulting adjustment to sub-regional partnership arrangements in the South East. To take forward the new governance proposals

and the demands of the Coastal South East Framework for Action:

- investment should be made in developing board, management and leadership competencies at sub-regional and local scales
- working groups should be established, on a time limited basis, to focus on a small number of priorities which are best developed and implemented at the scale of the Coastal South East
- following on from the activities of these working groups, it may be appropriate to establish Multi Area Agreements at Coastal South East scale to take forward some aspects of the Framework.

To support implementation, a monitoring and evaluation framework should also be put in place, reflecting the imperatives of the Framework for Action.

### ***Fit with other actions***

These four Transformational Action Areas are distinctive to the Coastal South East and it ought to be possible to add value and impact by advancing them at this scale.

However they are not the complete solution: the mezzanine scale needs to be a partial one,

if it is to serve its purpose of adding coherence and providing a “check and challenge” for other interventions. In delivery, the four Transformational Action Areas must complement – and be supported by – a range of interventions undertaken both across the South East as a whole, and more locally within specific sub-regions and localities.

## **6: Moving Forward**

The Framework for Action for the Coastal South East outlined above is:

- adventurous in approach
- anchored around the distinctive assets and opportunities which define the Coastal South East
- consistent with the opportunities afforded by the mezzanine scale
- transformational in starting to define a new Framework for sustained and sustainable economic development across the Coastal South East.

Over the months ahead, delivery priorities should be reviewed in response. Across some parts of the Coastal South East, this will mean that existing priorities are endorsed and energised. Elsewhere, it may require some re-focusing of activity, such that across the

Coastal South East as a whole, the purpose of the Framework for Action can be realised to the full: to “*raise the [area’s] economic performance, by realising its untapped potential in an inclusive and sustainable way.*”

## 7: Action Area 1 – Coastal sites and new ways of living and working

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*Action Area 1: Identify coastal sites where redevelopment could enable the creation of new mixed use communities including high quality, high density living and working environments with outstanding physical and virtual communication links*

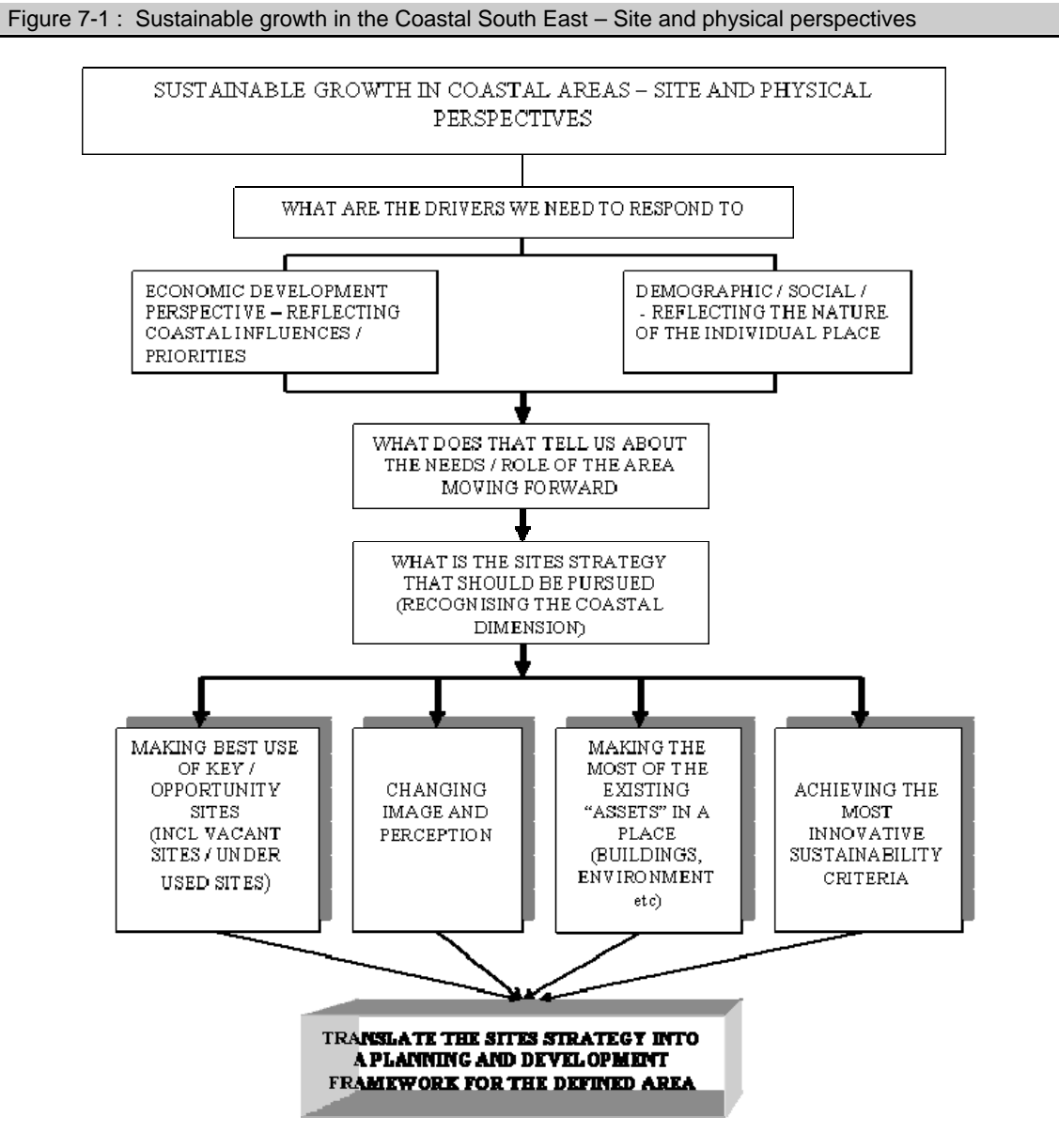
- 7.1 Across much of the Coastal South East, there are major issues with regard to the quality and quantity of available employment land. This is especially important given the need to accommodate both economic/employment and housing growth – at significant scale – across the area as a whole.
- 7.2 The Action Area defined in response is central to the Framework for Action: potentially, key coastal locations could act as demonstration projects which harness economic potential through the creation of mixed use communities offering new ways of carbon neutral living and working. These projects should also be exemplars in the way they take account of and respond to the potential impacts of climate change, which is a very important consideration for many of the urban areas in the Coastal South East.
- 7.3 This Chapter describes a systematic approach – within this context - to maximising the potential of key sites, which clearly constitute a scarce resource. It then provides some illustrations of major initiatives which are already underway within the Coastal South East. Finally, it concludes with a summary of the main challenges in developing and delivering key site strategies. The proposals could provide a platform to build on and extend the pilot Waterfront Development Strategy funded by SEEDA in the Solent area.

### The Scope for Using Sites Better to Effect Sustainable Growth

- 7.4 In seeking to use sites better to effect sustainable growth, it is important to recognise the diversity of the Coastal South East and the impact this will have on a mezzanine-scale approach. The strength of the property market varies greatly across the area. At one extreme, there are coastal locations in which a high demand for sites has been a regular feature of the market in recent years. This has driven up values, leading to the “highest value” uses forcing out other occupiers, and potentially creating barriers to a balanced community and to some forms of economic growth. At the other extreme, there are locations where there is a perpetuation of low value accommodation, poor property market conditions, and little demand for new development or investment, and where it is almost impossible to create the value needed to cover the investment required to overcome key infrastructure constraints. It is therefore imperative that specific site strategies are established for different areas, taking into account the local market conditions whilst still reflecting the broad ambitions of the Framework for Action.

**A mezzanine-level approach to sites in the Coastal South East**

7.5 In this overall context, Figure 7-1 describes a strategic approach to the development of key sites that has relevance and application across the Coastal South East.



Source: Study Team

7.6 The starting point is an analysis of the two main drivers behind any area’s future development framework, which are strongly inter-related:

- the economic development priorities for the area, bearing in mind proposed future roles and functions, recognising the opportunities and constraints imposed by current and historical characteristics (see Chapter 3)
- demographic and social trends which will affect priorities for housing and social infrastructure (such as schools, nurseries, hospitals and nursing homes).

- 7.7 These key drivers and their interrelationships will determine the land, accommodation and infrastructure needed to facilitate planned economic and social growth and change.
- 7.8 Beyond this, there is a need to consider the objectives which urban areas across the Coastal South East need to address if they are to deliver their future roles, recognising that there may well be issues around competing uses. Potentially, these include imperatives to:
- respond to demand from certain types of businesses to be located at or near the sea – e.g. ports, marine engineering or other maritime-related uses
  - support some of the new economic opportunities – such as the offshore renewable energy sector
  - support the visitor economy
  - accommodate the demand for residential development from people who want to live near the sea for quality of life reasons
  - accommodate a wide range of other, more sensitive, facilities (such as waste and minerals) which require waterside access
  - take into account climate change and the resulting increased susceptibility of low lying coastal sites to flooding.
- 7.9 The important implication is that *where there are coastal/maritime themes which are critical to the future economic functioning of an urban area, these will have significant implications for any sites strategy*. As part of the consideration of the economic priorities, the physical requirements therefore need to be clearly articulated and compared with existing supply and market conditions to determine the need for public intervention in order to achieve the mix of land uses and accommodation required.

### **Specific imperatives**

- 7.10 Working further through Figure 7-1, there are four more specific imperatives that need to be addressed in developing and implementing a strategic approach to sites across the Coastal South East. These are discussed briefly in the paragraphs that follow.

#### *(i) Making best use of key/opportunity sites*

- 7.11 In examining the site options and opportunities, it is important to think positively and creatively. For example, one key issue is often the question of scale. In areas with significant sites in single ownership, the opportunities are clear and it is not difficult to see where the growth potential can be accommodated; this is particularly the case in coastal locations where uses involving the MoD, port and other maritime operations, energy generation and other public facilities (e.g. specialist treatment hospitals/spas) can produce both the immediate and obvious opportunity for bringing forward the type and mix of new development needed to deliver sustainable growth. However in many locations, it may be necessary to identify a “grouping” of smaller sites which can also play a key role in effecting sustainable growth. This is often necessary in some of the smaller coastal towns.

7.12 In both contexts, it will be important to take into account:

- the identification of derelict/brownfield sites and the issues to be addressed in redeveloping these
- sites which are either under-used or currently subject to inefficient usage – most frequently demonstrated by low levels of occupation or levels of value. These characteristics could equally apply to commercial property or residential property
- sites currently used by declining sectors where future rationalisation is required and development opportunities can be created, or where the use of premises is expected to remain and can be improved through the updating of key facilities to modern specifications/standards
- key sites where current uses do not need to remain in their current location – and indeed where other locations would prove more efficient for the businesses involved and existing sites could be put to a more valuable, compatible and catalytic use e.g. waterfront occupiers which do not need access to the water
- areas where new infrastructure provision (or even a new planning framework) would transform the expectations for development and create new opportunities
- areas which are prejudiced as a result of site fragmentation – where site assembly would enable more comprehensive and viable schemes to be brought forward for a variety of uses.

7.13 As part of the above, it will be important to think through some of the issues around being able to identify suitable relocation sites, which would be capable of providing a new base for uses which are potentially not suited to regeneration areas. This could be linked to a more pro-active relocation package and programme which would work with businesses and site owners in order to balance the development opportunities on their existing sites with the costs of accommodating their business requirements in a more suitable part of the area. The advantage of this approach is to ensure that jobs and economic activity are not lost to an area. Therefore a comprehensive approach to site selection and use is paramount.

*(ii) Changing image and perception*

7.14 In many instances, coastal areas suffer from a poor image which can be an influence upon both those seeking to live in the area as well as those looking to establish businesses. How an area markets its economic development prospects – and how these are both promoted and delivered through a planning and economic development strategy – will be a critical factor in influencing the views of potential investors. A strategic approach to sites can significantly change the image of an area by:

- encouraging/permitting development on the most attractive sites which will enhance the offer which the area is able to make

- setting guidelines or targets aimed at improving the quality of development and acceptable standards generally that are permitted – both in the buildings themselves as well as the surrounding public realm
- encouraging the right mix of uses which will provide a broad balance to the area and a wide spectrum of facilities
- encouraging the assembly and integration of key land ownerships, to create attractive development propositions which will allow the market to respond with more diverse and innovative schemes
- creating a general market “tone” which meets the demands of an area and proves attractive to the private sector – which is then willing to take forward a mix of development in the longer term
- creating the framework within which businesses can be established and flourish.

7.15 Of critical importance will be identifying the key sites and the specific uses which will make a difference to the area and both raise values and increase market demand.

*(iii) Making the most of current assets*

7.16 Many of the Coastal South East locations have a range of assets which potentially make them very attractive to residents, visitors and businesses. These include:

- the presence of significant public buildings
- the possibility of under-used quality/traditional buildings (even vacant and derelict buildings in certain instances) which could be available for refurbishment and the introduction of alternative uses
- the local environment – both in terms of public realm within the urban area, the waterfront dimension and the adjoining countryside
- the culture of the area – which in some instances will include facilities used by both visitors and residents alike
- the possibility of low land and property values – although this could well only be a short term phenomenon and should not be seen as a major marketing advantage as inherent with low values is an inability for the development marketplace to function effectively.

*(iv) The Importance of Sustainable Development*

7.17 Finally, in the context of the Coastal South East, the development of sites and accommodation must seek to reduce the need to travel; reduce energy consumption (including the way in which energy is generated and the capability of buildings to use less energy year on year); encourage more efficient treatment of waste and the potential to generate by-products which could be reused in energy generation; and take account of climate change issues.

- 7.18 However in effecting more sustainable patterns of development, a sites strategy for the Coastal South East should contribute additional perspectives. For example, it could contribute to a better balance of residential and workplace development within an area. An imbalance between jobs and housing – especially along the Sussex Coast – was identified as an issue by the RSS Panel.
- 7.19 Issues and opportunities in this context should be seen in the context of enhanced home working, with the development mix recognising that this is becoming an increasing feature in modern households. The need for less formal but more available meeting places (e.g. coffee houses) around an urban area should also form a part of the strategic site planning process. Creating facilities and environments which will persuade a higher proportion of the population to undergo a lifestyle change and to embrace new forms of living and working will be a fundamental consideration in any sites policy. This is a crucial issue for coastal locations, because they are already potential ‘lifestyle locations’. New developments adopting these principles within the Coastal South East could become not only exemplars in their own right but could also provide the opportunity for certain infrastructure/features to be expanded into existing neighbourhoods within the area.

### ***The Importance of a Planning and Development Framework***

- 7.20 All of these key issues must be incorporated within a Planning and Development Framework for the area to which the site strategy applies (typically either one major site, or a collection of smaller sites which together could make a significant impact on regeneration of the whole urban area). However, the current planning position is difficult in many places – where existing Local Plans can be dated and the new LDFs are taking longer to come through the statutory process than was originally hoped. Where interim guidance is in place, this can be inadequate to carry the weight of full policy provisions, or too loose and general to prevent inappropriate development or to enable some of the more visionary and adventurous strategies to be put in place.
- 7.21 In such circumstances, the market tends to dictate what uses go in which locations, and such decisions are inevitably inspired by immediate profit margins. This can be diametrically opposed to the economic objectives for the area or the actual demand pressures from certain businesses, particularly those with a coastal dimension. It can also be compounded in those Coastal South East areas which have a low value/low demand property market – where there can be a tendency for the “first available” planning application to be accepted on a site, rather than either fully testing the market or taking the risk that a better scheme can either be secured after a period of aggressive negotiation or from another applicant at a later date.
- 7.22 Without appropriate intervention by the public sector, the greatest risk is that competing demands are not properly balanced. This can result, and already has in some places, in waterfront land being converted to residential or other uses at the expense of marine-related or other industries, thus preventing these businesses from being able to expand.
- 7.23 Whilst viability is a key concern, and residential development is usually the means by which a scheme is rendered viable, this cannot be seen as the only issue. With targeted public and private sector investment, it should be possible to maintain and support employment-based and other less viable uses – particularly port-related and other marine-related businesses

which require a waterside location – as part of a deliverable mixed-use scheme. It is absolutely crucial therefore to balance land uses within local areas, but especially to optimise waterfront land where it is in high demand.

## Lessons from case studies

- 7.24 Approaches already taken to regeneration of some key coastal areas demonstrate to a greater or lesser extent many of the above features. Boxes 7.1 to 7.5 include coastal sites that have already been substantially completed (Chatham Maritime), are currently being progressed (Margate, Shoreham and East Cowes), and are in the early stages of formulation, but can demonstrate the potential for future sustainable development (Newhaven). The case studies include examples of both large sites in primarily single ownership, as well as areas where a growth strategy is being built around a comprehensive approach across a grouping of smaller and independent sites.

#### Box 7-1 : Chatham Maritime

Chatham Maritime is a successful example of mixed-use coastal regeneration, incorporating modern buildings and facilities around existing historic buildings and other landmarks. Covering 140 ha (350 acres), the site was left unused and in part derelict when the Royal Navy left the dockyard in 1984. However the MoD transferred the entire area into public ownership, enabling complete control over uses and investment to be exercised at all times. SEEDA inherited the site from English Partnerships in 1999, and overall some £400 million of public and private investment has gone into the area.

##### *Approach*

Detailed work was undertaken to identify the range of uses which could meet the needs of the Medway Towns over the next 20 years, both in terms of replacing the 15,000 jobs lost as a result of the naval dockyard closure, and helping to create a step change for the area in terms of residential and leisure offers. Most of the Medway Towns had a very poor image and the opportunity to provide a very different type of product at Chatham Maritime, whilst still being in the heart of the urban area, was seen as a way of changing perceptions.

Ultimately it was decided that a combination of uses would be most viable. Economic development studies indicated that companies in the financial and business service sectors would be most likely to locate to the site. Marketing activity therefore sought to target companies in these sectors (some requiring owner occupation) and developers were targeted to provide speculative office accommodation which would then attract smaller companies.

The significant assets of the site were retained and built into the development proposals. For example a number of attractive, historic buildings were retained and some were re-used for commercial office purposes. The remainder were part of an initiative to bring a higher education presence to the towns (at that time Medway was the largest urban conurbation in the UK without an HE facility) – and eventually the University of Greenwich was persuaded to take over part of the site, including a number of existing structures. More recently the University of Kent and Canterbury Christchurch University have also created a presence on site – and overall this now forms the Medway Campus with some 6,000 students.

Around the basins a mix of development was identified, with leisure and retailing/visitor attractions being developed to the south of the Basins and residential on St Mary's Island to the north. The enclosed basins were also seen as a major opportunity for a marina development, and with the creation of a new leisure lock into the River this opportunity was finally delivered as a viable proposition. This has provided the opportunity for people to live, work and enjoy leisure opportunities all within Chatham Maritime.

An important component was the Development Framework, which formed the overall guidance for infrastructure, development and marketing strategies throughout the life of the development. Chatham Maritime never enjoyed any special planning status (apart from some areas which were Enterprise Zones), however the Framework was agreed with the Local Authorities very early in the process and became enshrined in planning guidance as a material consideration for all development plots across the site. It was also regularly reviewed, both independently and with the LAs, to make sure that it was still relevant to the needs of the area and the market – and was backed up by more detailed development standards/guidance, which was consistently applied through the on-site development team.

##### *Outputs*

Over 2000 homes have been, or are in, the process of being developed, and over 3,500 people work at Chatham Maritime in 120,000 m<sup>2</sup> of office space. The Dockside Outlet Centre has attracted over 80 retailers since opening five years ago and increased footfalls have attracted wider leisure amenities such as the Odeon multiplex.

##### *Lessons Learned*

Developments such as this are a long term commitment and need consistency in terms of planning, development objectives, ownership, guidance, etc. They often require some considerable investment in up front infrastructure, which may not only be for the benefit of the site in question, but the area as a whole. In these cases it will be very difficult, if not impossible, for individual owners to find the funds needed for such infrastructure and there will need to be some innovative thinking as to how strategic funding can be secured for such aspects.

Ensuring that the objectives for the site contribute to the local economy and housing market is also critical and should be well thought through to meet the needs of the area. This is particularly the case where development is intended to help the area as a whole change its image and the perception of others.

It is important to ensure that the local authorities are party to the strategic thinking and prepared to back development through the planning system. Best use should be made of any physical and natural assets within an area – in the case of Chatham this was the enclosed water basins, the historic buildings/structures and the river frontages – and ultimately it is important to understand that sustainable economic development has the ability to evolve and grow over decades. Getting it right initially however is critical

*Source: Study Team*

#### Box 7-2: East Cowes

The East Cowes Project represents the flagship component of the Cowes Waterfront Initiative, a holistic regeneration programme on the Isle of Wight. Spread over 13 hectares (32 acres), a phasing plan spanning the next ten years has been put in place. The Initiative has been promoted through a partnership between SEEDA, English Partnerships, the Isle of Wight Council, and the Isle of Wight Economic Partnership. The partnership has devised a Strategic Development Framework in order to undertake the Waterfront Initiative.

##### *Approach*

Planning permission has only recently been granted for the development of the site, following a submission to the Council in July 2006. Proposed development is to be phased over the next nine years. The road infrastructure and services are due to be developed first, followed by the town square, foodstore and the initial phase of new homes to the east of the site.

The focused approach relies upon a revitalisation of the town centre, the creation of a new marine engineering and construction quarter on the waterfront, options to relocate and enhance the ferry marshalling facilities, and the development of 550 new residential units. Subsequent work includes planning the development of a new marina and the creation of an outer breakwater which will improve the usability of the whole river mouth and create the opportunity for expanded events into the future.

A design code has been produced which will ensure that each of the development phases will be consistent and the whole scheme shares a common design. SEEDA and English Partnerships have appointed design partners to prepare detailed proposals for the town centre and initial housing plans respectively. This has been supplemented through exhibitions offering feedback from the public.

##### *Outputs*

The initial focus of the regeneration project has been to make the town centre streets more pedestrian friendly. A reconfiguration of traffic routes has been central to this, together with a revised configuration for the ferry port. The plan includes development of 550 residential units, 10,488 m<sup>2</sup> of office, industrial and storage space, 4,495 m<sup>2</sup> of retail space in the town centre, and 7,620 m<sup>2</sup> of hotels. The opening of Venture Quays has created over 100 new jobs, including an expansion by VESTAS Blades UK. An Enterprise Hub has been established to support local businesses, and a marine cluster has been funded by SEEDA to benefit business and economic growth.

##### *Lessons Learned*

Design has proved a fundamental element of the development process. Attracting people and companies to an area also requires a holistic approach, taking into account how different property uses can work together in the most efficient manner. Creating a successful live-work balance will be a major objective for this scheme, which in turn will provide the catalyst for long term sustainable development.

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*Source: Study Team*

Box 7-3: Margate

Margate remains a popular visitor destination and attracts over 0.5m people every year, but its fortunes have declined over the past 50 years and until recently it has been unable to begin to respond. With the erosion of Margate's traditional seaside role, many of the sectors serving the tourist industry began to decline – restaurants, hotels and boarding houses turned into multi-let properties often accommodating a very transient population, which in turn introduced social and community problems. The development of the Westwood Cross shopping centre – which effectively became a new town centre for Margate, Ramsgate and Broadstairs – has served to dramatically diminish Margate's role as a local centre, resulting in a number of vacant sites and properties in the High Street, a lack of general investment in the area and reduced property values. Many operators have also closed but owners are holding onto uneconomic businesses rather than release strategic sites for development.

These problems in turn have led to the poor perception and impression of Margate as a remote, isolated and declining place.

*Approach*

Studies identified many attributes including the unspoilt bay, the historic Old Town peppered with listed buildings, various major strategic sites, an emerging creative industries sector, a very strong association with Turner and the prospect of CTRL domestic improving its transport links.

The development of the Turner Contemporary gallery, expected to open in 2010, is projected to attract approximately 120,000 visitors per annum. This, together with the commencement of the CTRL domestic service in 2009, which current indications suggest will stop at Margate, are likely to boost the area's fortunes, but it was recognised that there were other fundamental issues which needed to be resolved to enable Margate to secure a sustainable future:

- socio economic issues – a concentration of over 65s, a small population of working age, low skill levels, low aspirations, high levels of social deprivation, under-representation in high growth sectors
- vulnerable property market – declining retail and leisure sector, high number of multi-let residential properties, modest values, little commercial demand, many empty properties, land hoarding
- lack of strategic approach – no comprehensive assessment of assets (e.g. key sites)
- poor infrastructure – traffic problems, poor pedestrian access and linkages
- image and perception – poor 'reputation' amongst residents and visitors

In order to address these issues, further work was commissioned by the agencies which led to the adoption of an Action Plan which set out the rationale for the projects which needed to be progressed, priority actions, lead agencies, funding issues and a timescale for completion. In order to deliver this, the agencies structured themselves into the 'Margate Renewal Partnership' to ensure their actions were coordinated and effective, support could be given by relevant Partners as necessary and a comprehensive and strategic approach could be undertaken.

Many of the proposed initiatives within the Action Plan are focused around a sites and development strategy – for example a step change in the housing offer, major improvements in the public realm, new retailing premises to meet the needs of the area and the operators, and new business accommodation for SMEs.

The Action Plan therefore identified a number of key sites and projects whose development and improvement would establish a 'step change' in Margate. The sites were selected primarily based on their location, scale and ability to act as linkages between other areas. For example, SEEDA was tasked with resolving the problems focussed within the main retailing area in Margate High Street, together with the potential to introduce major new quality residential development within the core centre - to not only introduce much needed activity here, but also set the 'standard' for future developments – and create a new 'image' for Margate.

Further work in the area has also produced a Thanet Regeneration Strategy to provide a framework for Thanet's continued growth. This has concluded that five sectors are priority economic drivers for the area: creative and cultural industries; retail and leisure; health and care; life sciences; transport and communications.

*Outputs*

The coordinated development of sites such as those within the High Street and Old Town, will enable strategic and comprehensive regeneration to take place in Margate on a much larger scale than previously envisaged, and allow a step change in the perception of Margate by its existing and potential residents, visitors and businesses.

*Lessons Learned*

The experiences in Margate serve as an interesting example for other small declining coastal locations which retain some key attributes and features which can act as a catalyst for regeneration. In Margate it was evident that residential provision on a sufficient scale would have to act as the catalyst for a new retail and leisure offer and the subsequent development of an entrepreneurial work and business culture. A key factor within this approach however, was the recognition that a new type of residential 'product' was essential to meet the demands of a changing market and to demonstrate the possibilities and aspirations for Margate.

The need for a coordinated approach by the various public sector agencies is also a key requirement to enable large scale, strategic development to be successful – not only is there a need for financial support for long term, complex regeneration schemes, but there is also a need for the appropriate expertise to be provided by the relevant agencies.

Development of the Partnership in Margate ensures that progress can be made efficiently and effectively within a coordinated and inclusive structure.

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*Source: Study Team*

#### Box 7-4 Shoreham Harbour

Shoreham Harbour extends for approximately 5km between the town of Shoreham-by-Sea and Hove, spanning the local authority areas of Adur District Council and Brighton & Hove City Council. Surrounding the Port itself are the communities of Shoreham Town Centre, Southwick, Fishersgate and Portslade, which include a broad range of socio-economic characteristics, market and affordable housing, varying levels of density and mix of uses.

The regeneration opportunity was created by the long-standing proposals to consolidate the Port of Shoreham, thus simultaneously modernising and improving the operational efficiency of the Port and releasing prime waterfront land for mixed-use development.

As the project evolved it has become clear that there are a host of more broadly based problems associated with the surrounding area, and that there is an opportunity to address these by capitalising on development opportunities in those locations and ensuring that these are fully linked into the port area. In this way there is the potential to create an exemplar sustainable urban extension.

##### *Approach*

One of the primary drivers for the regeneration of Shoreham Harbour is the need to support the long term sustainable growth of the urban area which extends from Brighton to Worthing, and in particular Brighton, which is facing a significant economic development challenge during the next 5 - 10 years in terms of growth. This requires the creation of up to 8,000 new jobs to maintain a sustainable level of economic growth. The comprehensive redevelopment of Shoreham Harbour will act as a catalyst to stimulate a significant proportion of these new jobs and act as a business development focus for new inward investment.

There is also a need in both districts, but particularly in Adur, for new development proposals to improve performance across a range of indicators, including economic activity, productivity and new business formation, income, education and skills, in order to bring the local area up to levels commensurate with the rest of the South East. Whilst it is not the main goal to provide new housing for in-migrants to the area, it has been acknowledged that there could be significant demand for new housing to accommodate the economic and population growth projected in this part of the South East coast.

The current configuration of the Port is such that port users are widely spread, interspersed with vacant sites and low value industrial uses that do not require waterfront locations. By relocating all port users into a central core, including some land reclaimed from the sea, a modern more efficient port operation can be created and approximately 30 hectares of waterside development land released. The proposed reconfiguration will need to be carefully considered in light of the need for a number of businesses to be located in waterfront locations, either inside the Port area or adjacent to it.

There are also a small number of wharves within the site area that may need to be preserved for minerals or waste uses, and these are currently the subject of wharf capacity studies that West Sussex and Brighton are undertaking to feed into the recommendations in their respective Waste and Minerals Core Strategy documents.

Formal governance and delivery structures, involving all relevant local and regional organisations, are currently under preparation. It is proposed that Shoreham Port Authority and the local authorities will invest their land holdings in the scheme and that the privately owned land will either be acquired through private treaty or using the CPO powers. There is also potential to involve private sector development partners to assist with land assembly.

##### *Outputs*

The development has the potential to directly deliver up to 10,000 new homes and to create 7,750 new jobs in the area. This will create the conditions necessary to attract inward investment from businesses in high value economic sectors.

The scale of the project enables the adoption of a strategic approach to flood risk management and transport infrastructure. The project will also provide significant local environmental upgrades and through the efficient use of a brownfield site, relieve development pressures on green field sites elsewhere in the region.

Development at Shoreham Harbour provides an opportunity for companies and people to move to the area that are unable to find space in Brighton. It also provides an opportunity to consider development of Shoreham Port alongside those of nearby Newhaven where there are also redevelopment proposals.

The existing regional road network is already under pressure with several problem areas that the Highways Agency is working to address. The proposed development would allow a strategic approach to transport infrastructure that would have the potential to address transportation issues well beyond the project's boundaries. The development will include significant investment in high quality alternatives to car borne travel – e.g. an integrated network of cycle/foot paths and frequent, reliable, public transport options.

*Source: Study Team*

#### Box 7-5 Newhaven

Newhaven's strong links with the Port have shaped its history, with a large manufacturing core in evidence. However, in recent years the town has struggled in economic development and social performance, with low school performance, poor quality industrial premises, and a Port in need of significant modernisation.

The Port also has an overreliance on the ferry service to and from France, which is subsidised by the French regional government. A significant and integrated physical regeneration strategy across the whole of the town is needed in order to assess the potential for improvements that will enable an economic uplift in the town, coupled with the attraction of inward investment and expansion of indigenous businesses.

In general, it can be said that Newhaven does not take full advantage of its key environmental assets, and this should be a focus of any site-based strategy for the town.

#### *Approach*

A study has been commissioned to set out the future economic role/objectives of the town over the next 15 to 20 years. This will examine the physical needs of both new and indigenous businesses including the marine-related sectors, and how the future role of the Port can be enhanced and secured. Improvement in the residential, leisure, retail and public space offer (particularly within the Town Centre) alongside new commercial development is also to be investigated, to see whether overall it is feasible to create a more sustainable community and reduce the need to travel.

Newhaven has a significant number of commercial and residential sites which will offer development potential in the coming years, the most significant of these being Newhaven Port, which supports distribution and commercial links to mainland Europe. Developing the opportunities presented by these sites will potentially improve the economic performance and the commercial potential of Newhaven generally. However, significant financial investment will be required, particularly to enable the Port to operate as an efficient facility going forward. Consideration must also be given to the areas around the Port which could offer the opportunity not only to develop commercial premises including facilities for marine-related businesses, but also to open up waterfront land for residential, retail, leisure and community uses, and to improve the public open space offer which is currently lacking.

Newhaven Port offers year-round freight and passenger links to Dieppe. The French owners are currently looking to sell to a major developer based on a number of conditions including a new port access road and guaranteed long-term continuation of the ferry service. Future plans need to carefully consider potential ongoing commercial activity in the Port itself, together with proposals which are currently being made to introduce a significant amount of residential development onto the site.

The proposed Eastside Business Park which lies adjacent to the Port, could act as the key site for knowledge-based business activity in Newhaven, with potential for around 30,000 m<sup>2</sup> of office/industrial space.

Detailed consideration also needs to be given to Newhaven's town centre. Above all there is a need to develop the retail sector through offering a wider choice to both locals and visitors. There is also an opportunity to further diversify the town centre through mixed-use development including residential.

Around these sites are smaller pockets of urban infill development which can offer the scope for residential units to balance the employment growth of the town. Recent research concluded that much of the existing premises in Newhaven are ageing and fail to meet the needs of modern business. This is in spite of pent up demand for high quality, small business units in Lewes District.

In order for any large scale development to take place however, it will be necessary to undertake viability assessments of all key sites and identify a preferred option. There are several significant constraints that will have to be overcome, not least of which is flood risk management. Like many coastal locations, a large part of Newhaven falls within high flood risk zones. Public transport and road infrastructure will also require careful examination and scoping.

Ultimately there will be a need for a comprehensive masterplan and/or Area Action Plan in order to ensure that development is undertaken that fits with the strategic vision for the town.

#### *Outputs*

Outputs could include:

- A viable future for the Port, which also offers access to markets for Newhaven's industries, while generating more visitors.
- New commercial development
- Improved public transport and pedestrian/cycle pathways
- Improved educational attainment, requiring stronger relationships between businesses and education facilities
- More visitors to the town.

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Source: Study Team

## Issues and challenges in advancing Site Strategies across the Coastal South East

7.25 The analysis and the Case Studies presented above suggest that there are some generic priorities which need to be addressed across all coastal locations if site strategies are going to make a significant contribution to delivering sustainable economic growth over the next 15 to 20 years. These include the imperatives to:

- agree the priority locations for investment
- get the strategy right, including
  - determining the future economic role for the area
  - determining what will achieve sustainable growth
  - taking a 15 to 20 year perspective
  - making the most of coastal/maritime sectors and strengths
  - achieving enhanced sustainability (in the broadest sense)
  - responding to demographic change
  - ensuring that considerations and actions are specific to the identified area
- translate objectives into robust and well founded projections covering
  - types of uses, measures of productivity and employment, population breakdown
  - the physical dimension in terms of sites/property products/floorspace
  - any other “facilities”
  - housing numbers and types
  - any key locational issues
- identify and capitalise on any specific “coastal” opportunities based on robust analysis which looks at the wider sub-regional/regional perspectives which may influence specific sectors within an area. This is particularly the case for:
  - port operations, where a strategy which takes account of the requirements of the South East as a whole is crucial
  - the Renewable Energy sector, where there could be some vital synergies between offshore technologies
  - the visitor and cultural economy, where there could be real synergy between coastal locations

- review and identify the full range of site opportunities, including ways of releasing the most potential from under-used assets and opportunities to implement relocation strategies, etc.
- turn the analysis and projections into a deliverable strategy - assessing viability and deliverability issues – which relate to different sites and different uses, and identifying where strategic infrastructure needs to be provided in order to permit the over-arching strategy to be pursued
- determine how decisions should be taken in respect of competing uses for particular sites – especially when there is a conflict between coastal or “green” priorities – compared with value generating uses
- link the Sites Strategy to other objectives, for example:
  - changing the image of the area by re-configuring development sites or promoting right mix of uses/quality standards
  - making the most of existing physical, environmental and lifestyle assets of the place
  - making a more significant contribution to sustainability
  - exploring the longer term opportunities by promoting home working as a real focus
  - considering the potential to share energy and waste efficient solutions (CHP, waste to biogas, etc.)
- identify the need for public sector interventions, the scale of that involvement and the potential funding sources available
- ensure the sites strategy is incorporated in the LDF - including the evidence base, and the need for more detailed planning guidance in specific locations
- get sign up from all the key stakeholders.

### ***Delivering the Practical Issues***

7.26 Successfully taking forward a strategic approach to sites will require a host of practical/physical issues to be dealt with. This can often be a real challenge – particularly where such issues need to be dealt with holistically, rather than at a site specific level. Key issues, which will need to be considered at an early stage and deliverable solutions formulated, include:

- **land ownership** – a comprehensive approach to site assembly and control is an integral part of any sites strategy, and needs to be considered very early in the process. Where there are fragmented ownerships, then there may be a key role for the public sector, preferably through negotiation with the parties, in order to encourage joint approaches between owners and developers. Where this is not feasible, then

there may be a need for the land to be taken into public ownership, including the use of CPO powers as a last resort

- **flooding and flood defence** – effectively all coastal sites require a thorough examination of flood risk. Flood defences could be required in order to make a development feasible, which could prove to be a very expensive. Strategies for the mitigation of flood risk should therefore be considered at an early stage. PPS25 deals with the planning procedure affecting the development of flood risk areas
- **contamination** – development upon brownfield land is an essential requirement of any future development strategy and represents a more sustainable approach to regeneration. There is however an inherent problem using land subject to previous, noxious operations, and these will need to be fully examined and solutions brought forward to permit future development, together with proposals as to how these works are to be funded
- **environmental impact** – developments which affect greenfield land, or are potentially harmful to marine life, will come under particular scrutiny. A thorough consideration of the environmental impacts together with clearly thought out strategies is increasingly becoming standard practice, and is vital to a successful application for development
- **sustainability (environmental, social and economic)** – sustainability is at the forefront of every major planning decision on development. It encapsulates a number of different issues, many of which have been discussed above. Developments must be economically sustainable, promote the use of local public transport, and help to reduce carbon emissions.

### **Overall Timeframes and Commitments**

- 7.27 Although these issues have already been mentioned, the need for key parties to establish a long term strategic plan and stick to it cannot be over emphasised. Equally, the core funding partners must accept that their financial, resourcing and operational commitments must be long term. All experience to date indicates that regeneration strategies for major sites must span 15 to 20 years as a minimum.

## 8: Action Area 2 – Building economic competitiveness across the Coastal South East

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*Action Area 2: Focus on improving productivity and business performance across a range of sectors, paying particular attention to businesses which rely on the coast as a primary resource*

- 8.1 This Chapter considers the prospects and issues concerning key sectors in the Coastal South East. It focuses initially on the generic weaknesses in the economy that have to be addressed if the overall performance of the area is to be significantly improved; these are critically important. The second part of the Chapter then focuses on the performance and potential of maritime-related sectors<sup>16</sup>.

### Issues relating to the Competitiveness of the wider Coastal Economy

- 8.2 The earlier analysis (Chapter 3) demonstrated the extent to which the Coastal South East as a whole underperforms relative to the regional economy. It is worth repeating a few of the statistics to illustrate the point:
- if the economic performance of the Coastal South East was to match the regional average, GVA would need to increase by £13bn
  - in 17 out of 22 Districts in the Coastal South East, average earnings are below the national average
  - if the number of business units per head of population was the same as in the region as a whole, there would be nearly 25,000 (22%) more units in the Coastal South East
  - Coastal South East needs to generate 3,300 (over 40%) more business starts per year to equal the South East regional average
  - Coastal South East would need nearly 93,000 (21%) more residents with qualifications to NVQ4 or above to match the regional average
  - over 37,000 (22%) more Coastal South East residents of working age have no qualifications than would be expected if the regional average applied
  - 83% (338,000 people) of the total numbers in the South East in the bottom two deciles of the most deprived areas are in the Coastal South East.

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<sup>16</sup> Note that this is not to suggest that it is only these sectors that are important to the current future economic performance of the area; the economic structure proves otherwise, and key drivers of growth in some parts of the Coastal South East are not maritime-related. However, the justification for intervention at the scale of the Coastal South East is to focus on issues which are distinctive and appropriately addressed at this scale, not more locally or regionally. The main distinguishing feature of the Coastal South East is its relationship with the sea, and therefore maritime related sectors fall into this category

- 8.3 An unfavourable sectoral structure also partly explains the area's under-performance: the area has a high proportion of employment in relatively low value, low wage sectors, particularly public administration, education & health, and distribution, hotels & restaurants; and it has relatively low representation in sectors such as banking, insurance & finance which have performed very well regionally and nationally over the last 20 years.
- 8.4 However, it is important to emphasise that economic performance varies considerably across the Coastal South East, with some parts (for example, Brighton and Canterbury) out-performing the regional average and others (e.g. Dover, Hastings, Gosport) performing badly on various important measures, such as skills levels and rates of business start-up.
- 8.5 It is also important to state that, whatever the structural issues and geographical variation in performance, the economic regeneration of the Coastal South East is seriously constrained by poor workforce skills, and low business density and start-up rates. If the performance of both the Coastal South East and the region as a whole is to be significantly improved over the next 10 years – which is clearly the ambition of the new RES – then *these generic weaknesses have to be addressed*. The odd innovation centre here and a new training course there is not sufficient; instead, there has to be a major push across the whole area to address these issues, to make the performance of the more dynamic urban areas work better for adjoining areas, to tackle persistent deprivation, and to exploit fully the growth potential of successful companies, wherever they are located and whatever sectors they are operating in.

## Sectoral perspectives

### Ports

#### *The emerging policy context: sustainable growth*

- 8.6 With globalisation, the UK economy is increasingly dependent on trade for its prosperity. The maritime port sector has a crucial, and indeed *growing*, role to play in supporting UK growth as is evidenced by approximately 95% by volume and 75% by value of international trade being transported by sea<sup>17</sup>. A clear illustration of this new world of trade is the prevalence of “Made in China” goods in the UK retail sector, the majority of which enter the UK via the principal container ports.
- 8.7 Going forward, the demand for national port services and investment is expected to grow to enable trade growth. Forecasts for external container traffic growth call for volumes to grow from approximately 7 million TEUs to nearly 20 million TEUs over the period 2005–2030, just over 4% CAGR.<sup>18</sup> European trade integration is expected to drive Ro-Ro traffic growth with total units forecast to grow from 8 million units to about 16 million units over the 2050-30 period (2.8% per year).

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<sup>17</sup> House of Commons, Transport Committee, *The Ports Industry in England and Wales*, Second Report of Session 2006-07, Volume 1, HC 61-1.

<sup>18</sup> Demand for port facilities will vary depending on transshipment volumes of which there is considerable discussion – as capacity at UK ports tightens transshipment has declined. *Update of UK Port Demand Forecasts to 2030 and Economic Value of Transshipment Study*, MDS Transmodal Ltd, July 2007.

- 8.8 UK policy, and increasingly policy elsewhere, is for port investment and services to be market-oriented and commercially sensible. However, the way in which port and related logistics services and infrastructure are to be delivered is increasingly being shaped by the challenge of better meeting both economic and environmental goals – a theme which echoes the findings of the Stern Review and strongly resonates with the *Eddington Transport Study*<sup>19</sup>. The direction of change is clear: managing growth is the focus and “*this growth will require a significant increase in capacity ...it is the Government’s responsibility to create the conditions in which investment is encouraged, and yet sustainability is ensured*”<sup>20</sup>.
- 8.9 From a maritime port perspective, the issues emerging from this strategic emphasis, and reflecting international trends, are:
- investment to meet future growth should be primarily private sector, at least the core stevedoring related activities
  - the importance of improving port productivity/efficiency in the first instance to cater for growth (thereby reducing the waterfront and land areas needed to support growth)
  - improving the interface between the port and its hinterland to minimise transport impacts – a strong emphasis here is encouraging modal shifts away from lorries to rail (or coastal traffic), although improving road transport efficiency and impacts is also critical
  - minimising the marine and land side impacts of ports on their host environments (as part of the wider debates around integrated maritime policy and planning and such requirements as the Habitats Directive)<sup>21</sup>
  - in response, integrating port infrastructure and operational requirements with wider community and stakeholder interests – thus requiring a shift to a more partnership based approach to port planning.
- 8.10 The challenge is clear: port traffic projections signal a need to plan for significant growth over the next 10-15 years while the wider policy and planning context demands that this is managed in a (more) sustainable way. The Coastal South East is at the centre of this challenge and this Framework for Action is part of the response to changing requirements.

*Coastal South East Ports as an economic driver: Enabling success*

- 8.11 The *Coastal South East plays a significant role in the delivery of UK port services and serves national markets* (see Figure 8-1). The key port assets in the Coastal South East are also major contributors to their local economies in terms of employment and as business catalysts.

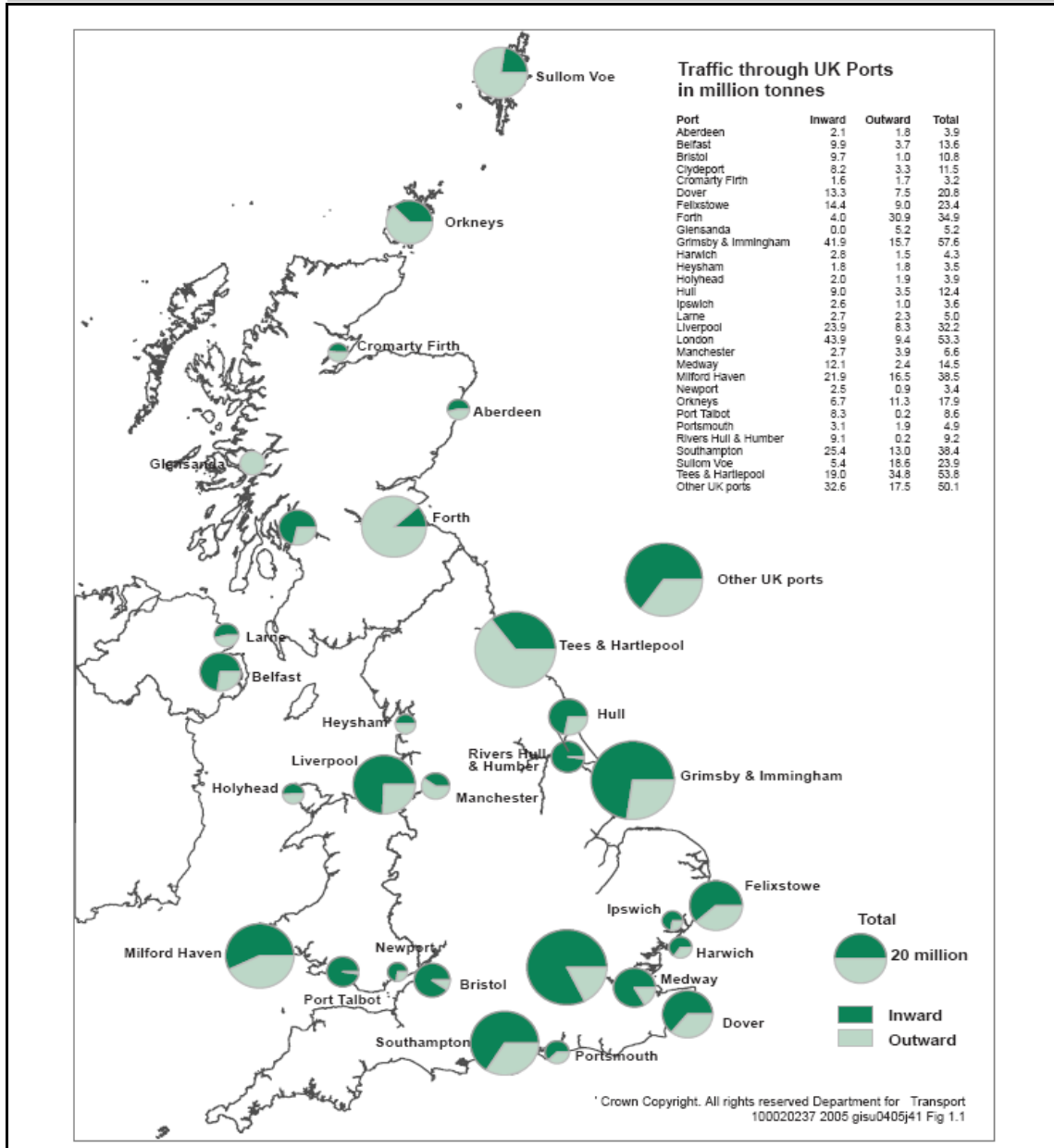
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<sup>19</sup> *The Eddington Transport Study*, The case for action: Sir Rod Eddington’s advice to Government, December 2006, HM Treasury/HMSO.

<sup>20</sup> Department of Transport, *Ports Policy Review Interim Report*, July 2007, p1.

<sup>21</sup> See for example, DEFRA, *A Sea Change: A Marine Bill White Paper*, March 2007; *An Integrated Maritime Policy for the European Union*, COM(2007) 575 provisional version; European Commission, *Port Policy Consultation*, 2006-7.

Figure 8-1 : UK Port Sector – A key roles for the South East



8.12 Among the principal Coastal South East port assets are:

- Passengers/Ferry:* Dover is a leading European and UK ferry port serving as a key gateway to/from the continent for passenger related services; it is the largest in Northern Europe handling about 14 million passengers in 2006<sup>22</sup>. Modal competition is expected to dampen growth over the next 10-15 years but volumes remain a significant contributor to the port and its economic impact. Portsmouth (handling about 2.2mn continental passengers) and Ramsgate are also Coastal South East assets serving as continental gateways. On the cruise ship side, Southampton and Dover are leading players in the UK’s cruise service offer

<sup>22</sup> Dover Harbour Board (2007), Planning for the Next Generation – Second Round Consultation Document.

- *Ro-Ro*: Buoyed by growing intra-Europe trade, Dover is the primary gateway for road freight transport to/from the continent. It accounts for a major share of national and regional Ro-Ro traffic volume with about 2.3 million units handled in 2006. Prospects are favourable and the port is to invest in future facilities and efficiency improvements. Ro-Ro traffic is expected to increase around 35% over the period 2006-14<sup>23</sup>
- *Containers*: Southampton Container Terminals (SCT – an ABP-DPW joint venture) is second largest UK container port, with a traffic volume of approximately 1.5million TEUs in 2006. Southampton’s growth over the period 1992-2005, at 7.6%, exceeded the national and regional averages. Importantly from a wider transport perspective, SCT has very favourable modal split with about 27% of containers moving on rail. Looking ahead, SCT is embarking on a major efficiency and capacity improvement programme to cater for expected traffic growth – with capacity expected to increase from around 1.5 million TEUs currently to 3.5-4 million TEUs. Ensuring SCT can deliver this programme in a timely and sustainable fashion must be a priority over the planning period.

8.13 Success at the leading Coastal South East ports is an important contributor to GVA and employment goals. In the case of Dover, the port is estimated to provide over 10,000 jobs of which more than 5,000 are direct – perhaps 20% of the local economy. Dover Harbour Board Master Plan proposals call for an investment programme of £265mn to support traffic growth which in turn is estimated to create a further net employment effect of 1,100 jobs<sup>24</sup>. In the context of the Solent, the recent Solent Waterfront Strategy notes that the Southampton and Portsmouth ports are key economic assets that support growth and employment goals in the sub-region<sup>25</sup>.

*Responses and implications: Charting the course*

- 8.14 Favourable growth prospects, a more competitive market and a complex planning regime within which to deliver port infrastructure investment and services suggests a need for strengthened regional/sub-regional arrangements to sustainably develop the Coastal South East’s ports. At a wider European level, the Intermodal Port Access and Commodities Transport in Europe Programme (IMPACTE), of which SEEDA is a partner alongside 25 others from Belgium, France and England, is aimed at addressing the challenge of improving port-based freight distribution efficiencies and maximising economic, social and environmental benefits at both ends of the logistics chain. This approach signals a growing recognition worldwide of the integrated nature of supply/logistics chains and total solutions to improving efficiencies – especially around improving planning for infrastructure and land to support gateway activities.
- 8.15 Among the main themes emerging out of the UK (and echoed at the European level) port policy review of direct relevance to the Coastal South East are:

<sup>23</sup> Dover Harbour Board (2007), Planning for the Next Generation – Second Round Consultation Document.

<sup>24</sup> Dover Harbour Board, *Port of Dover Master Plan Assessment Final Report*, prepared by Arup, 2007.

<sup>25</sup> Solent Waterfront Study, Initial Report from Adams Hendry (18 June 2007) and Solent Waterfront Strategy – Summary Note September 2007.

- *Planning for Sustainable Growth:* Department for Transport (DfT) recommended that all major ports produce a masterplan to co-ordinate and strengthen medium to longer term planning and bring together key partners in developing these – an approach increasingly common and necessary to secure both needed investment and stakeholder co-operation. The strategic context works at two levels: national requirements and local impacts. Both need to be considered and balanced with inland transport and freight distribution infrastructure a key focus of concern (see Box 8-1). At the same time, and again reflecting international trends, port operations are increasingly subject to new pressures around climate change/GHG reductions and the Coastal South East ports will need to adapt. Extending the policy environment, the sector will also need to adapt to a new governance regime and policy goals taking shape in the form of the Marine Bill White Paper and the Integrated Maritime Policy for the European Union<sup>26</sup>.

**Table 8-1 Get SMART: A New Approach to Port Logistics Planning**

SEEDA, in partnership with DfT, AWM, Network Rail, ABP and SCT were successful in leveraging £42.83m through the Transport Innovation Fund programme (TiF-P) as part of the joint financial investment in the Solent to Midlands Advancement of Rail Transport (SMART) project. The funding will facilitate widening of the gauge on rail track between South Hampshire and the Midlands, a major freight corridor, to ensure that larger containers can be carried by rail, thereby increasing the line's capacity.

*Expected Results*

The SMART project is expected to move freight from road to rail, secure environmental benefits in terms of reduced carbon emissions and increase GDP by over £13 m through reduced congestion proximate to the port area. It is also expected to improve the growth, productivity and environmental performance of Southampton container port – a key Coastal South East business

*Source: Study Team*

- *Rationalising Port Related Land:* There are increasing demands for waterfront and port-proximate land in the Coastal South East – a competitive pressure marking ports and related logistics sectors across many areas. At the same time, in certain market segments, ports need additional land to cater for expansion. The DfT port review explicitly draws attention to these competing demands. The review introduces the concept of “safeguarding” significant port related facilities/land for future use where there is a reasonable expectation of future need, the reversibility of future uses and where costs and benefits justify the case for retention in port uses. Extending the discussion, there is also a requirement to better understand the land requirements of the logistics chain – taking full consideration of *direct* port requirements (where land is often a limiting factor on capacity) as well as *indirect demands* to support container storage, lorry parking and freight distribution related activities – a key issue identified as part of the Solent Waterfront Study within the context of the port of Southampton.

- 8.16 The port and related logistics sector is a fundamental contributor to the RES objectives of global competitiveness and sustainable prosperity and the Vision defining the Framework for Action – both as a sector in its own right and as part of connecting regional businesses and consumers to world markets.

<sup>26</sup> Defra, *A Sea Change: A Marine Bill White Paper*, March 2007; and Commission of the European Communities, Communication from the Commission, *An integrated Maritime Policy for the European Union*, COM (2007), 575 provisional version, October 2007.

8.17 Proposed Actions for the port-centred logistics sector are:

- to complete a detailed review of current and future port-related logistics growth plans and land requirements in view of realistic growth prospects and productivity improvements and then maintain a on-going review of requirements
- to encourage Coastal South East partners to work with DfT and other key stakeholders to produce guidance on port masterplans and, as masterplans are being developed, become active participants in their preparation – bringing stakeholders into the process can improve efficiency of preparing the plan, build ownership and critically make implementation easier. Partnerships also enable better co-ordination of port, inland transport and land use investment planning – a key issue because port performance is highly dependent on non-port interventions. Finally, joint initiatives are required to assist the port and related logistics sectors respond to the climate change agenda
- to make a further assessment of how to encourage modal shifts to support wider environmental objectives – this is a challenging issue especially around the shift to coastal shipping in an attempt to reduce road freight miles. Comparative work could be used to inform policy options, especially in view of wider European initiatives.

### **Offshore renewables**

- 8.18 Renewable energy is central to the Government's objective to secure a diverse energy supply, and to reduce carbon dioxide emissions by 60% by 2050. The short-term Government target is to generate 10% of the UK's electricity supply from renewable sources by 2010, and 35% by 2020.
- 8.19 Offshore Wind is the fastest growing source of renewable energy in the UK. The first large-scale offshore wind farm in the UK, North Hoyle, was commissioned in December 2003, and market forecasts for offshore wind show that there is potential for the sector to attract over £12 billion in expenditure throughout Europe to 2027, with nearly £4bn of this directed towards the UK. In order to meet its agreed targets, the UK government is likely to agree a third round of offshore approvals in 2008 to include not only offshore wind, but also oil and gas licensing, and this will lay some of the groundwork for other potential plans and programmes such as energy generation from tidal sources.
- 8.20 Government regulation of wind farms is led by the Department of Business, Enterprise and Regulatory Reform (DBERR). Permission to develop an offshore wind farm must be granted by the Crown Estate, and only two 'Rounds' have so far been released. A third round was however announced in early December 2007, which will bring forward further opportunities.
- 8.21 The strength of demand and availability of mechanisms for bringing forward projects suggest a strong potential role emerging for the UK relative to the rest of the EU; the UK has the chance to lead the way in terms of business development, techniques and expertise.
- 8.22 The scale of expansion forecast in the sector over the next 10-15 years is going to create enormous pressures on supply. Currently the industry faces cost pressures from low levels of

turbine supply and production capacity constraints. This has resulted in an increase in turbine prices.

- 8.23 Prices will continue to be affected by both onshore demand, and from manufacturers passing on the financial impact of turbine maintenance problems – until such time as the offshore sector grows on its own account and develops a supply chain geared around the specialisms of the marine environment.
- 8.24 Some 1,215 turbines are expected to be installed across the EU between 2007-2011. The UK will account for 575 of these. Installation rates will reach over 250 per year by 2011. These projects will lead to a substantial increase in demand for other component equipment, such as foundations, towers and related installation and maintenance services. The potential 20-year demand profile could present a significant opportunity for a range of manufacturers and other businesses to locate in the UK to supply this demand.
- 8.25 The establishment of a substantial manufacturing and assembly facility, particularly for the turbine element of the process, could therefore create the opportunity for significant additional activities.

#### *Key opportunities*

- 8.26 As can be seen from the above, a number of opportunities currently exist in the UK, but these are likely to be limited in timescale as other countries work hard to re-position themselves over the next two years. Furthermore the priority should not be *ad hoc* investment decisions aimed at lower tiers of the supply chain. Instead, there is a real need to aim for critical mass and/or representation across the processes and disciplines which make up the offshore wind sector, so that the South East is able to offer depth in terms of manufacturing, assembly, installation, consultancy, operations and maintenance, R&D/testing and monitoring.
- 8.27 The South East is currently behind the East of England, the North East and Scotland in terms of existing complementary industries, having played a very small part in the oil and gas industry. Other regions have greater existing capabilities and are more active in their attempts to stimulate the regional supply chains and attract outside investment.
- 8.28 Within the South East, the Thames Estuary has the real potential to become a key strategic area for offshore wind. The most significant of the projects in this area is London Array - a wind farm currently in development 20 km offshore. The development is a joint venture arrangement between a subsidiary within the Shell Group, a subsidiary within the E.ON Group, and Danish company DONG Energy. Comprising some 270 turbines, it is capable of generating 1,000 MW (1GW) of power. It is one of the largest infrastructure programmes that will take place in the UK over the next 5-10 years, and will contribute significantly to Government targets for producing electricity needs from renewable sources.
- 8.29 There are also a number of other smaller developments within this area, such as Kentish Flats, an 8.5 km offshore wind farm in Whitstable, which is now in operation. The wind farm comprises 30 turbines capable of producing up to 3 MW of electricity each, so that the total output of the wind farm can be up to 90 MW. Thanet Offshore is also currently in development, 11.3 km North East off the Thanet coast. This comprises between 60 and 100

wind turbines, depending upon the size of turbine chosen and based on a maximum output of 300MW.

- 8.30 These developments however could be just the beginning of the growth of additional supply in UK and elsewhere in Europe, and there is significant market share to exploit over the next 20 years. The highest value component of offshore wind is the turbine itself, which represents approximately 35% of all project costs. This is the area where the UK has least domestic content, but potentially the most opportunity to capitalise on the current developments in turbine size and specification. By around 2025, over half of all turbines installed will be from these high capacity specialist offshore turbines.
- 8.31 The widespread use of larger turbines is key to creating new supply opportunities in the industry, and hence the potential for new locations to open up for production. This is a major opportunity which is in the early stages of development and could potentially be captured by Coastal South East because of its proximity to some of the largest planned offshore projects and its strengths in related areas of marine and aerospace engineering. Furthermore, this new generation of turbines will require extensive R&D and testing.
- 8.32 Demand for more economic energy solutions will drive the renewables agenda in terms of further R&D, together with options to test and refine existing equipment/methods, and innovation through links with universities, colleges and centres of excellence. In addition to specific research on component design, there is the opportunity for research in resource assessment, simulation, aerodynamics and grid integration and control. There will also be potential to develop new and more innovative foundation types.
- 8.33 The Coastal South East could position itself to capitalise upon this need through a combination of universities with a specialism in this field and commercial operations. This would mean building upon the potential for the UK to apply its considerable experience and skills, developed over many years in the offshore oil and gas industries and through major engineering contractors which will grow with the industry. A good prototyping and “test bed” facility would also be a potential draw for turbine manufacturers because it would help to mitigate their longer-term operational risks, and enable them to learn from live experience. This could provide a very interesting commercial opportunity.
- 8.34 East Kent and Ramsgate in particular could play a key role in securing wind farm-related opportunities in the South East, but there are also many inter-linked opportunities. Manufacturing facilities could be situated in a number of locations, including but not limited to port locations. If the wider offer can be supplied throughout the region, it will create a real value added/competitive advantage.
- 8.35 But these opportunities must be seen in the context of UK experience in wind energy sector to date, which is significantly behind the rest of the EU in terms of the onshore wind sector. This has resulted in a failure to capture the potential benefits of UK onshore and offshore developments, due to low levels of technical expertise and little R&D activity. Consequently, there is a need to develop a strategic, pro-active and comprehensive approach to this prospect. Furthermore, this all needs to be seen in the context of an extremely ‘limited window of opportunity’. The unique position of the UK for the next year or so is combined with the prospect of some significant technical developments within the sector. Coupled with this, are

the lead-in times taken for other areas to respond. Together, this means there is a very narrow time horizon to take opportunities for which there will be strong competition.

#### *Potential for the Coastal South East/Next Steps*

- 8.36 There is strong potential for substantial social and economic benefits to be achieved through the London Array development, including the opportunity to position East Kent and the South East at the heart of a major emerging technology-led industry.
- 8.37 The priority at present is to establish a way forward between those potentially involved, in a way which can establish the South East's credentials in respect of the offshore wind sector, and begin to deliver the critical strands of activity which will make this opportunity a reality. A Strategy Group in Kent has already been set up in which the key players have come together, and which separates out the activities into those with a strategic focus and those more involved in the day to day operational issues. This should be expanded to be given a coastal region perspective to see where synergies between different places and specialisms can be identified and exploited.
- 8.38 In order to make sure that progress on the strategy can be made quickly, it may be necessary to assemble a dedicated project team who can commit effort and expertise to pursue these opportunities. As part of this arrangement, steps are already being taken in Kent to appoint a Project Director as soon as possible – with good experience and knowledge of the sector, and who can act as an informed “champion” in driving forward this initiative for both East Kent and the South East as a whole. There is also a need to draw up a comprehensive business plan between relevant parties which would help to steer future progress. In response, all Partners would need to commit the necessary resources, funding and levels of co-operation.

### **Marine technology**

#### *The importance of marine technology industries*

- 8.39 Marine South East estimates that the marine industries' contribution to the South East economy is substantial, with<sup>27</sup>:
- estimated output of £10.8bn and approximately 60,000 directly employed in the “sector”
  - GVA/employee increasing by around 23% over the period 1999-2004 as compared to the national average of 15%
  - key sub-sectors including defence, maritime services and leisure marine, with defence and leisure marine each contributing £1bn in GVA to the region.
- 8.40 By virtue of this scale and performance and within the context of the Solent, a key local “cluster” of marine industries, it is noted, *“The future of the marine industries is therefore highly significant matter for those seeking to implement the economic growth to support the*

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<sup>27</sup> Marine Southeast, Economic Impact of the Marine Industries in the South East

proposals in the Draft South East Plan and the Regional Economic Strategy”<sup>28</sup>. However, the sector is very varied, ranging from firms using new materials, high precision engineering and leading edge software to conventional, relatively low value, activities requiring low level skills.

*Marine technology strategy: A value-added opportunity*

- 8.41 The performance of the marine related industries over the past 5-10 years has stimulated interest in better focusing policy and support to assist key segments of the industry to capture growth opportunities. In response, Marine South East has developed a Marine Technology Strategy with the objective of creating a “*market-led perspective on future priorities for technology development in support of a growing, competitive marine industry*”.<sup>29</sup> The strategy is positioned around the RES goals of encouraging innovation and productivity improvement to secure globally competitive industries.
- 8.42 Table 8-2 describes four priority themes where marine innovation can capture markets and support wider societal challenges.

Table 8-2: South East Marine technology Strategy Overview

Priority Theme	Vision	Actions
Eco-logistics	Resource efficient freight transportation by optimal use of waterborne modes	<ul style="list-style-type: none"> <li>Develop systems for optimising cost, efficiency and reliability of multi-modal logistics infrastructure</li> <li>Improve fuel efficiency of cargo vessels and operational management</li> <li>Create systems for minimising spill risks and other environmental emissions</li> </ul>
Energy Security	Technological and operational infrastructure to support the exploitation of maritime energy resources	<ul style="list-style-type: none"> <li>Enhance and integrate the planning and operational capabilities need to support marine renewable energy assets</li> <li>Develop leading “wet” renewable energy technologies</li> <li>Work with the energy distribution sector to integrate marine energy into the energy system</li> </ul>
Eco-risk & Security	Develop capabilities to identify environmental and security hazards and to support decision-making to reduce these.	<ul style="list-style-type: none"> <li>Develop advanced sensing technologies for detection of environmental stresses and compromised security</li> <li>Develop surface and underwater platforms for accessing hostile locations cost effectively</li> <li>Create decision-support tools for optimising hazard responses against environmental, social and economic criteria</li> <li>Create new processes for avoidance of risk and remediation impacts.</li> </ul>
System Optimisation	Create optimised design of structures, equipment and operations to achieve whole life performance and minimum resource utilisation	<ul style="list-style-type: none"> <li>Design techniques to exploit advanced materials</li> <li>Tools to optimise equipment for human interaction</li> <li>Optimised maintenance using smart materials and systems to manage through-life performance</li> <li>End-of-life processing to optimise whole-life resource efficiency</li> </ul>

<sup>28</sup> Solent Waterfront Strategy, Summary Note, September 2007.

<sup>29</sup> Marine Southeast, Marine Technology Strategy: A contribution to SEEDA’s Innovation Action Plan, 2007, p1.

- 8.43 To support the strategy implementation, Marine Innovation Platforms (MIPs) are proposed to take forward the research, technology development and innovation and be used to create a portfolio of projects under the stewardship of a business-led steering group – the intention is to build on existing Knowledge Networks and related initiatives. Overall, the position is that a growth opportunity exists for the Coastal South East, based around sectors/firms that have established competencies and/or access to knowledge assets that can support the strategic GVA and employment goals.

*Marine industries: Growth compromised?*

- 8.44 The marine industries embrace a wide range of activities, some of which are dependent on waterfront access while others are not. The wide diversity of activities and markets within which the “sector” operates implies the need for a nuanced approach. To varying degrees, the marine industries are facing increasing competition for access to affordable land and within this wider context, an even greater challenge of suitable waterfront locations. The Solent Waterfront Study identified a number of “emerging issues” that potentially constrain the growth potential of the marine industries:

- *Limits to Growth:* The growth potential of various segments of the marine industry is likely to be limited by virtue of land constraints. “Evidence shows that availability and affordability of waterfront land space is a critical issue for the Marine Industry. The availability... of coastal locations is the determining factor for the prospects of marine industries ... Evidence suggests that the position in some sectors is approaching, or already at something of, a ‘tipping point’”<sup>30</sup>
- *Planning Tensions:* The report notes the tension between planning goals related to residential development on brownfield sites versus the needs of marine industries – “this policy has largely wiped out the supply of affordable land for essential, generally low land value, uses that support marine industries”<sup>31</sup>
- *Risks and Policy Issues:* Access to waterfront land is constrained and potentially subject to new types of risks related to implementing compensatory measures in the event that business proposals have an adverse effect on the integrity of European Sites, the effect of increasing flood risk and the wider effects of climate change.

- 8.45 The broad conclusion in the context of the Solent – which may be equally applicable to the rest of the Coastal South East – is that current planning policy and documentation does not address the key issues facing the marine technology sector. A new approach to waterfront land management is worthy of consideration so as to ensure a balance among competing waterfront uses, recognising those growth/value-added activities that are dependent on waterfront access, the relationships between waterfront-based activities and inland links, and the emerging challenges related to environmental risks and policy goals. To support this approach, it is useful to review and consolidate existing information around the “sector”, assess growth prospects and requirements, review against likely land demands, and to set this within a wider Coastal South East economic development context. However, this review

<sup>30</sup> Solent Waterfront Study, Solent Waterfront Strategy – Summary Note, September 2007.

<sup>31</sup> Solent Waterfront Study, Steering Group Meeting, Initial Report from Adams Hendry, 18 June 2007.

needs to take into account the wide range of activities within the marine technology sector and focus support where there is clear evidence of market failure and on the higher value end of the spectrum.

### ***Creative and cultural industries***

- 8.46 The creative and cultural ‘sector’ is diverse, growing and very important to economic transformation of the Coastal South East, and the social and physical changes that need to underpin economic growth. The sector is important in its own right, and as a catalyst for supporting community development and participation and contributing to quality of life and cohesive living places. People are attracted to places that are culturally vibrant and which offer a range of leisure facilities and activities.
- 8.47 However, the scale of the creative and cultural sector, in terms of employment and its contribution to economic development and GVA, are difficult to measure. Nationally, the DCMS Creative Industries Mapping Document (1998) identified 14 sub-sectors: advertising, architecture, art and antiques, crafts, design, designer fashion, film, interactive leisure software, music, performing arts, publishing, software, and television and radio. Other sub-sectors identified subsequently include visual arts, heritage, museums and galleries, visitor attractions, sport and digital media – the last growing extremely fast. The Mapping Document estimated revenues of £60bn per year and employment of more than 1.4m in the UK. DCMS estimates current growth rates to be around 5% per year, twice the national average. Many creative sector businesses are ‘under the radar’ of official statistics because of their size or informality, so the above data almost certainly under-estimate the size of the sector.
- 8.48 Within the Coastal South East, the sector is already very important in some areas: for example, in Brighton & Hove, the Council estimates that 1,600 of the 8,600 businesses in the district are part of the creative economy, nearly half of which are in the media and performing arts<sup>32</sup>.
- 8.49 SEEDA has a well established Culture Team supporting development of the sector regionally, and the Regional Cultural Observatory provides information on the sector to support its development. Most local authorities and sub-regional partnerships in the Coastal South East area have identified the creative and cultural industries as priorities for development and support. Some major initiatives are underway, including:
- development of the Turner Contemporary Gallery at Margate, and support for a developing creative cluster in the town
  - creation of a cultural quarter in Folkestone town centre/harbour area to accommodate creative businesses and learning activities, stimulated by investment from the Creative Foundation
  - formation of Creative Brighton, a network organisation for the creative sector, and further development of the Brighton Festival, billed as the largest arts event in England

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<sup>32</sup> Brighton & Hove Creative Industries Report, January 2007, Brighton & Hove Council

- development of the Wessex Film and Sound Archives, with SEEDA funding, including the preparation of materials for sale through the WFSA website.
- 8.50 There is huge potential for further development of the sector, including complementary specialisms in different locations along the coast – which can be facilitated by strategic and coordinated funding of projects and events by public agencies.
- 8.51 To create the environment that encourages creative clusters there needs to be a supply of creative workspaces and a strong commitment to encouraging creativity. According to research conducted in 2006 by ACME, 90% of artists' studio leases are ending in the next 10 years and there are many artists and creative practitioners currently being displaced by developments in London. There is the opportunity for the Coastal South East to capitalise on this through encouraging creative businesses to establish in the area through the provision of advice, networks and facilities. There is also the potential to develop more live/work spaces which would support the creative sector.

### ***Visitor economy***

- 8.52 Tourism is one of the South East region's largest industries and is vital to the local economy, contributing directly to employment and wealth creation, and indirectly to its appeal and atmosphere as a place to live, work, invest and visit.
- 8.53 The long term decline of traditional seaside resorts such as Margate, Folkestone, Hastings and Worthing has been arrested to some extent, due to a combination of the growing popularity of short breaks and improvements to the visitor offer. Some Coastal South East towns have become major tourism attractions: for example, in Brighton & Hove it is estimated that the visitor economy attracts more than 8 million visitors to the city each year, contributing £380 million to the local economy. The visitor offer in Brighton is very diverse, including short breaks, conferences, retail, business, and language and overseas students. Other locations such as Whitstable and Portsmouth have experienced a revival based on niche markets and new products.
- 8.54 The Coastal South East environment is a major asset – including its diverse landscape, historic coastal resorts, high quality natural environment such as the South Downs, and of course the coastline itself. Improvements to the quality of beaches have increased their attraction to visitors – for example, in Kent alone, seven beaches have the blue flag award, seventeen are MCS Recommended and fifteen have the ENCAMS Seaside Award.

### ***Opportunities going forward***

- 8.55 The visitor economy is a catalyst for change and a vital economic driver, but it has to be fully integrated into the economic development, sustainable communities, and planning agenda, in order to have a holistic approach to destination management.
- 8.56 Achieving sustainable economic and environmental development is important. However, a balance needs to be struck between providing easier access to coastal markets, and dealing with the inevitable congestion and environmental issues which an increase in tourism brings.

- 8.57 The RES has identified sites fundamental to developing the South East's visitor and tourism offer, as Transformational Action Areas. In such areas there should be a stronger focus on tourism and the visitor economy, and cultural and creative industries. Overall it is generally acknowledged that there needs to be positive support for tourism developments, especially in regeneration areas – and co-ordinating the visitor economy with tourism strategies will help to strengthen the offer to potential visitors. This includes a more diverse visitor offering which takes into account new trends in visitor demands and activities, for example the development of eco-villages, good quality self-catering accommodation, boutique style hotels and a more diverse camping product, eco-tourism, sport events and conferences.
- 8.58 Many of the issues concerning the tourism and visitor economy are equally relevant to the resident population and to businesses. They include:
- **infrastructure** – including good access, adequate parking provision, and improvements to public transport, particularly at weekends (usually the peak times for coastal towns); improved green infrastructure and bio-diversity, both of which are a key resource to the South East's visitor economy; and improved visitor safety, including greater visible “authority” on the streets, particularly late at night, together with better public realm and lighting.
  - **marketing** – the need to improve the marketing effort has been a recurring theme in our consultations. Strategies to identify and attract potential visitors, particularly those groups with higher spend per head, such as short-holiday makers, should be developed. This can be done through market intelligence, such as ongoing research into potential visitors, analysis of competitors and aspiration benchmarking. Across the coastal region there are also specific opportunities to enter into marketing partnerships with neighbouring destinations and agencies, and develop a careful branding and positioning strategy.
  - **cultural & creative dimensions** – the RES Implementation Plan highlights the importance of ‘expanding the cultural offer’ generally within the Coastal South East. Developing culture is a key way of encouraging off-peak visitors. Coastal towns need to be able to compete with other areas of the UK that have already witnessed significant investment in this domain. There should also be a proactive events policy in these towns, encouraging the development of tangible cultural quarters.
  - **quality/ongoing management aspects** – setting clear guidelines for the planning and long term promotion and management of major tourist attractions alongside tourist accommodation will again be of benefit to coastal areas. Building quality into coastal towns should be encouraged. Excellence cannot be viewed as being elitist and there is a need to cater for the more discerning mass market, improving value for money and exceeding customer expectations. Improved customer service, good upkeep of the public realm and strong retail and catering sectors to support tourism can help develop this.

## 9: Action Area 3 – Connectivity

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*Action Area 3: Develop priorities for long term investment to improve coastal connectivity for the main urban areas (including major new developments), recognising the distinctive contributions that can and should be made by different transport modes, and responding to the different imperatives surrounding orbital and radial routes (including links to London)*

- 9.1 Fundamentally, connectivity matters because it is essential for businesses and people to be able to communicate and meet. The quality of private and public transport is very important to, but only one aspect of, connectivity. The quality and use of telecommunications is also important, as are the strength and density of personal and business networks.
- 9.2 As the basis for Action Area 3, this Chapter reviews transport plans and the use of advanced telecommunications in the Coastal South East, including their impact on the effectiveness of networks. But it does not separately consider networks, because they operate primarily at a different geographical scale (typically urban area or sub-region rather than pan Coastal).
- 9.3 According to the Department of Transport<sup>33</sup>, research has shown transport and communication to be among the most important factors affecting firms' location decisions. Transport improvements which improve firms' accessibility to customers and employees, and extend labour markets from which firms can draw, are regarded as very important. However, transport costs typically account for only around 5% of business costs; therefore it is tempting to conclude that their real importance is overstated. Nevertheless, transport issues are always at or near the top of firms' stated concerns about the business environment, and perceptions of improved (or deteriorating) travel time are also important to decision making.
- 9.4 ICT connectivity is not only important in enabling people to communicate; it is also essential in taking pressure off the congested transport system, encouraging more flexible working patterns, and improving productivity. According to the Work Foundation, the number of people in the UK working from home at least one day per week has grown on average by 13% per annum since 1997<sup>34</sup>. This suggests that the figure of 8% of employment accounted for by homeworking, recorded in the 2001 Census, now significantly under-estimates its importance. In relation to productivity, the London School of Economics<sup>35</sup> has estimated that ICT capital deepening accounted for 47% of productivity growth in the UK's market sector in the second half of the 1990s. At the European level, it is estimated<sup>36</sup> that ICT accounted for almost half of productivity growth in the European Union in the period 2000-2004. In the context of the Vision for the Coastal South East, which emphasises the need for productivity

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<sup>33</sup> "The importance of transport in business' location decisions", McQuaid, Greig, Smyth, Cooper, Transport Research Institute, Napier University, Jan 2004 – report for DfT

<sup>34</sup> "Time to go home – embracing the home working revolution", Work Foundation, 2003

<sup>35</sup> <http://ideas.repec.org/p/cep/cepdp/dp0681.html>

<sup>36</sup> [http://ec.europa.eu/information\\_society/eeurope/i2010/docs/annual\\_report/2007/sec\\_2007\\_395\\_en\\_documentdetra\\_vail\\_p.pdf](http://ec.europa.eu/information_society/eeurope/i2010/docs/annual_report/2007/sec_2007_395_en_documentdetra_vail_p.pdf)

improvements and promotes the concept of more flexible working patterns, access to excellent telecommunications is therefore absolutely essential.

9.5 Connectivity within and beyond the Coastal South East is an issue which is recognised in the RSS and the RES. The RES Evidence Base Paper (Nov. 2005) notes the characteristics of the Coastal South East, including relatively poor infrastructure and connectivity. Other characteristics identified in the Evidence Base Paper, which are at least partly causally linked to poor connectivity include:

- lower economic activity and employment rates
- higher economic inactivity and higher structural unemployment:
- low skill profile
- lower business density
- low employment in knowledge-based sectors.

9.6 The Regional Transport Strategy (RTS) has as its Vision a high quality transport system which acts “*as a catalyst for continued economic growth and provides for an improved quality of life for all in a sustainable and inclusive manner*”, and one which “*progressively reaches the standards of the best in NW Europe*”. Given the conclusions of the RES Evidence Base, this suggests there needs to be very substantial improvements in the Coastal South East to achieve the RTS Vision for the South East region.

## Radial and orbital imperatives

9.7 The RTS includes a number of objectives<sup>37</sup> which are specific to the Coastal South East, including:

- improving transport connections to the region’s international gateways including, in the Coastal South East, Ashford, the Channel Tunnel, Dover, Manston, Medway (Sheerness and Thamesport), Portsmouth and Southampton (airport and port)
- improving transport infrastructure within and to the Thames Gateway to maximise regeneration potential and encourage economic potential
- investment in improved accessibility in East Kent to support economic regeneration
- improving road and rail links along the south coast to improve spatial connectivity and realise economic opportunities.

9.8 The RTS identifies seven regional hubs within the Coastal South East, (Brighton, Canterbury, Chatham, Ebbsfleet, Hastings, Portsmouth and Southampton), and one immediately adjoining (Ashford) where the provision of a range of multi modal transport services is fundamental to the effectiveness of the transport network. The RTS also identifies spokes between these hubs, including the main radial routes to London and the orbital route along the south coast (including, at the Panel’s suggestion, Dover to Thanet).

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<sup>37</sup> Included as Section D4 in the draft South East Plan, page 93

- 9.9 The RTS also supports the improvement of “landside infrastructure” which supports short sea shipping connections linking the South East region into the European network (Policy T10).

### ***Investment plans and their implications***

- 9.10 We have reviewed major investment proposals within or affecting the Coastal South East included in the draft South East Plan and related sub-regional investment plans, the RFA submission and response, Network Rail’s business plans for its relevant regions, and local transport plans. A key conclusion from this review is that for much of Coastal South East, there are plans for some marked *improvements to radial connections to London*. Many of these are already well advanced in planning or implementation. Examples include:

- commencement of high speed CTRL services, both international (2007) and domestic (2009) services. This will transform the accessibility to London and internationally of parts of East and North Kent (e.g. from 2009, journey time savings to and from London will be significant for Dover and Folkestone, but estimated at only 11 minutes for Margate)
- the A3 tunnel at Hindhead is the highest priority regional transport investment, and will improve access to the western part of Coastal South East, particularly the Portsmouth area. It is in the approved programme for 2006-11
- A21 corridor improvements between Tonbridge and Hastings/Bexhill are part approved, part to be approved, and are in the ‘indicative list’ 2009-16
- A2 Bean to Cobham improvements are approved, programmed 2006-11
- remodelling of Gatwick Airport station is programmed, to improve capacity on the London to Brighton mainline rail service.

- 9.11 Other radial transport improvements which are regional priorities but which are not yet programmed, and therefore have a much longer timescale for implementation, include:

- A34 corridor improvements to improve links to Southampton, particularly to serve the needs of the port
- A23/M23/Brighton mainline improvements
- M2/M20/A2 corridor improvements.

- 9.12 By contrast, there *are far fewer commitments to significant improvements to orbital connectivity along the coast*. The most notable proposals are:

- improvements in the Bexhill Hastings corridor – including primarily the Link Road (approved, programmed 2006-11)
- East Kent access, Thanet (phase 1 under construction, phase 2 approved and in indicative list 2009-16)
- A27 improvements around Chichester (approved and programmed 2006-11)

- M27 improvements around Portsmouth (approved, programmed 2006-11).
- 9.13 Proposals for rail improvements mainly involve incremental changes, for example involving improvements to signalling, reducing capacity constraints at pinch points, and demand management through ticket pricing. However, it is clear that growth in demand is likely to exceed the scale of investment available. Therefore congestion is likely to increase.
- 9.14 INTERREG funding of €48 million has been made available in the Coastal South East to support high speed train (HST) integration and connection, as part of a much broader NE Europe programme. This includes support to develop the secondary public transport system to feed efficiently and economically into the primary HST network and improving stations. An example of an INTERREG funded project in the area is improved pedestrian links between Hastings station and the town centre and university campus, combined with a pilot project to provide faster, semi-direct rail services from Hastings to London (now incorporated into the regular timetable).
- 9.15 Proposals to improve public transport other than rail are generally more localised and smaller scale. Despite the fact that the content of all LTPs is dominated by plans to improve public transport, traffic management and to increase walking and cycling, the major investments proposed are to increase road capacity. The major public transport investment proposals in the Coastal South East include:
- Fastrack (guided bus and bus lanes) in Dartford/Gravesend, linking existing and new residential area to Ebbsfleet CTRL station (part under construction, part programmed 2006-11)
  - Brighton Rapid Transit System linking the rail station and seafront (indicative list 2009-16, funding not yet approved).

### ***Other plans to improve physical connectivity***

- 9.16 An obvious possibility to improved physical connectivity in the Coastal South East is to use the sea. We have investigated this possibility in the South East, and also elsewhere for comparison purposes.
- 9.17 The Intermodal Port Access & Commodities Transport in Europe (IMPACTE) project includes small-scale investments in port infrastructure and feasibility works to improve inter modal port access. In the Coastal South East, the project has so far supported a container rail loading facility at the Port of Southampton, an inter modal railhead at Portsmouth and a dredged RoRo facility at Ramsgate. It has also developed an action plan to reinstate the rail link to the Port of Dover.
- 9.18 There is some growth in short sea shipping and this is now a policy priority at EU level. This could provide some regeneration benefits in secondary ports and improve connectivity between the Coastal South East and mainland Europe. In terms of connectivity along the South East coast, the opportunities will depend on the balance between reduced road miles and additional costs involved in short distance transshipment for the specific markets served.

- 9.19 There are, as far as we can ascertain, no passenger transport services along the coast except between South Hampshire and the Isle of Wight, and (on a very limited scale) within the major river estuaries. There are proposals for:
- Hythe – Southampton ferry upgrade (programmed for 2011–26)
  - a new Southampton Portsmouth ferry route to serve the intermediate communities, 2011-2026
  - improvements to the riverside pier network in the Medway to support river taxi, mini cruise and other leisure related services.
- 9.20 Along the South East coast there are numerous harbours and marinas for small scale commercial and pleasure craft. The main concentrations are around the Solent (one of the best known leisure boating areas in the world), between Chichester and Brighton, and from Dover to the Thames estuary.
- 9.21 In terms of air links, within the Coastal South East, Southampton International Airport and Kent International Airport at Manston provide limited but growing services. Gatwick and Heathrow are also relatively easily accessible from much of the Coastal South East area. Combined with the Channel Tunnel rail connections to mainland Europe from Ashford and Ebbsfleet, this means the international connectivity of the Coastal South East area is generally good compared with most parts of the UK.

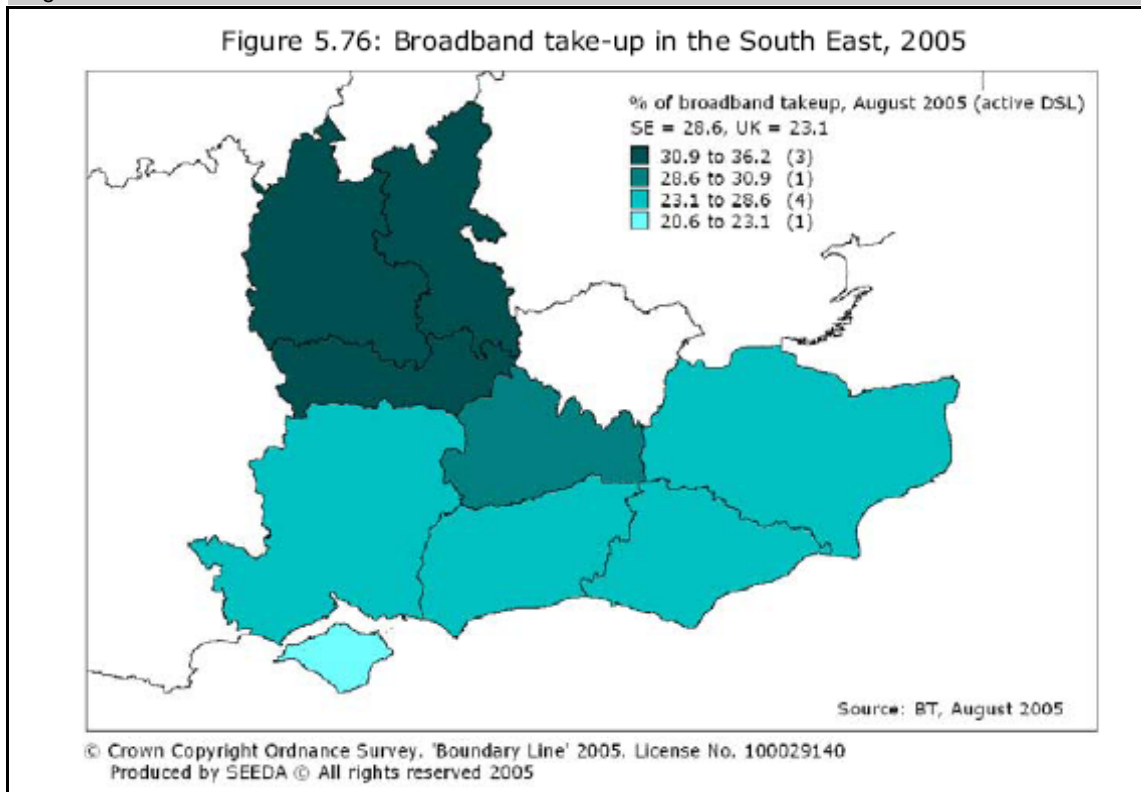
## Opportunities relating to connectivity through ICT

- 9.22 According to the Department of Transport<sup>38</sup>, the emergence of ICT, particularly teleworking, may have the potential to reduce business location dependence on proximity to the labour market. However, evidence examining transport substitution rates suggests that this potential is limited. Studies have shown teleworking may reduce conventional commuting by between 1% and 8%.
- 9.23 Broadband take-up in the South East (the proportion of population able to receive broadband that uses the service) ranges from around 35% in Buckinghamshire to around 20% on the Isle of Wight. The Coastal South East counties have the lowest take up in the region (see map below). However, all except the Isle of Wight have a higher take-up than the UK average of 22%. The rate at which Broadband is being taken up is slowing nationally, but growth rates for Coastal counties are higher than the UK average.

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<sup>38</sup> The importance of transport in business' location decisions McQuaid, Greig, Smyth, Cooper, Transport Research Institute, Napier University, Jan 2004 – report for DfT

Figure 9-1



### Responses and Implications

9.24 The key conclusions of this review of investment proposals are that:

- existing transport links and proposed investments favour radial over orbital routes – many of the Coastal South East towns are better connected to London than to each other, and planned investments will exacerbate this situation
- much of the transport infrastructure in the Coastal South East is already operating at or near capacity, and economic and population growth will make matters worse
- with the notable exception of CTRL domestic, the majority of the planned investment is in road improvements. Public transport improvements – including rail – are generally more incremental and local in impact.

9.25 Prioritising the improvement of radial links to London may be entirely logical from a national and regional transport planning perspective, and it is a clear response to the high volume of existing demand on radial routes. However, *from the perspective of the Coastal South East, there is a strong case for improving connectivity along the coast between the main settlements, as well as connectivity to London.* This would support economic links between the main settlements, including links between stronger and weaker economies, and larger and smaller urban areas.

9.26 The case for improvements to the main orbital road routes – particularly the A27 and completion of East Kent Access improvements between Dover and Thanet – should not be ignored because of the difficulties and political sensitivities surrounding major road schemes

affecting urban and protected rural areas. Many consultees – particularly in East and West Sussex – have strongly emphasised the need for such improvements if the problems of peripherality and economic under-performance are to be overcome. However, it has to be acknowledged that major improvements are unlikely in the foreseeable future.

- 9.27 There is also a notable absence of large scale, high speed public transport proposals to better link together the coastal towns – particularly those that are increasingly inter-dependent functionally (e.g. Brighton and Worthing). This reflects in large part the difficulty of securing funding for such projects (e.g. Government funding for the LRT system between Fareham, Gosport and Portsmouth was refused in 2005 despite its approval following a public inquiry in 1999).
- 9.28 However, if it is accepted that connectivity is key to the attraction and retention of growing businesses and ambitious people, and to enabling the dynamic areas to positively influence the less dynamic areas, and that the Government supports sustainable transport investment, *it is difficult to see how the performance of the Coastal South East is going to be brought up to the South East average unless there is more willingness to commit public funding to some much bolder investments in road and public transport which provide fast and reliable connections within and between coastal communities.* The take-up of broadband could partly offset inadequacies of the transport system, but the level of take up in the Coastal South East is well below other parts of the region (though mostly above the national average). At present, therefore, broadband is part of the problem rather than the solution.

### **Specific actions**

- 9.29 Based on the RTS theme of “manage and invest”, we would recommend the following priorities for actions to improve connectivity in the Coastal South East:
- maximise the economic and social benefits of recent and committed improvements, such as CTRL international and domestic, and A3 Hindhead Tunnel. This should include improved transport interchange and ‘parkway’ opportunities to facilitate access to CTRL services
  - improve the provision and increase the use of broadband, including much more extensive wireless networks in the Coastal South East towns, to encourage more flexible working patterns and much greater use of informal and formal networks
  - improve connectivity within the Coastal South East’s functional urban areas, and to support the effective functioning of the urban hierarchy (e.g. in recognition of increasing economic interdependencies and different functional specialisations between Worthing, Shoreham and Brighton, between the South Hampshire urban areas, and between Thanet and Canterbury). There are already many projects within transport plans to achieve improvements within urban areas, but progress on major schemes – particularly between urban areas – has been limited by the lack of funding
  - improve orbital connectivity along the south coast, particularly between Dover and Thanet and within East and West Sussex, through investments in road, rail and innovative bus schemes (e.g. Thanet Loop and Dover-Deal Diamond)

- exploit the regeneration potential for Coastal South East ports of increased short sea shipping and more marina facilities.

9.30 Specific infrastructure investment priorities will need to reflect those identified by South East Plan documents and Local Transport Plans. Within sub-regions there will be distinct priorities as well as some common themes. For example, maximising the economic benefits of CTRL international and domestic services, resolving issues caused by the frequent implementation of Operation Stack, and exploring the feasibility of the 3rd Lower Thames crossing, are connectivity issues which are largely specific to east and north Kent, whereas improving orbital road and rail links is a key issue for virtually the whole of the Coastal South East.

## 10: Action Area 4 – Civic leadership, skills and aspirations

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*Action Area 4: Build civic leadership and alignment across the geography of the Coastal South East so that a transformational Vision for the area will be embraced and delivered, and to support the development of strong and inclusive communities whose members have the aptitude and skills needed by the new economy*

- 10.1 Consultations undertaken within the Coastal South East in developing the Framework – and also findings from a review of international lessons from successful coastal areas – suggested that issues concerning civic leadership, and the skills and aspirations of the resident population and businesses, were recurring themes. In summary, there is concern that – given the scale of both challenge and opportunity in the Coastal South East – the effectiveness of civic leadership across the area is patchy, and too many of those who live and work in the area have low expectations and limited ambitions.
- 10.2 The Framework for Action has been developed during a time of significant change at the sub-regional scale, triggered by the White Paper on Local Government and the Sub-National Review of Economic Development and Regeneration (SNR). We have therefore found sensitivities and concerns about future governance arrangements, and what exactly the Coastal South East Framework means for these arrangements.
- 10.3 This Chapter summarises the current governance situation and suggests a way forward, identifying a limited range of activities which may be best addressed at the scale of the Coastal South East. It does not address the issue of low expectations, partly because the evidence is anecdotal (the issue of low skills has been discussed in Chapter 3, but skills can be measured; the relative strength of expectations and aspirations is much more difficult to assess), and partly because it is unlikely that the issue can, or should, be addressed at the scale of the Coastal South East.

### The changing context for sub-regional governance

- 10.4 The overall governance and performance management framework within which the Framework for Action will be implemented is undergoing a shift in emphasis. The Government's offer to Local Government (articulated through the White Paper and the Sub-National Review) is for:
- a stronger role for local authorities to lead their communities, shape their areas and bring local public services together
  - more “space” for local authorities and other local service providers to innovate and respond to local needs, and
  - sharper focus on top priorities.

- 10.5 In exchange, it expects:
- more bottom-up accountability
  - stronger local authority leadership
  - better and more efficient services, and
  - tougher intervention when things go wrong.
- 10.6 The proposals in the White Paper are based on ‘what works’ – experience gained from successful local authorities and how they work with partners. The key themes have been agreed with local leaders and developed in partnership and include a stronger role for local authorities as place-shapers and local leaders, specifically through;
- developing Local Area Agreements (LAAs) in partnership with other agencies
  - a new role for Local Strategic Partnerships and thematic partnerships
  - a duty on named partners to co-operate in agreeing LAA targets and to have regard to meeting them (including RDAs)
  - a presumption that all area based funding will go through LAAs.

### ***Signposting the Coastal South East delivery framework***

- 10.7 The RES is the policy driver of economic growth in the region, identifying priorities for action and providing a high level delivery framework. Within this context, SEEDA has recognised the potential of engaging with the new national governance agenda by signalling its intention to:
- adopt LAAs and Multi-Area Agreements (MAAs) as the *central focus for delivering the RES at sub-regional level*, and promote MAAs as a mechanism for taking forward work in functional economic areas such as the Diamonds for Investment and Growth
  - commit to use LAAs and MAAs as the route through which to devolve place-based investment to mainstream partners and special purpose vehicles
  - work with local authorities to develop partnership arrangements that embed business priorities with these mechanisms to deliver RES outcomes. Future sub-regional partnership arrangements have now been agreed in most areas, and discussions are well advanced elsewhere.
- 10.8 In the context of the Coastal South East’s Framework for Action, the next steps require getting a clear agreement among local partners (and central government where a MAA is expected) on the detailed aims, action and delivery priorities to be followed around the transformation agenda set out in the Framework. For this to work, robust governance and visionary leadership is required to drive the delivery of these agreements forward – shared governance arrangements are likely to be needed to address challenges such as climate change, cross-boundary investment and delivery of integrated solutions such as in the area of

port-driven logistics<sup>39</sup>. The particular model of governance chosen by local partners should be ‘fit for purpose’ – looking forward, the transformational agenda suggests moving beyond familiar decision-making structures and embracing a readiness to pool and share budgets and objectives. The Framework provides a sub-regional perspective on shared challenges across the Coastal South East, but diversity and complexity suggest one size does not fit all in terms of delivery arrangements – indeed it is here that innovation is required. There is a need to build capacity and develop relationships, particularly in parts of Sussex, where trust has to be gained.

- 10.9 LAAs and MAAs provide a mechanism for all levels of government (including central government) to align on joint priorities and challenges including the delivery of both RES and sub-regional/local priorities, reducing duplication and increasing efficiency as a result.

## Responses and Implications

- 10.10 LAAs, MAAs, and related to this a rationalisation of partnership working, provide the Coastal South East Framework for Action with a pathway forward so as to align thinking and approaches with the wider SEEDA priorities. There is agreement on the importance of real engagement by the business sector in shaping sub-regional and local priorities. Key challenges remain to move this agenda forward in the context of the Coastal South East’s Framework for Action:

- more thinking is required by all partners on the relationships (and therefore funding allocations) between the LAAs and MAAs, especially where these cut across administrative boundaries: all four Action Areas need to be developed and implemented in a manner that is cognisant of functional economic geographies and the specific roles and functions of different urban areas (including the inter-relationships between them)
- key to this will be appropriate engagement that allows businesses’ investment of time, knowledge and experience to be used to best effect – the new Strategic Economic Partnerships, with a stronger business role, is the preferred funding channel. Time will be needed to build confidence in these new arrangements
- the development of cross border collaboration also requires local authorities to restructure their roles in these new partnerships – rolling back in some areas while taking new lead roles in others. To avoid increased bureaucracy, agencies will need to be given a degree of autonomy to enable them to get on with the process of delivering the agreed outcomes. It is expected that Local Authorities will secure more effective working arrangements between the county, district and community level in order to deliver improved accountability and leadership, increased efficiency, and improved outcomes.

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<sup>39</sup> For example, PUSH cuts across county, district and unitary lines and involves politicians from all major parties, Hastings cuts across boundaries

### **Investing in leadership and partnerships**

10.11 The central ingredients of success will be leadership, a shared vision (goals) and a willingness to work within a strategic framework – as evidence from European, North American and wider global experience suggests. For example, the Greater Vancouver Regional District: *Liveable Region Strategic Plan* and the Ontario Golden Horseshoe: *Places to Grow Growth Plan*, both of which achieved internationally recognised best/leading practice distinction, rely on multi-stakeholder/multi-tier government agreements around a broad strategic direction of change and then are worked through at local levels with reference back to the bigger picture shared goals. Successful sub-regions tend to be those with a comprehensive vision and strategy, to which all key stakeholders are aligned and supportive. If local authorities (and indeed partnerships) are to play a crucial role in responding to the challenges in the Coastal South East, then they will have to lead local communities, work in partnership with others and look beyond traditional boundaries, both conceptually and administratively. To the extent that local authorities are centre stage, this means they must display effective civic leadership through:

- democratic leadership – with open and clear accountability mechanisms, holding the council and all public agencies to account for local delivery of services and the change agenda
- leadership through partnership – have the vision, integrity, management competencies and communication skills to negotiate and mobilise effective partnerships among stakeholders
- leadership through empowerment of communities to lead themselves and become active players in setting the change agenda, deliberating and making choices and being a central part of implementation.

10.12 To take forward the new governance proposals and the demands of the Coastal South East Framework for Action, a number of actions need to be advanced:

- first, the various Coastal South East partners (public and private sector) should form a number of time limited working groups to focus on specific action areas identified by the Framework. These could include, for example, the shared strategic issues of climate change, strategic infrastructure planning and investment, and coastal management and regeneration. These challenges are not local but *per force* global and national in importance and thus the working groups could include inputs from outside the region to supplement and share knowledge, policy and planning implementation experience across these subject areas. SEEDA's European-wide approaches should be furthered and the success of the SMART initiative replicated as an example of how to promote multi-stakeholder solutions to strategic challenges
- second, to improve partnership working and performance it is proposed that more investment is made in developing board, management and leadership competencies – the challenges require a commitment to change and investing in the organisations that are tasked with delivery of change. Structured staff/technical exchanges, internships and joint working groups are the types of tools that can be employed to strengthen

HR/HRD resources tasked with taking forward the demands of a global agenda, the immense challenges responding to “big changes” in the policy and investment environments and building long term institutions to tackle not only the RES transformation goals but doing so in a world which by all accounts will be fundamentally different over the next 10-15 years

- third, in the longer term, there could be a case for MAA arrangements to be developed at Coastal South East scale to take forward some aspects of the Framework – possibly emerging from successful technical fora which need formal governance arrangements to move from analysis and information exchange to the implementation of key actions.

# **Coastal South East: A Framework for Action**

## **Section C**

### **Synthesis and Next Steps**

## 11: A Framework for Action: Conclusions – and moving forward

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### Summarising the challenge

- 11.1 If the Coastal South East were to be the subject of a school report, it would read something like: *“has huge potential, but has consistently underperformed; complex make up; needs to develop skills and motivation, and focus on developing key opportunities”*.
- 11.2 This report has described the scale of growth expected of the Coastal South East (some 250,000 new houses and well in excess of 200,000 new jobs within the next 20 years), but it has also demonstrated the scale of under-performance of the economy. The gap that needs to be bridged to bring the performance up to the regional average is substantial, and it would be futile to expect it to be bridged quickly.
- 11.3 However, there is no doubting the potential of the area, which has been enhanced by changing perceptions and reality – including improved communications, changing lifestyles and work patterns, and the strong presence of some high growth sectors such as the creative and marine technology industries, and the offshore renewable energy sector. If these can be harnessed in a manner which recognises and responds to the Coastal South East’s functional economic geography, the scope for sustained and sustainable economic growth ought to be substantial.
- 11.4 In this final chapter, we make some comments in terms of moving forward and putting the Framework for Action to work. First though, we take a step back to consider how coastal areas elsewhere – many of which are facing challenges which are similar to those of the Coastal South East – have sought to position themselves in response.

### Insights from elsewhere

- 11.5 Table 11-1 provides three international examples – two from Canada and one from Spain – of the way in which coastal regeneration has been advanced. Reading through the three case studies, it is apparent that there are important parallels with the Vision and Priorities which define the Framework for Action for the Coastal South East, and the four main Action Areas identified in response:
- first, in all cases, the scope and potential of the Waterfront itself is recognised as a key asset in terms of effecting economic regeneration, and physical development strategies have largely been developed in response
  - second, the importance of developing Waterfront locations as culturally enriched environments in which to both live and work is emphasised throughout.

Table 11-1 International case studies of coastal regeneration

City	Strategic Priorities	Organisation	Approach
<b>Vancouver</b>	Integration of new neighbourhoods with old  Promoting high density  Excellence in urban design  Tourism-related redevelopment	No organisation dedicated expressly to waterfront regeneration	<b>Strong urban planning regime</b> – Municipal level is empowered to require new private developments meet urban design guidelines and deliver public benefits, such as well-designed public spaces and affordable housing.  <b>Direct public financing</b> – Federal government redevelopment of Granville Island. Multi-level government financing of Vancouver Expo '86.
<b>Toronto</b>	Waterfront as a resource for the whole city  Balancing private and public benefits  Public realm enhancements  Complete new communities	<b>WATERFRONToronto</b> – Dedicated corporation set up by three tiers of government (federal, provincial, municipal)  Its scope is the redevelopment of the entire waterfront, with particular focus on portlands and other publicly-owned lands.	<b>Master planning</b> – Comprehensive precinct planning of new neighbourhoods, including public space, the inclusion of affordable housing, and transit access.  <b>Leveraging publicly-owned lands</b> – Harbourfront Centre, a major cultural focal point, developed through a combination of direct public funding and exchanging publicly owned land for contributions from private development.  <b>Design panels</b> – Expert panels review new buildings and public spaces to ensure they conform to the larger vision for the waterfront and set appropriate standards of design.
<b>Bilbao</b>	Regional regeneration  Cultural rebranding  Major brownfield redevelopment	<b>BILBAO Ría 2000</b> – Public joint venture by Basque and Spanish governments agencies, local authorities, port authority and rail operators.	<b>Regional planning guidelines</b> – Bilbao as the lead municipality in a European city-region comprising the Basque country.  <b>Culture-led development</b> – Guggenheim Museum and Palacio Euskalduna located on waterfront lead cultural rebranding of the area and the city.  <b>World-class design</b> – Design of buildings and urban realm features are products of international competitions – create icons of a revitalized city.  <b>Land assembly</b> – The assembly and preparation of land for redevelopment by the private sector.

Source: Study team

- 11.6 Building on these observations, Box 11-1 distils some of the key lessons from successful Waterfront re-development as the catalyst for coastal regeneration more generally. It emphasises the role of private sector engagement, together with the importance of forging a shared Vision; whilst it recognises that there may well be differences of opinion and competing priorities, it nevertheless stresses the imperative to negotiate agreed solutions, and then to move forward. In some cases (notably Toronto and Bilbao), this has been achieved through the establishment of a dedicated delivery body, but elsewhere it has been achieved on a more informal basis. Finally, in all cases, international experience suggests that the aim must be for excellence: aiming high, to create something really special that local people and those looking in from outside can both be genuinely proud of.
- 11.7 These are challenges and aspirations that should be embraced by SEEDA and its partners in moving forward with the Coastal South East's Framework for Action.

Box 11-2: Key imperatives in Waterfront Regeneration

**Waterfront Regeneration: Rediscovering an asset of distinction**

Waterfront regeneration is the process of finding new meaning and purpose for some of the oldest parts of cities and regions. Waterfronts have always been centres of activity. But as the nature of our economies, consumer preferences and cities change, the role of waterfronts as locations of industrial and transportation-related economic development has often become obsolete. These old uses have either disappeared or outgrown the space originally allotted to them near city centres, with cargo handling activities particularly prominent in this regard. This disappearance and displacement has left a void. Waterfronts are now becoming a new kind of space to host creative and quality of life types of activities – often providing cities with an asset that forms part of their place marketing. The past several decades have seen the transformation of waterfronts in cities and regions across North America, Europe and Asia. These efforts have addressed some basic questions: What kinds of places should waterfronts be? and Who should decide how waterfronts are to be redeveloped? *The leading planning practices increasingly recognize that waterfronts are not just considered exceptional spaces but, more importantly, also a public resource.* International experience draws attention to a number of key themes informing waterfront development:

**Stimulating reinvestment** – Early efforts at waterfront revitalization, such as in Baltimore, were meant to remedy the disinvestment in inner cities in general. Significant public funds were used to stimulate further investment by the private sector.

**Balancing public and private benefits** – Often, access to waterfronts is considered a *public good*. In the context of privately funded redevelopment, tensions can emerge between the drive towards privatisation of this space and the desire to maintain accessibility for the general public. A case in point, the Toronto Waterfront Revitalization Corporation (now WATERFRONToronto) was created due to the failure of redevelopment on the waterfront to establish this balance. Left to its own devices, the private sector was building a waterfront that was all private and had very little public realm. The result was residential development that crowded out the public realm; the general sentiment was that Toronto was missing a historic opportunity to remake the waterfront as a resource for all Torontonians. WATERFRONToronto was tasked with developing an overall vision for waterfront redevelopment that balanced public and private realms and strategically used publicly-owned lands to these ends.

**Reconciling competing visions of redevelopment** – Beyond tensions between the private and public sectors, groups within these sectors, such as levels of government, special operating agencies and non-profit groups may have different ideas about regeneration. In the Toronto and Bilbao examples, dedicated publicly-controlled organizations were created as a venue to resolve these differences.

**Integration of old with new** – In considering redevelopment, waterfront lands are not usually considered an entirely blank slate. Part of the regeneration process is deciding what part of the past should be preserved or commemorated. The redevelopment of Granville Island in Vancouver preserved the industrial character of the waterfront while populating it with a new set of uses. It is recognized as a positive urban space for the balance it creates.

**Inclusion** – Public redevelopment projects are rightly held to a much higher standard than private developments. They are generally higher profile and must deliver on a wider set of objectives. There is often public pressure that the redevelopment that takes place reflect values of equity and inclusion. In Toronto and Vancouver, municipalities have traded public land or density with private developers to ensure that new developments provide housing for households with a mixture of incomes. From another perspective, inclusion can also signify meaningfully involving the public in determining the direction of change.

**Creating something exceptional** – Waterfront regeneration presents cities and regions with the opportunity to reinvent themselves by taking best advantage of the development of large parcels of prime real estate. Bilbao has used the redevelopment of its waterfront to transform itself from a grey industrial city to a cultural centre recognized around the world. Vancouver's success in redeveloping its waterfront and downtown into a paragon of high density, high quality urban living has been dubbed "the Vancouver miracle". Vancouver's driving theme was smart growth and the recognition that its environmental assets were a key part of the overall offer of the city to achieve its development goals.

Source: Study team

## Moving Forward

- 11.8 The Framework for Action has been developed at the mezzanine scale. Given the size of the territory defined as the Coastal South East – and the fact that it encompasses a number of quite distinctive and very different functional economic areas – a comprehensive and directional strategy was never an option. In theory, however, a Framework defined at the mezzanine scale ought to represent the best of both worlds: principles and priorities for action are clearly defined but considerable autonomy and flexibility remains in terms of how these are interpreted and operationalised locally. As stated at the outset, for some parts of the Coastal South East these principles and priorities may simply signal “business as usual”. For

others, the Framework for Action may in itself constitute more of a challenge and a catalyst for change.

11.9 But how to move it forward? The danger – and the considerable risk – linked to a mezzanine-level Framework is that it is owned by no agency or organisation and hence it is left languishing, once its initial development phase is complete. However this would, in our view, constitute a significant missed opportunity for the people, communities and businesses of the Coastal South East:

- first, although a great deal of uncertainty remains, the Sub-National Review of Economic Development and Regeneration (SNR) signals a coming together of the RES and RSS and hence – in the future – there will be a strengthened read-across between economic and spatial development priorities. For the Coastal South East, the Framework for Action constitutes an important starting point and it highlights the issues that will need to be addressed in the years ahead
- second, although under-developed in this Framework (given its emphasis on economic regeneration), the challenges linked to climate change will be shared across many of the region's coastal areas and hence the rationale for a consistent approach will increase over time: the Framework could provide a good basis for moving forward
- third – and perhaps more contentiously – the opportunity for the Coastal South East as a whole to reposition itself in relation to regional, national and international policy thinking needs to be seized. The Coastal South East is a serious asset in relation to the growth ambitions of the region and the wider functioning of the London city-region. However it is almost never considered in these terms. Hence its development and regeneration priorities – most obviously those defined in relation to orbital connectivity and the scope for creating agglomeration benefits between functional economic areas which hitherto have been quite separate – are never defined on this basis: inevitably, priorities change as the scale at which they are assessed changes, and the perspective of the Coastal South East as a whole is an important one; it should not be overlooked.

11.10 To take the Framework for Action forward we make three suggestions. First, as suggested in Chapter 9, a number of working groups should be established, to focus on priority action areas which are best developed and implemented at the scale of the Coastal South East. If appropriate, these could be developed into Coastal South East multi area agreements.

11.11 Second, a monitoring and evaluation framework should be put in place, reflecting the imperatives of the Framework for Action.

11.12 Third, partners from across the Coastal South East – including SEEDA itself – need to commit to use the Framework to shape both immediate investment decisions and priorities defined in relation to more general funding processes; for example (and importantly), the arguments set out in this document ought to be fully reflected in SEEDA's Corporate Plan and to have a material influence on the region's 2008 submission in response to the Government's anticipated Regional Funding Allocations.